

ABENGOA

Comisión Nacional del Mercado de Valores.

Área de Mercados de la Dirección de Supervisión.

Paseo de la Castellana, 19

28046 Madrid

Madrid, October, 27th, 2006.

Dear Sirs,

We do hereby enclose the relevant event, sent by our subsidiary Befesa Medio Ambiente, S.A. with the same date, regarding the 100 % acquisition of the share capital of the Swedish company B.U.S. Group AB, (and all its subsidiaries) by Aser Recuperación del Zinc, S.L., subsidiary company of Befesa Medio Ambiente, S.A., by an enterprise value of 330 million euro.

Yours sincerely

Miguel Ángel Jiménez-Velasco Mazarío

General Counsel



National Securities Exchange Commission

Markets Area. Monitoring Division.

Paseo de la Castellana, 19

28043 – Madrid

Madrid, October 27, 2006

Dear Sirs,

We hereby inform you that the company Aser Recuperación del Zinc, S.L. a one hundred percent (100%) subsidiary of Befesa Medio Ambiente, S.A., has signed a Share Purchase Agreement this very day for the acquisition of the 100% of the share capital of the Swedish company B.U.S. Group AB (and all its subsidiaries), for an enterprise value of 330 million euro.

The acquisition includes five operative companies dedicated to the recycling of wastes from the iron and steel industry in general and the stainless steel industry: two in Germany (B.U.S. Metall GmbH, and B.U.S. Zinkrecycling Freiberg GmbH & Co, KG), two in France (B.U.S. Valera SAS, and Recytech S.A), and the Swedish company (B.U.S. ScanDust AB). These companies are complemented with the activity currently developed by our subsidiary Befesa Zinc Aser, which will be integrated into the aforementioned group. This will give rise to a homogenous ensemble of subsidiary companies, all dedicated to the same type of activity, with a diversified, although at the same time concentrated, geographical presence in the European marketplace. In 2006, the B.U.S. group expects to achieve sales of 201 million euro. Befesa's pro forma profit for the full year 2006 would have increased by 0.70 euro per share, with the integration of BUS.

The acquisition is conditioned exclusively to the advance authorization by the German competition authorities (The German Federal Cartel Office), and will be perfected once said authorization has been obtained.

The financing for the acquisition has been managed through a non-recourse project facility negotiated with Barclays, with a seven-year due date and an interest rate referenced to euribor plus a variable margin.

This new acquisition confirms both Abengoa's and Befesa's investment, growth and expansion policy and strengthens its leading position in the Spanish environmental sector, and consolidates its presence in the European sector through its Zinc Industrial Waste Recycling business activity.

Find enclosed the presentation for this operation.

That is all for the present and, in the meantime, I remain,

Yours sincerely,

Signed _____

Acquisition of B.U.S by Befesa



With the sun... we produce thermoelectric and photovoltaic electric energy



With biomass... we produce ecologic fuels and animal feed



With wastes... we produce new materials by recycling, and we also treat and desalt water to achieve a sustainable globe



With Information Technology... we transform data into knowledge, providing effective operational and business real-time decision making for traffic, transport, energy and the environment



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

- 1. Preliminary**
- 2. The company**
- 3. Strategic Analysis**
- 4. Financing**
- 5. Value creation**

This presentation contains forward-looking statements and information relating to Abengoa that are based on the beliefs of its management as well as assumptions made and information currently available to Abengoa. Such statements reflect the current views of Abengoa with respect to future events and are subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Abengoa to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental and business conditions globally and in the countries in which Abengoa does business, changes in interest rates, changes in inflation rates, changes in prices, changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted. Abengoa does not intend, and does not assume any obligations, to update these forward-looking statements.

