2001

Annual Report

CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.

Contents

CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.
AND DEPENDENT COMPANIES THAT MAKE UP THE CAF GROUP

2001

Annual Report

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

This publication, is also published in CD ROM format.

Futher information can be obtained at www.caf.net

Letter from the Chairman

Dear Shareholder:

I would like to take the opportunity of the General Shareholder's Meeting to make some considerations on the Annual Report for 2001, and on the Company's prospects for the future.

During the last year, we have consolidated our position both in the home market and abroad. Thus, as of the 31st of December 2001, we had orders on our books worth Euros 1,256 million. This is a historical record level of orders-in-hand for the Company, and represents an increase of Euros 435 million of orders at the end of the year 2000, which was also a milestone in CAF. Orders for the home market amount to 41% of the total, while orders from external markets have increased 32% in respect to the preceding year.

The turnover for last year was Euros 387 million, 4.8% up over the previous year. Profits amounted to Euros 12.4 million, an increase of 5.5% over profits for the year 2000. The cash flow amounted to 24.32 million Euros.

Regarding contracts signed during the period, those awarded by RENFE are especially significant. They include 20 250 km/h High Speed Trains, 21 Regional Diesel Multiple Units provided with CAF tilting system and 12 250 km/h Brava Trains with Variable Gauge Bogies, which allows CAF to enter the exclusive High Speed club. I would also like to mention the agreement that was reached, shortly after the year's end, involving a significant participation by CAF in the supply of 350 km/h High Speed Trains.

In relation to other clients in the home market, just to mention additional order for 6 more units class 112 for the railways of the Generalitat de Catalunya and 4 diesel trains for the Serveis Ferroviaris Company of Majorca. We are also working to deliver units for the Metros in Madrid, Barcelona and Bilbao, as well as low floor trams for this last city. Moreover, construction is underway for the prototype of the next generation of suburban trains for RENFE.

Our export activity has also been successful in the European market. In addition to new cars for the Heathrow Express and Northern Spirit lines, there is a new contract for 23 diesel trains for Northern Ireland Railways, including their maintenance for the next 15 years. This contract is in addition to the diesel trains already under construction for Iarnród Éireann, the Irish Republic's Railway Authority.

Delivery of cars for the Washington Metro has continued and the first units for Sacramento have been shipped and the articulated units ordered for Pittsburgh are currently under production.

Upon settlement of the first contract awards by RENFE for the rolling stock which will be operated on the High Speed infrastructures that are presently being built, CAF have reinforced its competitive position, and this will allow us to undertake the programme of complementary acquisitions that will doubtless be required during the course of the next few years as the standard gauge network is completed. The replacement and extension of suburban rolling stock, already under way, will continue to progress and will offer new business opportunities, as will the new invitations to tender that have already been announced for Metro systems in Barcelona and Seville.

On a global scale, we are also seeing a sustained effort to expand and modernise railway infrastructures, which implies a continuing demand for new rolling stock. These prospects support confidence in the future, however, our customer's increasingly demanding requirements and the ever-more globalised nature of competition in this sector should not be overlooked. This obliges us to further increase our efforts in order to further increase our share of the market. We shall continue to seek improvement in all divisions of the Company, commercial, as well as manufacturing or technological. In this respect, our new Railway R&D Centre will provide us with the better means for our technological development.

Finally, I would like to express my gratitude to all our employees for contributing with their efforts to achieve the Company's objectives, and to you, the shareholder, for the confidence you have placed in our Company. For our part, we shall continue to work on our task of improving the Company's efficiency, day by day, to keep it in the forefront of technological and industrial development in the railway industry.

Thank you.

José María Baztarrica Garijo

Chairman

throughout the world

AMERICA

UNITED STATES
Washington Metro
Articulated units: Pittsburgh
Articulated units: Sacramento

MEXICO
Mexico City: Metro
Articulated units: Monterrey

BRAZIL
Sao Paolo Metro
Sao Paolo Commuter Network

ARGENTINA
Articulated Coastal Train Unit

EUROPE

PORTUGAL
Commuter trains and trams in Lisbon

IRELAND
Intercity: Diesel Train for Irish Railways

UNITED KINGDOM
Commuter trains: Heathrow Express
and Northern Spirit

HOLLAND
Articulated units: Amsterdam

HUNGARY
Intercity: 200 km/h passenger coaches

FINLAND
SM4 commuter trains
for Finnish Railways

Spain

Metros:

METRO DE BILBAO
METRO DE MADRID SERIES 2000
METRO DE MADRID S/5000
METRO DE MADRID S/8000
METRO DE MADRID S-2000
METRO DEL VALLES S/112 (F.G.C.)
ELECTRIC UNITS SERIES 213 (F.G.C.)

Articulated units:

ARTICULATED TRAIN UNIT
VALENCIA (F.G.V.)

Commuter trains:

COMMUTER TRAINS SERIES 446-447 (RENFE)
COMMUTER TRAINS SERIES 2000 (RENFE)
TWO-FLOOR ELECTRIC UNITS SERIES 450/451 (RENFE)
NARROW GAUGE ELECTRIC UNITS (FEVE)
NARROW GAUGE ELECTRIC UNITS (ET/FV)
DIESEL UNITS (SFM)

Trams:

BILBAO TRAM (EUSKOTRAN)
VALENCIA TRAM (F.G.V.)

Intercity:

ELECTRIC TRAINS SERIES 444
ELECTRIC TRAINS SERIES 444.500
ADR TILTING DIESEL TRAIN
REGIONAL DIESEL TRAIN (TRD)

High Speed:

250 KM/H HIGH SPEED TRAINS/SHUTTLES
250 KM/H VARIABLE GAUGE TRAINS

ASIA

CHINA
Metro: Hong Kong (MTCR)
Commuter Network: Hong Kong LAR. Airport (MTCR)

MANAGEMENT REPORT OF THE CONSOLIDATED GROUP

Earnings

The income after taxes reached Ptas. 1,622 million.

The CAF Group's 2001 financial results were:

– Income after taxes reached Ptas. 1,622 million.

– The period amortization and depreciation of Ptas. 1,954 million, plus the income for the year before taxes, generated a cash flow of Ptas. 4,012 million.

– Net sales totaled Ptas. 64,365 million.

– The backlog of Ptas. 209,000 million at December 31, 2001, significantly exceeded 2000 year-end results and will permit the Company's operations to progress steadily.

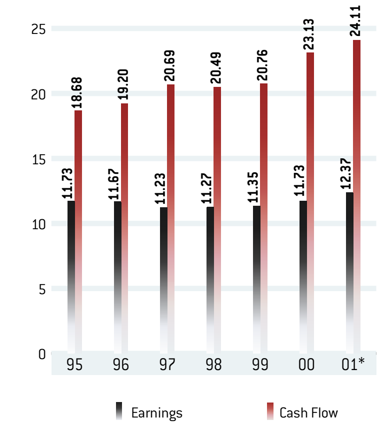
– The proposed distribution Ptas. 624 million of income after taxes of the Controlling Company to pay dividends and Ptas. 904 million to augment voluntary reserves, supports the policy of prior years of strengthening the Controlling Company's net worth.

– The proposed distribution of income allocated to reserves, if approved, will increase the Controlling Company's equity to Ptas. 20,133 million.

– Lastly, as required by law, CAF declares that neither it nor its subsidiaries purchased or held any treasury stock in 2001.

Earnings and Cash Flow before taxes

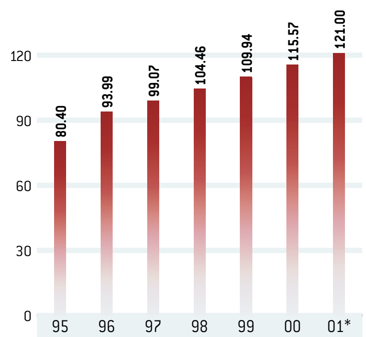
(in millions of euros)



Consolidated data 2001.

Shareholders' Equity

(in millions of euros)



Consolidated data 2001.

Sales

At year-end its backlog totaled Ptas. 209,000 million. 59% of total orders related to exports and 41% to the domestic market.

2001 was a year of intense sales activity leading to securing contracts amounting to Ptas. 136,600 million, up 37% from 2000, which also had a highly significant volume of business. Consequently, and despite the increase in sales, the backlog at year-end was Ptas. 209,000 million.

This significant backlog exceeds that of 2000 year-end by approximately 53% and represents an all-time record for CAF. 41% of the backlog relates to work for the Spanish market and the remaining 59% to exports.

The volume of contracts obtained in 2001 in the domestic market increased significantly and accounted for 53% of total contracts, whereas in 2000 this percentage was only 35%. This rise was accompanied by a significant increase in orders from abroad, which account for the increase in the total backlog.

In 2001 RENFE awarded the contracts for which tenders had been issued in 2000, and CAF obtained a significant number of contracts, including 21 three-car diesel regional trains equipped with a tilting system, 20 high-speed trains (250 km/h) and 12 self-propelled Brava variable-gauge axle trains. CAF's level of participation in contracts for high-speed trains (350 km/h) was yet to be decided at 2001 year-end. Six series-112 trains were ordered by Ferrocarrils de la Generalitat de Catalunya (the Cataluña Autonomous Community railroad agency) as an addition to the existing fleet. Serveis Ferroviaries de Mallorca (the Mallorca Autonomous Community railroad agency) ordered four trains similar to those previously supplied. Lastly, the Barcelona subway ordered three trains similar to those of the 2100 series.

In the maintenance area, CAF continued to fulfill the existing contracts with several customers and to strive to secure new agreements to the Company's backlog. Worth mentioning are the maintenance contract recently awarded by RENFE and the consolidation of this line of business in Brazil.

Noteworthy in connection to exports were the significance of the contracts secured and the penetration of new markets by CAF which expand and consolidate the Company's presence abroad.

Of particular relevance were the additional NORTHERN SPIRIT and HEATHROW EXPRESS orders. In Pittsburgh, U.S., a significant order was placed for the refitting of a fleet of units currently in service to supplement the order for new cars signed in 2000. It should also be noted that the assembly plants established in the United States by CAF to serve the different customers are fully operational. At 2001 year-end certain possible contract awards that which would consolidate our presence in Europe were being negotiated.

The wheels and components line of business also boosted 2001 year-end sales. In addition to completing orders for RENFE and other railway agencies and Spanish customers, significant batches of wheels and axles continued to be exported to numerous foreign countries.

As in recent years, CAF's export activity was very intense, and it focused on consolidating CAF's presence in the U.S. and on gaining an increasingly significant market share in Europe, where our industrial and technological capacity and competitiveness are now acknowledged. This capacity is increasing due to the opening-up of markets, albeit at an early stage of development, in the industry. It is hoped that in the near future the possibilities offered by the expansion of the Single European Market will crystallize in the presence of CAF in these new countries, which will undoubtedly provide huge growth potential in all business areas, and particularly in railway transportation.

In regard to the Spanish market, the strong boost given to CAF's business by RENFE's contracts indicate the start of a change in trend in the relative weight of this highly important customer in CAF's backlog. Accordingly, orders from RENFE exceeded 32% of the 2001 year-end backlog, compared to 8% as of December 31, 2000.

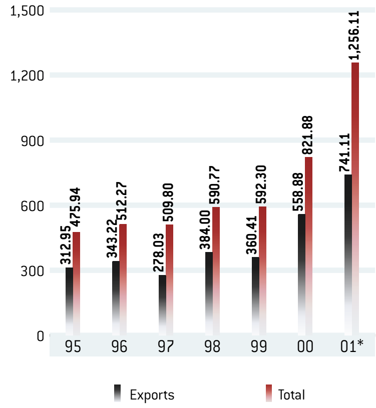
The execution of the programmed infrastructure projects, which will take place in the coming years, relating to new high-speed lines, will result in a railroad network in which these new lines will be dedicated to passenger transport and the conventional rail network will be used for freight. Accordingly, additional acquisitions of the various types of high-speed trains and variable-gauge wheelsets will be required for the period of coexistence between the two railroad gauges. CAF, in light of this favorable outlook, is solidly positioned as a result of the recent contracts.

New railroad infrastructures in various cities came into operation to cater for urban and suburban rail transport. The significant growth of the Madrid subway with the new Metrosur line, the foreseen expansion of the Barcelona subway and the creation of the Seville subway are just some of the projects at the design stage. Clearly, there will be a need for additional suburban trains and, the new prototype sold last year and now being manufactured, positions CAF very solidly in relation to new contract awards.

In view of the resurgence of the railroad as a basic means of transport, the wide range of CAF products will allow it, by strengthening its new Railroad Technology Center, to be present wherever there is a demand for its products and services.

Order Book

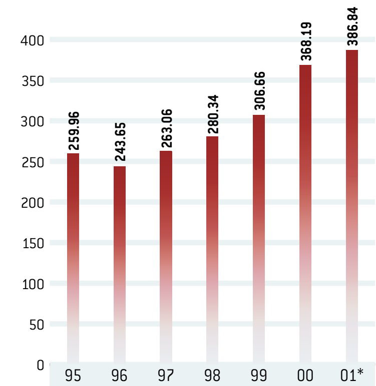
(in millions of euros)



Consolidated data 2001.

Total Sales

(in millions of euros)



Consolidated data 2001.

Industrial activity

Units for Bilbao, Madrid, Barcelona, Mallorca, Washington, Pittsburgh, Sacramento, Renfe, etc. The assembly plants in the U.S.A. are now in operation.

In 2001 the delivery of 33 Series 4 S/447 units for RENFE, 8 diesel cars for Mallorca, 7 diesel trains for RENFE, 5 units for the Barcelona subway and eight "O.S." cars for NORTHERN SPIRIT was completed.

In addition, in 2001 14 units were delivered for the Washington subway, 10 units for the Bilbao subway and 8 s/8000 units for line 8 of the Madrid subway and Metrosur. Progress was also made in 2001 on the finishing of the two prototype units to be delivered to the city of Sacramento, California and the first trams for Bilbao. The carshells of 20 diesel trains for Ireland were also manufactured.

The Company's new activities in 2001 included most notably commencement of the design of 28 new LRVs and the refurbishment of 40 LRVs for Pittsburgh, Pennsylvania, 21 diesel trains for RENFE and new suburban trains, also for RENFE.

Similarly to the Hunt Valley (Maryland) plant, outfitted for the assembly of the Washington DC units, the preparation of the facilities for the assembly of the units for the Sacramento Regional Transit District at the McClellan Park plant in Sacramento has now been completed.

In this regard, the plant acquired by CAF in Elmira Heights, New York which will be utilized for the Pittsburgh LRV contract is now also fully operational, and bogies are already being manufactured there for the Washington project.

This plant is intended to progressively take on most of the industrial projects being carried out by CAF for the U.S. market.

The most noteworthy manufacturing projects executed in 2001 were as follows:

VEHICLES	
Series 4 S/447 units for RENFE (M+R+M)	3
Units for the Washington DC Subway (M+M)	14
Units (2M+2N) for the Bilbao subway	10
Diesel cars for Mallorca	2
Diesel units (M+M) for RENFE	7
Units for Barcelona subway (M+M+R+M+M)	5
Units (M+R+M) for Madrid subway, S/8000 line 8 – Metrosur	8
"O.S." cars for Northern Spirit	8

BOGIES	
With welded steel rack (motor + car)	977

COMPONENTS	
Mounted axles	3,279
Axles (Total)	8,160
Wheels (Total)	39,645
Brackets	260
Grease boxes	5,823
Reduction gear	243
Pneumatic suspension units	214
Brake blocks	122
Scharfenberg couplers	361

Other supplementary materials manufactured were as follows:	
Forged bars	717 tonnes
Steel	46,506 tonnes
Molded steel	1,244 tonnes
Rings and flanges crane wheels (units)	3,519
Reinforced plastic	350 tonnes
Door wings (units)	2,855
Cranes	2

The repairs carried out included:	
S/3500 electric units	5
S/200 electric units	3
Diesel trains	4

Human Resources

The work accident rate has continued to follow a downward trend and the certification of the Environmental Management System has been obtained in accordance with the UNE-EN-ISO 14001 standard.

The consolidated Group's labor force in 2001 is as follows:

	Permanent	Total	Average Headcount For the year
12-31-01	2,574	3,016	2,975

The number of industrial accidents continued to fall in 2001.

The approved occupational risk prevention plan was implemented. Worthy of mention were the improvements related to the renewal, from the safety viewpoint, of industrial equipment, electrical installations and pneumatic storage and lifting installations.

In 2001 certification under the UNE-EN-ISO 14001 standard was obtained for the Environmental Management System.