1. Preliminary

- **1998: Abengoa initiates the process of BUS acquisition to expand its environmental activities**
- **1999: Abengoa launches a takeover bid on 100% of BUS shares, that was not accepted by majority shareholders**
- **June 2000: Abengoa acquires 51% of Befesa from BUS and reaches 92% through a subsequent tender offer.**
- **Steel Dust treatment services, remains as BUS' only activity**
- **October 06: Befesa signs a share purchase agreement for 100% of BUS Group for an Enterprise Value of 330M €**
- **The transaction is only subject to the approval of German Competition Authority**

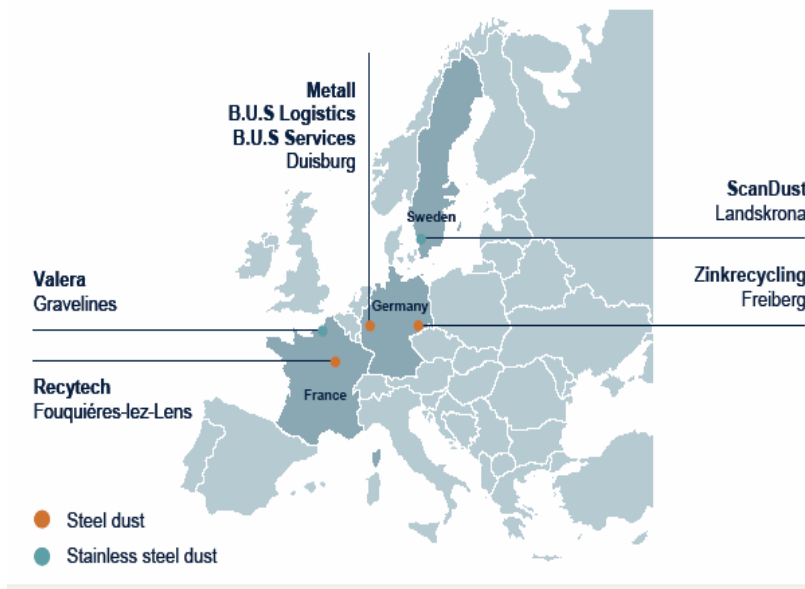


Befesa becomes European Leader of Steel Dust Recycling

2.

The Company.

European leader in the recycling of dust generated by steel production through Electric Arc Furnaces (EAF) and in production of stainless steel. It has plants in Germany (2), France (2), and Sweden, employs 335 people.



2 business lines: Steel Dust and Stainless Steel Dust

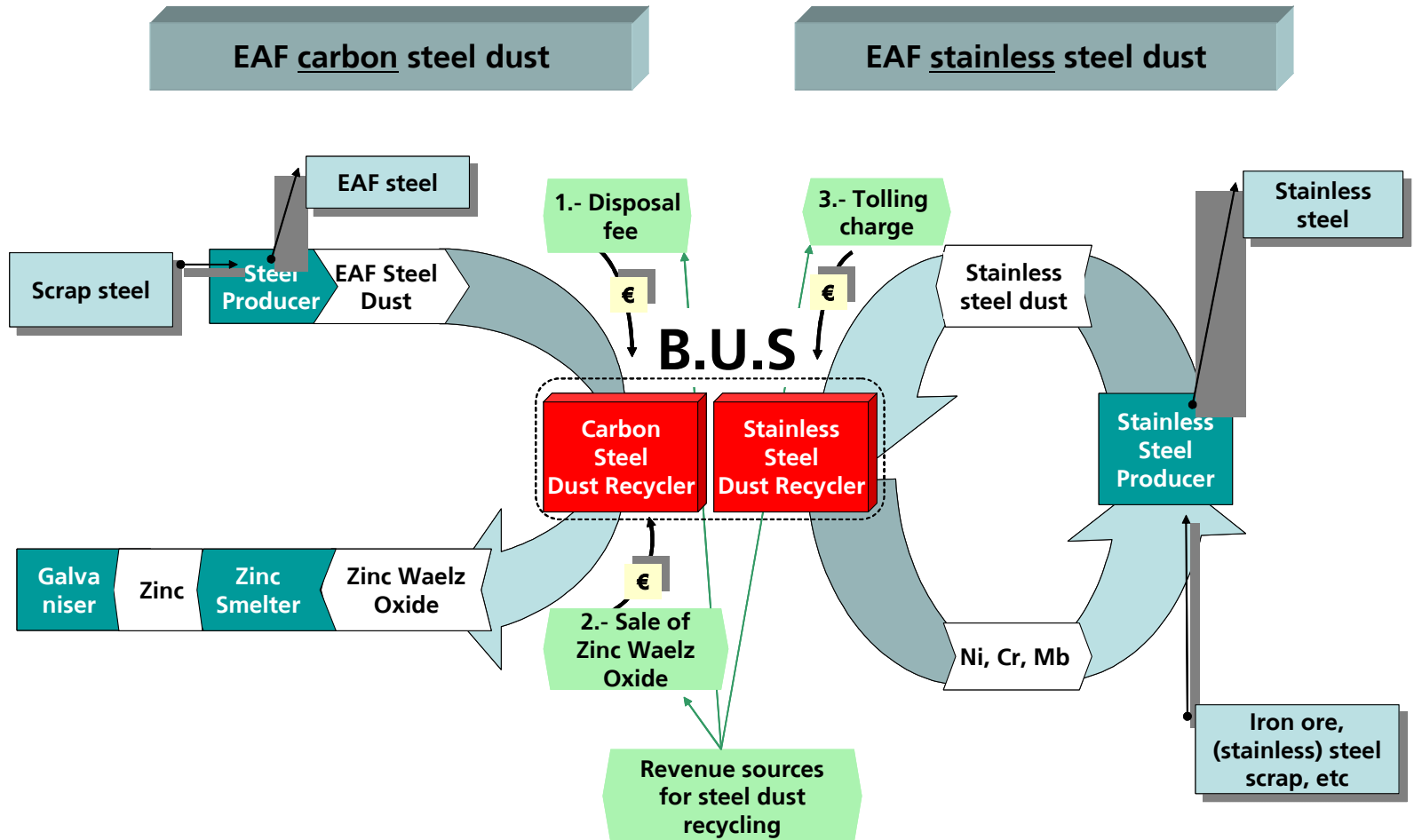
A) Steel Dust, two sources of income:

- Treatment Fee
- WOX Sales contained in recycled dust

B) Stainless Steel Dust: Dedicated to the through put

Italy, Germany, Spain and France are the main producers of Steel wit EAF

Material and recycling revenue flows in steel dust recycling



		BUS	Befesa	BUS+Befesa
Nominal Capacity	Steel Dust	450 Kt	105 kt	555 kt
	Stainless SD	125 Kt	-	125 Kt
Production of Ox. Waelz	Óx. Waelz	134 Kt	40 kt	174 kt
	Equivalent Zinc	60 Kt	22 kt	82 kt

BUS Group AB	2005	2006E
Sales	125,4	201,0
EBITDA	24,3	55,0
Ebitda/Sales	19,4%	27,4%
Net Profit	13,1	26,0

Source: BUS information and results in August 2006

Note: Numbers in million euros

3.

Strategic Analysis.

Steel Dust Recycling creates significant value for steel manufacturers

- **Steel manufacturers usually prefer dust recycling over landfill because it is financially attractive**
- **Regulation forces steel producer to treat. Landfill is becoming an unfeasible viable option for treatment**

Further opportunities for Befesa

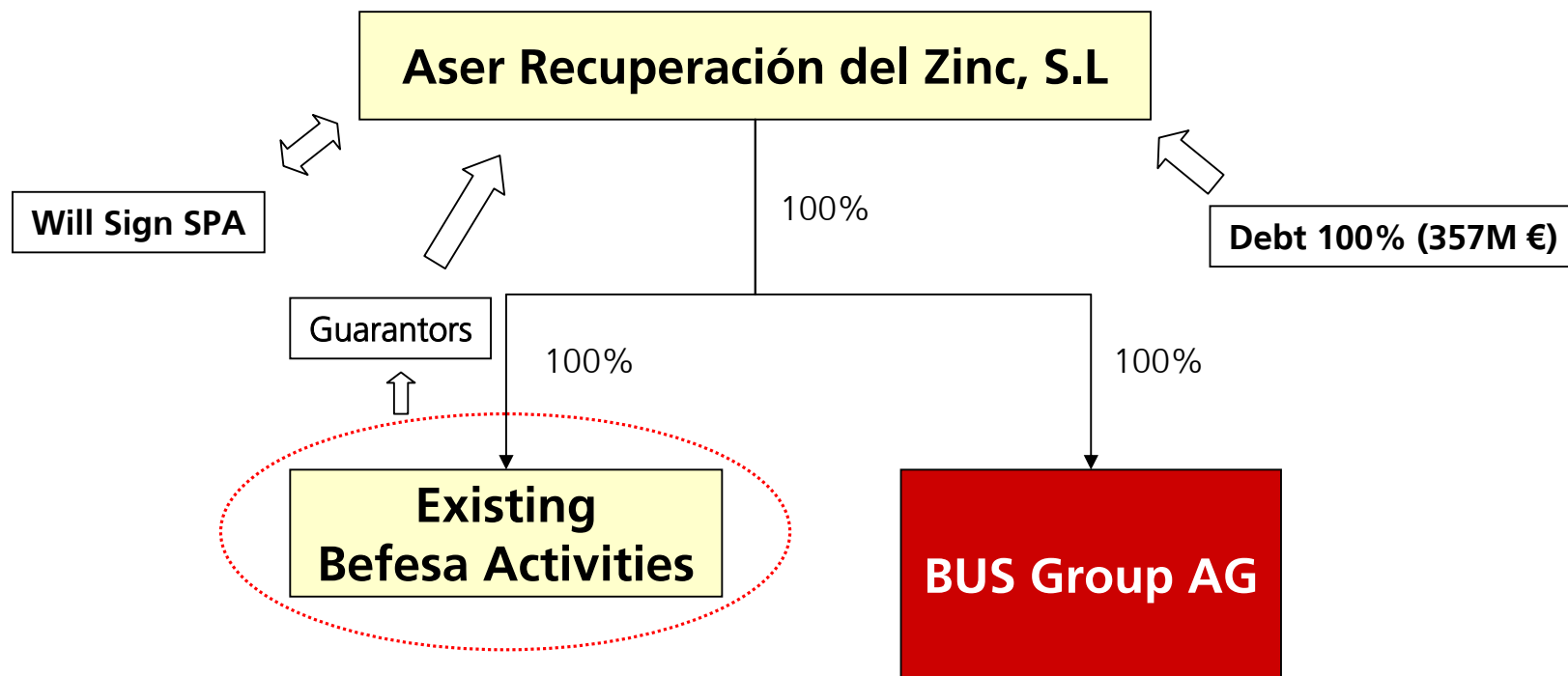
- **European Leadership in the segment**
- **Cost reduction opportunities**
- **Technology development**
- **Eastern EU market opportunities**

4.

Financing.

- **Non-Recourse Financing by Barclays**
- **Amount: 357M €, includes transaction costs, repayment of existing debt and 20M € working capital facilities**