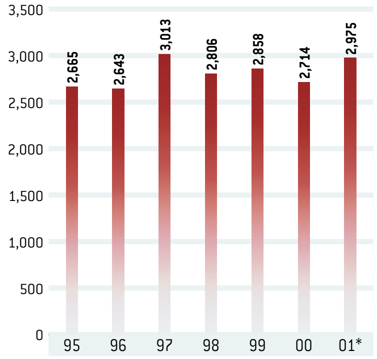
This system addresses the control of effluents, energy consumption, emissions and waste.

In the area of training, special emphasis was placed on areas such as new technologies, management and recycling during 2001. 1,200 people participated in 74 training courses in 2001.

In 2001 the Training Engineer and Graduate System was adapted so that it could be managed in 2002 through the Company's computer network.

Employees

(number of persons)



** Consolidated data 2001.*

Capital expenditure in 2001

In 2001 the Company made significant investments in its plants amounting to Ptas. 2,114 million, in line with the investment drive in prior years.

The most representative investments made were as follows:

— New railroad technology center.

— Refurbishment of steel works (phase 1).

— Heat treatment of wheels.

— Crane improvement plan.

— Expansion of robotized cell.

— CNC milling machine.

— New test building at the Irún workshops.

— Spot welding equipment for austenitic stainless steel.

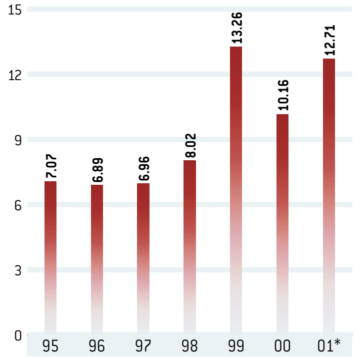
— Adaptation of electrical, compressed air and gas facilities during phase 2 of the plant.

— Optimization of cooling water facilities for rolling workshops.

— Recycling and treatment of water form the paint workshops.

Investments

(in millions of euros)



* Consolidated data 2001.

Technological development

Development of important lines of research. Preliminary projects and construction projects. Creation of the Railway Technology Centre.

The main activities performed by the Technology Department in 2001 were as follows:

Basic research and technology

In 2001 progress was made in the process for the official accreditation of the BRAVA variable-gauge system. Due to the reliability of the results obtained, RENFE contracted 12 self-propelled Brava variable-gauge axle trains (250 km/h).

Also, the fine-tuning of the SIBI tilting system installed in seven tilting trains delivered to RENFE was completed and they are currently operating on the Madrid-Ávila-Salamanca line.

The research and industrialization project for the COSMOS system of communications and the control of trains based on the TCN standard continued. This system will ensure the internal communications of the new suburban units and the self-propelled variable-gauge axle trains, which are both for RENFE.

A new Technological Plan was implemented which anticipates cooperation with various Technology Centers for the development of new railroad technologies. Under this Plan, an agreement was established with CEIT/TECNUN, whereby a Railroad Laboratory was created at the San Sebastián School of Industrial Engineering.

Preliminary designs

Many preliminary designs were developed to support the Company's commercial activity. These preliminary designs include:

Domestic market:

— Tram type units for several Spanish cities.

— New units for the Barcelona subway.

U.S. market:

— Electric units and cars for several cities.

European market:

— Passenger cars for Ireland.

— Tilting-system trains for several European countries.

— Diesel trains for Northern Ireland.

— Diesel trains for private-sector customers.

Construction projects:

Work at the Technical Offices focused mainly on the completion of projects initiated in 2000, such as:

— Madrid subway, series 8000 (Metrosur and the Airport versions).

— Articulated units for Sacramento.

— Trams for Bilbao.

— New RENFE suburban units.

— Variable-gauge axle bogie with the related tests.

Work also began on the following:

— Articulated units for Pittsburgh (new and refitted).

— Diesel trains for Ireland.

— New diesel tilting-system trains for RENFE.

— Variable-gauge axle bogie (250 Km/h) for RENFE.

The most noteworthy of the projects listed above is the last due to its technical complexity and to its strategic importance for CAF.

Technical information

In 2001, in addition to the installation already carried out in Beasain, the Engineering Database was installed at the Technical Office in Zaragoza and new functions of this database were implemented at both Technical offices.

New Railroad Technology Center

Also noteworthy was the construction of new installations to house the new Center which has a surface area of 4,000 m2 and will create jobs for over 250 engineers and technicians. This Center will undoubtedly be the largest of its kind in Spain.

Outlook

CAF's short-term outlook may be summarized as follows:

— An increase of CAF's industrial activity in the U.S.

— CAF's industrial, technological and organizational areas will be strengthened through fixed asset additions.

— CAF will develop new products and implement advanced integral project management systems.

— CAF will increase its presence in the international railroad equipment markets.

— The Company will increase its potential in railroad service business lines.

— Technological and industrial equipment and human resources will be developed and used to manage industrial activities in countries where a portion of CAF's orders have to be executed locally.

Subsequent events

As of February 28, 2002, there was a firm backlog of Ptas. 193,000 million.

There were no other significant events subsequent to 2001 year-end.

Auditor's Report

2001 *Annual Report*

ANDERSEN

Pza. de Julio Caro Baroja, 2
20018 San Sebastián

Translation of a report and consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 21). In the event of a discrepancy, the Spanish-language version prevails.

Auditors' report on consolidated financial statements

To the Shareholders of
Construcciones y Auxiliar de
Ferrocarriles, S.A.:

1. We have audited the consolidated financial statements of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. and DEPENDENT COMPANIES composing the CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES GROUP (see Notes 1 and 2-c), which consist of the consolidated balance sheet as of December 31, 2001, and the related consolidated statement of income and notes to consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Controlling Company's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.

2. 2001 was the first year for which the Group has prepared consolidated financial statements. As permitted by current legislation, the consolidated balance sheet and consolidated statement of income do not present comparable figures for 2000, and in notes to consolidated financial statements do not include a statement of changes in Financial position. Accordingly, we cannot express an opinion on the consistency of application of the accounting principles between years.

   In addition, for information purposes only, the Group also presents the consolidated balance sheet as of December 31, 2001, and the consolidated statement of income for the year then ended in euros (€1 / Ptas. = 166.386). This financial information in euros is not an integral part of the audited consolidated financial statements as of December 31, 2001.

3. In our opinion, the 2001 consolidated financial statements referred to above present, in all material respects, a true and fair view of the net worth and financial position of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. and DEPENDENT COMPANIES composing the CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES GROUP as of December 31, 2001, and of the results of their operations in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards.

4. The accompanying consolidated management report for 2001 contains the explanations which the directors of the Controlling Company consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated management report is consistent with that contained in the consolidated financial statements for 2001. Our work as auditors was confined to checking the consolidated management report with the aforementioned scope, and did not include a review of any information other than that drawn from the Companies' accounting records.

ARTHUR ANDERSEN

Pedro Azcárate

March 26, 2002

2001

Annual Report

Financial Statement of the Consolidated Group

Translation of a report and consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 21). In the event of a discrepancy, the Spanish-language version prevails.

CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.
AND DEPENDENT COMPANIES (Consolidated)

Consolidated Balance Sheet

as of December 31, 2001
(Notes 1, 2 and 4)

Assets

	12-31-01	12-31-01
	(Thousands of Pesetas)	(Euros)(*)
FIXED AND OTHER NONCURRENT ASSETS		
Start-up expenses	**10,184**	**61,207**
Intangible assets, net (Note 5)	**1,852,202**	**11,131,958**
Tangible fixed assets (Note 6)		
Land and structures	12,331,885	74,116,122
Technical installations and machinery	19,422,372	116,730,807
Other installations, tools and furniture	1,365,257	8,205,360
Other tangible fixed assets	1,821,680	10,948,517
Accumulated depreciation	(23,271,187)	(139,862,651)
	11,670,007	**70,138,155**
Long-term financial investments (Note 7)	**2,939,907**	**17,669,197**
Total fixed and other noncurrent assets	**16,472,300**	**99,000,517**
DEFERRED CHARGES (Note 12)	1,221,237	7,339,782
CURRENT ASSETS		
Inventories (Note 8)	**13,013,002**	**78,209,717**
Accounts receivable		
Customer receivables for sales and services (Notes 9 and 12)	28,431,206	170,874,989
Receivable from associated companies (Note 7)	1,333,632	8,015,290
Sundry accounts receivable	519,048	3,119,541
Tax receivables (Note 14)	182,381	1,096,132
Provisions	(132,383)	(795,638)
	30,333,884	**182,310,314**
Short-term financial investments (Note 10)	**765,903**	**4,603,170**
Cash	**338,258**	**2,032,972**
Accrual accounts	**247,420**	**1,487,024**
Total current assets	**44,698,467**	**268,643,197**
TOTAL ASSETS	62,392,004	374,983,496

Shareholders' Equity and Liabilities

	12-31-01	12-31-01
	(Thousands of Pesetas)	(Euros)(*)
SHAREHOLDERS' EQUITY (Note 11)		
Capital stock	1,716,855	10,318,506
Additional paid-in capital	1,973,895	11,863,347
Revaluation reserve	4,664,526	28,034,368
Other reserves of the Controlling Company	10,873,393	65,350,408
Reserves at companies consolidated by global integration method and carried by the equity method	503,398	3,025,483
Translation differences	(266,119)	(1,599,407)
Income attributable to the Controlling Company	1,622,788	9,753,152
Total shareholders' equity	**21,088,736**	**126,745,857**
MINORITY INTERESTS	**285,351**	**1,714,994**
DEFERRED REVENUES (Note 12)	**2,099,520**	**12,618,369**
PROVISIONS FOR CONTINGENCIES AND EXPENSES (Note 4.o)	**379,713**	**2,282,121**
LONG-TERM DEBT		
Other accounts payable (Note 12)	4,025,801	24,195,551
Accrued taxes payable (Note 14)	175,634	1,055,581
Total long-term debt	**4,201,435**	**25,251,132**
CURRENT LIABILITIES		
Payable to credit entities (Note 13)	269,491	1,619,674
Payable to associated companies (Note 7)	17,692	106,331
Trade accounts payable		
Advances received on orders	11,993,755	72,083,919
Payables for purchases and services	16,329,121	98,139,994
	28,322,876	**170,223,913**
Other nontrade payables		
Accrued taxes payable (Note 14)	1,913,961	11,503,137
Compensation payable	1,038,389	6,240,844
	2,952,350	**17,743,981**
Operating provisions (Note 15)	**2,767,810**	**16,634,874**
Accrual accounts	**7,030**	**42,250**
Total current liabilities	**34,337,249**	**206,371,023**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**62,392,004**	**374,983,496**

(*) Presented for information purposes only (€1 = Ptas. 166.386).

The accompanying Notes 1 to 21 are an integral part of the consolidated balance sheet as of December 31, 2001.

Translation of a report and consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 21). In the event of a discrepancy, the Spanish-language version prevails.

CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.
AND DEPENDENT COMPANIES (Consolidated)

Condolidated Statement

of income for the year ended december 31, 2001
(Notes 1, 2 and 4)

Debit

	2001	2001
	(Thousands of Pesetas)	(Euros)(*)
EXPENSES		
Decrease in finished product and work-in-process inventories	481,493	2,893,831
Raw materials used and other consumables (Note 16)	34,898,616	209,744,906
Personnel expenses (Note 17)	17,342,068	104,227,928
Period depreciation and amortization (Notes 5 and 6)	1,954,428	11,746,349
Variation in operating provisions (Notes 4.g, 7 and 15)	546,672	3,285,565
Other operating expenses		
Outside services	6,828,268	41,038,717
Taxes other than income tax	283,159	1,701,820
Operating income	**2,312,874**	**13,900,653**
Financial and similar expenses (Notes 4.d, 12 and 13)	680,398	4,089,274
Variation in financial investment provisions (Note 7)	364,664	2,191,675
Financial income	—	—
Income from ordinary activities	**2,007,583**	**12,065,818**
Variation in intangible asset, tangible fixed asset and portfolio provisions	(10,000)	(60,101)
Extraordinary expenses (Notes 7 and 10)	434,956	2,614,138
Extraordinary income	**51,386**	**308,835**
Consolidated income before taxes (Note 14)	**2,058,969**	**12,374,653**
Corporate income tax (Note 14)	436,069	2,620,827
Consolidated income for the year	**1,622,900**	**9,753,826**
Income attributed to minority interest	112	674
INCOME FOR THE YEAR ATTRIBUTED TO THE CONTROLLING COMPANY	**1,622,788**	**9,753,152**

Credit

	2001 (Thousands of Pesetas)	2001 (Euros)(*)
REVENUES		
Net sales (Note 16)	64,365,610	386,845,107
Capitalized expenses of in-house work on fixed assets	60,035	360,818
Other operating revenues		
Non-core and other current operating revenues	111,694	671,294
Subsidies	110,239	662,550
Operating loss	—	—
Revenues from shareholdings (Note 7)	33,955	204,074
Other interest and similar revenues (Note 10)	669,650	4,024,678
Financial loss	**341,457**	**2,052,197**
Share in the income of companies carried by the equity method (Note 7)	36,166	217,362
Loss on ordinary activities	—	—
Gains on tangible fixed assets disposals	7,837	47,101
Capital subsidies transferred to income for the year	62,194	373,793
Extraordinary revenues (Note 7)	406,311	2,441,978
Extraordinary loss	—	—
Consolidate loss before taxes	—	—
Consolidated loss for the year	—	—
Loss attributed to minority interests	—	—
INCOME FOR THE YEAR ATTRIBUTED TO THE CONTROLLING COMPANY	—	—

(*) Presented for information purposes only (€1 = Ptas. 166.386).

The accompanying Notes 1 to 21 are an integral part of the consolidated statement of income for the year ended December 31, 2001.

Translation of a report and consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 21). In the event of a discrepancy, the Spanish-language version prevails.

Notes to Consolidated Financial Statements

for the year ended December 31, 2001

1. Description of the Controlling Company

Construcciones y Auxiliar de Ferrocarriles, S.A. ("CAF" or the "Controlling Company") was incorporated in San Sebastián (Guipúzcoa).

Its corporate purpose is described in Article 2 of its bylaws.

The Controlling Company currently engages mainly in the manufacture of railroad materials.

Individual financial statements of "CAF" ("Controlling Company")

The Controlling Company, as part of its business activities, owns majority holdings in the capital stock of other companies (see Note 2-c.).

The Controlling Company prepares separate individual financial statements, which are also subject to independent audit, and applies the same accounting principles and methods as those described in Note 4. Consequently, the individual financial statements as of December 31, 2001, do not reflect the increase in assets, reserves, income and sales for 2001 (Ptas. 4,598 million, Ptas. 237 million, Ptas. 95 million and Ptas. 12,040 million, respectively) resulting from applying consolidation methods.

2. Basis of the presentation of the consolidated financial statements

a) True and fair view

The consolidated financial statements as of December 31, 2001, which were prepared from the individual accounting records of the consolidated companies, and are presented in accordance with the Spanish National Chart of Accounts and with Royal Decree 1815/1991 give a true and fair view of the CAF Group's net worth, financial position and results operations for 2001. These consolidated financial statements, which were prepared by the Controlling Company's directors, will be submitted for approval by the Controlling Company's Shareholders' Meeting and should be approved without any changes.

b) Accounting policies

The accounting principles used in preparing these consolidated financial statements are those included in the Spanish Commercial Code, the current Spanish Corporations Law, the Spanish National Chart of Accounts approved by Royal Decree 1643/1990 and Royal Decree 1815/1991 enacting the regulations for the preparation of consolidated financial statements.

c) Consolidable Group and consolidation principles

Scope of consolidation

The consolidated financial statements for the year ended December 31, 2001 (first year for which consolidated financial statements have been prepared) were prepared from the individual accounting records of the Controlling Company (see Note 1) and from those of the dependent companies listed below:

	% of Direct and Indirect Ownership	Location	Line of Business
Companies consolidated by the global integration method			
CAF	Controlling Company	Guipúzcoa (Spain)	Marketing and manufacture of railroad equipment and components
CAF México, S.A. de C.V.	100%	Mexico City (Mexico)	Marketing and manufacture of railroad equipment and components
CAF Brasil Ind. e C. S.A.	100%	Sao Paulo (Brazil)	Marketing and manufacture of railroad equipment and components
CAF Argentina, S.A.	99.9%	Buenos Aires (Argentina)	Repair and maintenance of railroad equipment and components
CAF USA, Inc.	100%	Delaware (USA)	Manufacture and assembly of railroad equipment and components
Inversiones en Concesiones Ferroviarias, S.A.	77.6%	Guipúzcoa (Spain)	Promotion and development of companies through short-term holdings in their capital stock
Sermanfer, S.A.	100%	Madrid (Spain)	Railroad material maintance services
Urbanización Parque Romareda, S.A.	100%	Zaragoza (Spain)	Promotion and sale of urban properties
Geminys, S.A.	100%	Guipúzcoa (Spain)	Creation, composition and drafting of operating manuals
Companies carried by the equity method (Note 7)			
AAI-CAF Transit, LLC	50%	Maryland (USA)	Assembly of railroad equipment and components
Sab Ibérica, S.A.	24.5%	Madrid (Spain)	Sale of railroad braking equipment

The main financial data of the consolidated companies, after consolidation adjustments and unification are as follows (in thousands of pesetas):

Company	Total Assets	Net sales and Other Operating Revenues	Income (Loss)	Equity
CAF	57,793,525	52,607,706	1,527,889	20,756,558
CAF Brasil Ind. e C., S.A.	928,694	1,134,352	(183,148)	194,143
CAF Argentina, S.A.	1,318,671(*)	1,820,663	(228,962)	128,057
CAF USA, Inc.	9,231,865	9,741,256	87,377	1,254,937
CAF México S.A. de C.V.	181,237	101,652	(31,085)	138,098
Inversiones en Concesiones ferroviarias, S.A.	1,271,965	345,000	500	1,271,939
Sermanfer, S.A.	52,528	—	256	51,776
Urbanización Parque Romareda, S.A.	62,365	2,500	1,694	16,859
Geminys, S.A.	61,769	80,764	5,932	28,794
AAI-CAF Transit, LLC	173,787	1,479,489	(1,092)	1,158
Sab Ibérica, S.A.	660,415	1,227,364	147,615	301,285

(*) This figure is presented net of a provision of Ptas. 280 million recorded under the "Operating Provisions" caption (see Note 15).

Consolidation method

The global integration method was applied for the majority holdings and, where appropriate, the minority interests were recognized under "Minority Interests" in the consolidated balance sheet. All material transactions between the consolidated companies were eliminated in preparing the consolidated financial statements.

Also holdings in the capital stock of companies in which there is an ownership interest of 20% or more but of less than 50% are valued by the fraction of the net worth corresponding to these holdings, net of the dividends collected from them and other net worth eliminations. The effect of applying the proportional integration method to the holding in AAI-CAF Transit, LLC would not be material.

Translation of financial statements in foreign currency

The financial statements in foreign currency of CAF México, S.A. de C.V., CAF Brasil Ind. e C. S.A., CAF Argentina, S.A., CAF USA. Inc. and AAI-CAF Transit, LLC were translated to pesetas using the year-end exchange rate method, which consists of translating all the assets, rights and obligations to pesetas at the exchange rates prevailing at year-end and the income-statement items at the average exchange rates for the year. In the case of Argentina, the first representative free-floating exchange rate on December 31, 2001, (ARP 1.7/US$ 1) was used as the year-end exchange rate, and in accordance with the accounting principle of prudence, the effect of the pesification that took place in February 2002 was also taken into account. The difference between the amount of the foreign companies' equity translated using the historical exchange rates (except for the result for the year, due to the forgoing) and the net worth position arising from the translation of the assets, rights and obligations at the year-end exchange rates is recorded under "Shareholders' Equity - Translation Differences" in the consolidated balance sheet, net of the portion of the difference that relates to minority interests, which is recorded under "Minority Interests".

In line with standard practices, the consolidated financial statements do not include the tax effect of transferring the reserves and income of the consolidated dependent companies to the Controlling Company's accounts.

3. Distribution of income

The Controlling Company's directors propose the following distribution of 2001 income:

Distribution	Thousands of Pesetas
To voluntary reserves	904,083
Dividends	623,806
Total	**1,527,889**

At 2001 year-end the unamortized research and development expenses amounted to approximately Ptas. 1,024 million.

4. Valuation standards

The main valuation methods applied by the CAF Group in preparing its consolidated financial statements as of December 31, 2001, in accordance with current legislation, include:

a) Intangible assets

Computer software and research and development projects for which there are no doubts as to their technical and commercial success are valued at their acquisition cost and are amortized on a straight-line basis over five years from their acquisition or from the project completion date, respectively (see Note 5).

b) Tangible fixed assets

Tangible fixed assets are carried at cost, revalued in the case of the Controlling Company pursuant to the applicable legislation, including Guipúzcoa Regulation 11/1996 and Guipúzcoa Regulation 13/1990 (see Notes 6 and 11-e).

The CAF Group capitalized the costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to asset life-cycle extensions..

In-house work performed by the consolidated companies on fixed assets is recorded at the related accumulated production cost allocated in accordance with the methods used to value inventories (see Note 4-e).

Tangible fixed assets are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

	Years of Estimated Useful Life
Structures	25 – 50
Technical installations and machinery	6 – 10
Other installations, tools and furniture	3 – 10
Other tangible fixed assets	10

c) Long- and short-term financial investments

Long-term financial investments (see Note 7) not consolidated by the global integration method or carried by the equity method (see Note 2-c) are valued at cost, or at redemption or market value (taken to be the share market price or underlying book value as of December 31, 2001, as appropriate) if the latter two values are lower, in which case the related provision is recorded.

Short-term financial investments (see Note 10) are valued at the lower of cost or redemption value. The related interest earned is recorded under “Other Interest and Similar Revenues” in the accompanying consolidated statement of income.

Long-term accounts receivable are valued at the amount effectively granted. As of December 31, 2001, there were no material long-term accounts receivable without explicit interest.

d) Deferred charges

As explained in Note 12, the Controlling Company received certain refundable interest-free advances to finance certain R&D projects (see Notes 5 and 12). The Controlling Company recorded Ptas. 1,321 million with a charge to "Deferred Charges" for the financial effect relating to the discount to present value of these loans, which will be allocated to income by the interest method. Simultaneously, this same amount was recorded as a subsidy received for certain R&D projects under "Deferred Revenues", and will be allocated to income in accordance with the accounting methods described in Note 4-f.

In 2001 the Controlling Company amortized Ptas. 100 million in this connection with a charge to "Financial and Similar Expenses".

e) Inventory valuation

Raw materials and other supplies and commercial products are valued at the lower of average cost or market.

Work-in-process and finished and semifinished products are presented net of settled costs by the procedure described in Note 4-f, and are valued as follows:

1. The average acquisition or product cost for materials and expenses allocated to each project.
2. Standard hourly absoption rates for processing expenses (including labor and indirect manufacturing expenses), which do not differ materially from actual hourly rates.

f) Partial contract income or loss recognition

The consolidated companies generally recognize income on contracts on the basis of the estimated percentage of completion, calculated on the basis of the ratio of actual hours allocated to a contract to the total budgeted hours. Potential losses on project contracts are recorded in full when they become known or can be estimated.

Until December 31, 2000, the Controlling Company applied the following correcting coefficients to the projected income on each contract:

Percentage of Completion of Project	Approximate Percentage of Income to be Recorded
0 to 30%	—
30 to 62.5%	18 to 50%
62.5 to 90%	50 to 90%
90 to 100%	90 to 100%

In 2001, once the investments in the computer systems made in recent years were fully realized, the Controlling Company conducted a study in order to adapt the percentage of completion of contracts and the percentage of income to be recorded to current circumstances. Based on this study, the new coefficients to be used by the CAF Group are as follows:

— With a percentage of completion from 0 to 10%, no income is recorded.

— From 10% onwards, a percentage of income equal to the percentage of completion is recorded.

As a result of the application of the accounting principle of prudence by the Controlling Company, the effect of this change on the 2001 consolidated financial statements was not material.

Based on the billings made on the income recognized on each contract (determined as described above) and on the percentage of completion, inventories are retired for the amount of the settled costs with a charge to the related income statement account. If the settled costs exceed the costs incurred in each project in progress, the difference is recorded as a reduction of "Goods- and Work-in-Process Settlements in Excess of Incurred Cost" under "Inventories" on the asset side of the balance sheet (see Note 8).

g) Allowance for bad debts

The CAF Group records provisions to this allowance to cover bad debts due to late payment, "suspension de pagos" (Chapter II insolvency-type proceedings), insolvency or other reasons, after performing a case-by-case analysis of the collectibility of the receivables. As a result, the CAF Group recorded a provision of approximately Ptas. 71 million in 2001.

h) Foreign currency transactions and other commitments

As a result of the introduction of the euro as the official Spanish currency, all currency units of non-EMU countries are now deemed to be foreign currencies (see Note 16).