- **Befesa contributes its existing steel dust activities and a limited equity cash contribution (15M €)**
- **Amortization: 7 years with Cash-sweep and 35% “bullet” at maturity**
- **Cost: Euribor + 0,95-1,65% according to a Net Debt/EBITDA Grid**

Structure



5.

Value Creation.

Hypothesis

- EAF steel production stable for the valuation horizon
- 1.598 €/Ton zinc price for 1st years, 1.100 €/Ton for the long term (zinc spot 3.000€ Tm)
- No growth for other incomes
- 3% inflation on electricity and gas costs
- No synergies considered
- No major expansion considered
- Capex: 4M € year
- 6,5% Financing Cost
- 31% Tax rate

Financial Metrics

EV/Ebitda 06: 6,0x

EV: 330M €

Pay Back: 7 years

Numbers in Million Euros

BUS Pro-forma 2006

Sales: 201,0

Ebitda: 55,0

Amortization: 8,0

Net Interest Expenses: 19,4*

PBT: 27,6

Net Income: 19,0

* : Includes all financing costs of the acquisition

Value Creation, EPS Increase

Befesa

$$\frac{19,0M \text{ €}}{27,1M \text{ Shares}} = 0,70 \text{ €/Share}$$

Abengoa

$$\frac{18,6M \text{ €}^{**}}{90,4M \text{ Shares}} = 0,20 \text{ €/Share}$$

** : 19'6 X 98% (% of Abengoa in Befesa)

Acquisition of B.U.S by Befesa



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