Asset and liability balances denominated in foreign currencies of foreign consolidated companies were translated to pesetas as explained in Note 2. The remaining asset and liability balances (see Notes 9 and 10) are generally translated to pesetas at the exchange rates prevailing at the transaction date or at the hedged exchange rates, except for the unhedged foreign currency cash balances, which were translated at the exchange rates prevailing as of December 31, 2001.

i) Subsidies

1. Nonrefundable capital subsidies are recorded under "Deferred Revenues" when definitively granted, for the amount granted, and are credited to income in proportion to the period depreciation on the subsidized assets.
2. Operating subsidies are credited to income on the date on which they are definitively granted (except as indicated in Note 4-d).

j) Long-term debt

In the accompanying consolidated balance sheet, debts maturing in over 12 months from the balance sheet date are recorded at their repayment value.

k) Early retirement payments and termination indemnities

The accompanying consolidated financial statements as of December 31, 2001, do not include any provision in this connection, since the consolidated companies has not approved any early retirement plan and no terminations giving rise to significant costs are expected. The amounts paid in this connection in 2001 were not material (see Note 17).

l) Provisions for pension commitments

The consolidated companies pay defined-benefit premiums to an external pension fund deposited at an independent insurance company to cover their statutory and contractual obligations to certain of their employees in the case of retirement or death. Therefore, they do not have to record any provision in this connection.

m) Operating provisions

Operating provisions include the provisions recorded by the CAF Group to cover mainly warranty and support service contract expenses (see Note 15) and other contingencies arising in the course of its operations (royalties, penalties, etc.). The consolidated companies recorded under "Variation in Operating Provisions" the difference between the operating provisions at year-end and those recorded at the preceding year-end. The expenses incurred in 2001 (approximately Ptas. 810 million) were recorded under "Raw Materials Used and Other Consumables" and "Personnel Expenses".

n) Corporate income tax

The annual expense for corporate income tax, which includes other taxes borne abroad, is calculated on the basis of book income before taxes, increased or decreased, where appropriate, by the permanent differences from taxable income, which are deemed to be the differences arising between the taxable income and the book income before taxes which do not reverse in subsequent periods.

The tax benefit relating to double taxation and investment tax credits is treated as a reduction of the corporate income tax expense in the year in which it is taken (see Note 14). The Controlling Company has recorded under "Operating Provisions" the difference between the provision for corporate income tax recorded in the 2000 financial statements and the actual amount due per the tax return filed in July 2001 (see Note 15).

ñ) Recognition of revenues and expenses

Revenues and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

In accordance with the accounting principle of prudence, the consolidated companies only record realized income at year-end, whereas foreseeable contingencies and losses, including potential losses, are recorded as soon as they become known.

o) Provisions for contingencies and expenses

The CAF Group records provisions for contingencies and expenses for the estimated amount required to adequately cover probable or certain third-party liability arising from contingencies, litigation in progress and/or obligations of undetermined amount. In 2001 the Controlling Company recorded Ptas. 292 million in this connection with a charge to "Other Expenses-Personnel Expenses" (see Note 17).

p) Customer advances and completed production

The difference between the revenues recognized under each contract (see Note 4-f) and the amount billed is recorded as follows:

— If the amount is positive, unbilled under "Customer Receivables for Sales and Services - Completed Projects".

— If the amount is negative, included under "Advances Received on Orders".

5. Intangible assets

The variations in this caption in 2001 were as follows

	Thousands of Pesetas				
	Balance at 1.01.01 (Unaudited)	Additions or Provisions(*)	Transfers	Retirements or Reductions	Balance at 12.31.01
Cost:					
Research and development expenses (Notes 4.i and 12)	1,087,589	469,917	—	—	1,557,506
Computer software	975,756	284,557	—	—	1,260,313
Total cost	**2,063,345**	**754,474**	**—**	**—**	**2,817,819**
Accumulated amortization:					
Research and development expenses	368,426	164,789	—	—	533,215
Computer software	254,154	178,248	—	—	432,402
Total accumulated amortization	**622,580**	**343,037**	**—**	**—**	**965,617**
Total intangible assets, net	**1,440,765**	**411,437**	**—**	**—**	**1,852,202**

(*) Includes the exchange rate translation effect.

The estimated gross cost of the R&D projects eligible for government aid under the Profit Program incurred as of December 31, 2001, is recorded under “Inventories-Work-in-Process” and, to a lesser extent, under “Intangible Assets-R&D Expenses”.

6. Tangible fixed assets

The variations in tangible fixed asset accounts and in the related accumulated depreciation in the year ended December 31, 2001, are as follows

	Thousands of Pesetas				
	Balance at 1.01.01 (Unaudited)	Additions or Provisions (*)	Transfers	Reductions or Retirement (*)	Balance at 12.31.01
Cost:					
Land and structures	11,800,155	553,271	—	(21,541)	12,331,885
Technical installations and machinery	18,229,329	1,303,091	(15,589)	(94,459)	19,422,372
Other installations, tools and furniture	1,243,536	132,702	—	(10,981)	1,365,257
Other tangible fixed assets	1,704,380	125,339	15,589	(23,628)	1,821,680
Total cost	**32,977,400**	**2,114,403**	**—**	**(150,609)**	**34,941,194**
Accumulated depreciation:					
Structures	6,625,611	257,540	—	(47,146)	6,836,005
Technical installations and machinery	13,273,950	1,065,788	—	(56,995)	14,282,743
Other installations, tools and furniture	736,320	79,061	—	(408)	814,973
Other tangible fixed assets	1,165,144	177,300	—	(4,978)	1,337,466
Total accumulated depreciation	**21,801,025**	**1,579,689**	**—**	**(109,527)**	**23,271,187**
Tangible fixed assets, net	**11,176,375**				**11,670,007**

(*) Including the exchange rate effect.

The revaluations made pursuant to Guipúzcoa Regulation 11/1996 and Guipúzcoa Decree 13/1991 increased the depreciation charges for 2001 and prior years by approximately Ptas. 128 million and Ptas. 2,193 million, respectively

As of December 31, 2001, the CAF Group had firm tangible fixed asset purchase commitments amounting to approximately Ptas. 769 million.

The consolidated companies take out insurance policies to adequately protect their tangible fixed assets. As of December 31, 2001, the insurance policies covered the net book value of the tangible fixed assets at that date.

The gross cost of the fully depreciated assets still in use as of December 31, 2001, totaled approximately Ptas. 12,780 million.

7. Long-term financial investments

a) Variations

The variations in "Long-Term Financial Investments" in 2001 are as follows:

	Thousands of Pesetas				
	Balance at 1.01.01 (Unaudited)	Additions or Provisions	Retirements or Reductions	Transfers (Note 10)	Balance at 12.31.01
Long-term financial investments:					
Holdings in companies carried by the equity method (Note 2.c)	72,582	36,166	(34,933)	—	73,815
Other holdings	1,306,706	200,000	—	—	1,506,706
Other loans (Note 10)	762,509	35,541	(157,977)	(376,406)	263,667
Other financial investments	—	712,652	—	—	712,652
	2,141,797	**984,359**	**(192,910)**	**(376,406)**	**2,556,840**
Tax receivables (Note 14):					
Prepaid taxes	462,461	108,465	(218,433)	—	352,493
Other taxes	133,586	5,461	—	—	139,047
	596,047	**113,926**	**(218,433)**	**—**	**491,540**
Customer receivables for sales and services (Note 9)	529,185	1,223,970	(529,185)	497,951	1,721,921
Provisions	(1,366,797)	(888,352)(*)	160,000	264,755	(1,830,394)
Total long-term financial investments	**1,900,232**	**1,433,903**	**(780,528)**	**386,300**	**2,939,907**

(*) Of which Ptas. 247 million were recorded with a charge to "Variation in Operating Provisions", Ptas. 364 million with a charge to "Variation in Financial Investment Provisions", and Ptas. 277 with a charge to "Extraordinary Expenses".

b) Other holdings

The CAF Group has a 6.61% holding in the paid-in capital stock of the Brazilian company Rio Trens Participações (RTP). The net book value of this holding as of December 31, 2000 was Ptas. 364 million. This value was provisioned in full in 2001 with a charge to "Variation in Financial Investment Provisions". Rio Trens Participações (RTP), is the sole shareholder of a Brazilian company and direct customer of CAF, which is the concession-holder of certain public transport railroad services in Brazil. In addition, the CAF Group recorded a long-term account receivable from this company of Ptas. 251 million, net of provisions, under "Long-term Customer Receivables for Sales and Services".

Moreover, the CAF Group subscribed and paid 5% of the capital stock of "Alquiler de Trenes A.I.E.", a company incorporated in December 2001 for Ptas. 200 million.

c) Transactions with associated companies

	Thousands of Pesetas		
Company	**Services Provided and Sales**	**Services Received and Purchases**	**Dividends**
Sab Ibérica, S.A.	8,461	225,594	34,933
RTP- Rio Trens Participaçoes Group	938,654	—	—
	947,115	**225,594**	**34,933**

As a result of these transactions, of those performed in prior years and of the advances granted in addition to those explained in Note 7-b, the CAF Group's balances with the associated companies as of December 31, 2001, were as follows (see Note 4-c):

	Thousands of Pesetas	
Company	**Accounts Receivable**	**Accounts Payable**
Sab Ibérica, S.A.	2,932	17,692
AAI-CAF Transit, LLC (*)	1,330,700	—
	1,333,632	**17,692**

(*) Short-term interest-free financing, scheduled to mature in 2002.

8. Inventories

The breakdown of the balance of the "Inventories" caption as of December 31, 2001, is as follows:

	Thousands of Pesetas
Raw materials and other supplies (Note 16)	4,785,359
Work-in-process, and finished and semifinished products	10,227,198
Goods-and work -in-process settlements in excess of incurred cost (Note 4.f)	(3,692,937)
Advances to suppliers	1,693,382
	13,013,002

As of December 31, 2001, the consolidated companies had firm raw material purchase commitments of approximately Ptas. 36,923 million (see Note 20).

9. Customer receivables for sales and services

Balances receivable from all customers as of December 31, 2001 include:

	Thousands of Pesetas
Receivable from customers billed in euro-zone currencies	13,501,743
Receivable from customers billed in foreign currencies (Note 4.h)	14,929,463
	28,431,206

The balance of "Receivable from Customers Receivables Billed in Euro-Zone Currencies" as of December 31, 2001 included the accounts receivable from Renfe for approximately Ptas. 1,512 million and from Metro Madrid for approximately Ptas. 1,740 million. The balance of "Receivable from Customers Billed in Foreign Currencies" included the accounts receivable for the work for the Washington Metropolitan Area Transit Authority for an equivalent peseta value of Ptas. 11,561 million. Receivables maturing at over 12 months from the balance-sheet date are classified by the CAF Group as long-term receivables.

10. Short-Term Financial Investments

The detail of the balance of this caption as of December 31, 2001, is as follows:

	Thousands of Pesetas
Time deposits	326,169
Foreign currency deposits (Note 4.h)	66,250
Rights under the share-ownerships scheme	401,841
Other	281,734
Provisions (Note 14)	(310,091)
	765,903

In prior years the Controlling Company acquired for Ptas. 4,478 million an asset instrumented in various “rights” comprising a CAF share-ownership scheme encompassing substantially all CAF’s employees. These “rights” were acquired from Cartera Social, S.A. (see Note 11), a coporation promoting CAF share purchases among employees. The Controlling Company has undertaken to sell, and its employees to purchase, these “rights”.

The “rights” recorded by CAF as of December 31, 2001, will foreseeably be sold to employees during the first half of 2002. For this program, the CAF Group has recorded a provision of Ptas. 310 million.

In 2001 the Controlling Company sold rights to employees, with a cost and a related provision of approximately Ptas. 614 million and Ptas. 194 million, respectively (see Note 14). The “rights” as of December 31, 2001, relate to the delivery to CAF employees of 488,525 shares or a guaranteed minimum amount at the date of termination of their employment relationship with the Company, until which time Cartera Social, S.A. will finance the ownership of the shares with the amount paid by CAF to purchase the aforementioned “rights”. In any event, the employees may opt to receive cash compensation instead of CAF shares.

The revenues from time deposits and the returns on temporary cash surpluses and bank deposits totalled to Ptas. 109 million and are recorded under “Other Interest and Similar Revenues”. The remaining balance relates to exchange gains.

11. Shareholders' equity

a) Capital stock of the Controlling Company

As of December 31, 2001, the Controlling Company's capital stock consisted of 3,428,075 fully subscribed and paid listed shares of €3.01 par value each, all of which are traded by the book-entry system.

The companies holding over 10% of the Controlling Company's capital stock as of December 31, 2001 include:

	% of Ownership
Cartera Social, S.A. (Note 10)	18.43% (*)
Bilbao Bizkaia Kutxa	20.39%
Gipuzkoa Donostia Kutxa	15.17%

(*)The shareholders of this company are also employees of the Controlling Company.

On June 5, 1999, the Shareholders' Meeting resolved to empower the Board of Directors of the Controlling Company to increase capital stock by up to €5,159,253 within five years at one or several times, respecting the preemptive subscription right. This authorization has not yet been used. Also, on June 9, 2001, the Shareholders' Meeting empowered the Board of Directors to acquire treasury stock within 18 months from that date.

The balance of the "Additional Paid-in Capital" account is unrestricted as to its use.

The amount of the unrestricted reserve of the Controlling Company as of December 31, 2001, with respect to the balance of the unamortized research and development expenses, signifies that there are no restrictions on the payment of dividends.

b) Reserves and results of companies consolidated by the global integration method and carried by the equity method

The detail of the contribution of the consolidated companies to the reserves in the consolidated balance sheet as of December 31, 2001, and to consolidated income for 2001, is as follows:

	Thousands of Pesetas	
	Reserves	Individual Income (Loss)
CAF México, S.A. de C.V.	119,078	(31,085)
CAF Brasil Ind. e C. S.A.	92,523	— (*)
CAF Argentina, S.A.	200,021	— (*)
CAF USA, Inc.	20,233	87,377
Inversiones en Concesiones Ferroviarias, S.A.	(442)	388
Sermanfer, S.A.	1,520	256
Urbanización Parque Romareda, S.A.	5,165	3,068
Geminys, S.A.	12,863	5,932
Sab Ibérica, S.A.	58,468	1,233
A.A.I. CAF Transit, LLC	(6,031)	(1,092)
	503,398	

(*) The related effect was already taken into account in the individual financial statements of the Controlling Company.

c) Translation differences

As of December 31, 2001, "Translation Differences" includes:

	Thousands of Pesetas
CAF México, S.A. de C.V.	(7,895)
CAF Brasil Ind e C. S.A.	(25,437)
CAF Argentina, S.A.	(297,301)
CAF USA, Inc.	64,514
	(266,119)

d) Other reserves of the Controlling Company

As of December 31, 2001, other reserves include:

	Thousands of Pesetas
Legal reserve	343,372
Voluntary reserves	10,530,021
	10,873,393

Legal reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount.

Until the legal reserve exceeds 20% of capital stock, except as mentioned above, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

e) Revaluation reserve

The amount of these asset revaluations (see Notes 4-b and 6) as of December 31, 2001, was allocated to the following accounts:

	Thousands of Pesetas
Revaluation reserve Law 9/1983	1,323,512
Revaluation reserve Guipúzcoa Decree 13/1990	1,893,294
Revaluation reserve Guipúzcoa Regulation 11/1996	1,447,720
	4,664,526

Revaluation pursuant to Law 9/1983 and Guipúzcoa Decree 13/1990

Pursuant to current legislation, the balances of these accounts are unrestricted as to their use.

Revaluation pursuant to Guipúzcoa Regulation 11/1996

This balance can be used to offset recorded losses and to increase capital stock, and the remainder, if any, can be added to restricted reserves. If this balance were used in a manner other than that provided for in Guipúzcoa Regulation 11/1996, it would be subject to tax.

12. Other long-term payables

Pursuant to the Ministerial Order of March 7, 2000, approving the regulations governing the system of aid and management for the Program to Foster Research and Technology (PROFIT), the Ministry of Science and Technology granted certain aid to the Controlling Company to conduct research and development projects in the period from 2000 to 2003. This aid consisted of:

— Subsidies to partially offset the cost of these projects.

— Refundable advances in the form of interest-free loans. These advances, pursuant to EU regulations, have a theoretical monetary or subsidy equivalent, both of which aim to offset a portion of the reach and development costs, which is determined in accordance with this EU regulation as the result of calculating the interest relief applicable to Spain (see Notes 4-d and 4-i).

The Controlling Company recorded all the subsidies and equivalent aid received as of December 31, 2001 under "Deferred Revenues".

The Controlling Company conducts certain of the subsidized projects with third parties. The project coordinator in these projects is responsible vis-à-vis the Ministry of Science and Technology for the performance of the project and collects the total amount of the aid from the Ministry. The Controlling Company recorded Ptas. 751 million under "Customer Receivables for Sales and Services" and Ptas. 2,121 million under "Trade Accounts Receivable" relating to the accounts receivable from and payable to those third parties.

For the costs not yet incurred, the PROFIT program provides for nonrefundable subsidies and/or financial aid. In accordance with the accounting principle of prudence, subsidies and advances are recorded when they are effectively received or they are collected by the coordinator of the related joint project.

The CAF Group recorded Ptas. 3,167 million under "Long-Term Debt - Other Accounts Payable" relating to the amount repayable at maturity of the financing received under the PROFIT Program, and the related interest was recorded under "Deferred Charges" (see Note 4-d). This financing has a three-year grace period and is subsequently repayable over a period of between 12-15 years. As of December 3, 2001, these amounts matured as follows: Ptas. 264 million in 2004, Ptas. 264 million in 2005, and Ptas. 2,639 million in 2006 and subsequent years.

13. Payable to credit entities

As of December 31, 2001, the consolidated companies had credit facilities at several finance entities with an aggregate limit of Ptas. 19,426 million. The amount drawn down at that date was not material.

14. Tax matters

As of December 31, 2001, "Tax Receivables" and "Accrued Taxes Payable" includes:

	Thousands of Pesetas			
	Receivable		Payable	
Concept	Long-Term (Note 7)	Short-Term	Short-Term	Long-Term
Social security taxes	102,761	1,944	358,836	—
Regular taxes				
VAT	—	67,252	747,038	—
Other	36,286	73,681	88,759	9,228
Personal income tax withholdings	—	—	318,225	—
Deferred income tax	—	—	—	166,406
Prepaid income tax	352,493	—	—	—
Corporate income tax (Note 4.n)	—	39,504	401,103	—
	491,540	**182,381**	**1,913,961**	**175,634**

a) Tax situation

As of December 31, 2001, tax inspection authorities had access to review the CAF Group's tax records for the past four years.

The Controlling Company files corporate income tax returns with both the Spanish State tax authorities and the Guipúzcoa and Vizcaya provincial tax authorities on the basis of the volume of operations carried out in each area, although it is subject to Guipúzcoa tax regulations and, consequently, a corporate income tax rate of 32.5% was applied in 2001.

The reconciliation of the Controlling Company's income per books for 2001 to the taxable income for corporate income tax purposes is as follows:

	Thousands of Pesetas
Income for the year per books (before taxes)	1,900,506
Permanent differences, net (Notes 4.n, 7 and 15)	472,939
Net increases and decreases due to timing differences relating to operations (Notes 7 and 15)	(320,370)
Taxable income	**2,053,075**

The balance of prepaid income taxes (see Note 7) relates to 32.5% of the provision for the share-ownership scheme rights and to timing differences due to provisions which were not tax-deductible in the year in which they were recorded (see Note 15). The balance of the deferred income taxes relates to 32.5% of the amount by which the depreciation taken for tax purposes exceeds the depreciation taken for accounting purposes as a result of the tax benefits relating to unrestricted depreciation and accelerated depreciation provided by Guipúzcoa Regulation 6/1988 and Guipúzcoa Regulation 11/1993.

The unused tax credits earned by the Controlling Company (i.e., tax incentives for research and development investments), after considering those applied to estimate the Controlling Company's 2001 corporate income tax (Ptas. 411 million), and which will foreseeably be taken in the coming years, subject to the ceilings and deadlines provided for in corporate income tax legislation, amount to approximately Ptas. 950 million.

The varying interpretations which can be made of the tax regulations applicable to the CAF Group for the years open for review may give rise to certain contingent tax liabilities that cannot be objectively quantified. Also, certain tax benefits regulated by the Guipúzcoa provincial government were appealed against at various court instances. However, the Controlling Company's directors consider that any tax liability which might arise would not have a material effect on the accompanying consolidated financial statements.

15. Operating provisions

The variations in 2001 operating provisions (see Note 4-m) are as follows (in thousands of pesetas):

	1.01.01 (Unaudited)	Net Variation in Provisions (Note 14)	Transfers (Note 14)	12.31.01
Warranties, technical assistance, royalties, penalties, etc.	1,689,548	22,792	—	1,712,340
Other provisions (Note 2.c)	564,325	251,400	239,745	1,055,470
	2,253,873	**274,192**	**239,745**	**2,767,810**

16. Revenues and Expenses

a) Breakdown of net sales

	Millions of Pesetas
By Geographical Market	
Spain	32,120
Exports	32,245
	64,365
By activity	
Railroad:	
Vehicles	52,627
Rolling stock, repairs and integral maintenance	5,714
Others	6,024
	64,365 (*)

(*) 58% in euro-zone currencies.

b) Raw materials and other consumables used

Concept	**Thousand of Pesetas**
Purchases (*)	35,784,618
Work perfomed by other companies	879,235
Inventories variation	(1,765,237)
	34,898,616

(*) 60% in euro-zone currencies.

c) Joint ventures

In carrying on its business activities, the Controlling Company has an ownership interest in a joint venture, whose accounts were integrated into its consolidated financial statements of the CAF Group based on its percentages of ownership, the effect of which is not material.

17. Average labor force and personnel expenses

The average headcount in 2001, by category, was as follows:

Professional Category	Average Number of Employees
Employees	923
Manual workers	2,052
	2,975

(*) As of December 31, 2001, the Controlling Company had 3,016 permanent and temporary employees.

The detail of the personnel expenses in 2001 is as follows:

	Thousands of Pesetas
Wages and salaries	12,577,051
Social security costs	3,713,633
Other expenses (Notes 4.k, 4.l and 4.o)	1,051,384
	17,342,068

18. Directors' compensation and other benefits

In 2002 the Controlling Company recorded approximately Ptas. 97 million of compensation and attendance fees earned by its directors. As of December 31, 2001, the Controlling Company had not granted any advances, guarantees or loans to its current or former directors and, except as indicated in Note 4-l, had not extended to them any pension of life insurance commitments..

Moreover, the directors of the dependent companies comprising the CAF Group in 2001 did not earn any attendance fees or compensation of any other type. No advances or loans have been granted to these companies' current or former directors and there are no pension, life insurance or any other commitments to them.

19. Collateral and other guarantees

As of December 31, 2001, Ptas. 106,430 million of guarantees had been provided by finance entities to customers for the Controlling Company to secure the performance of commercial transactions. The CAF Group considers that no material liabilities will arise from this action (see Notes 4-m and 15).

20. Events subsequent to year-end

As of February 28, 2002, the Controlling Company's firm backlog, net of prebillings, amounted to Ptas. 193,000 million (see Note 8).

21. Explanation added for translation to English

These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Controlling Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

Approval by the Board of Directors

JOSÉ Mª BAZTARRICA GARIJO	Chairman
JOSÉ IGNACIO BERROETA ECHEVARRIA	Director for Bilbao Bizkaia Kutxa
JOSÉ MIGUEL DE LA RICA BASAGOITI	Director
PASCUAL JOVER LAGUARDIA	Director for Vital Kutxa
ALEJANDRO LEGARDA ZARAGÜETA	Director
ANDRÉS ARIZCORRETA GARCÍA	Director
LUIS MIGUEL ARCONADA ECHARRI	Director
FERNANDO SPAGNOLO DE LA TORRE	Director for Gipuzkoa Donostia Kutxa
ELOY LOBO AMESTOY	Director
FERMÍN ARRESE ARRATIBEL	Director
ALFREDO BAYANO SARRATE	Secretary

Certificate issued by the Secretary attesting that, following the preparation of the consolidated financial statements and management report of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. and Dependent Companies composing the CAF Group (Consolidated), for the year ended December 31, 2001, by the Board of Directors at its meeting on March 26, 2002, the directors have signed this document, consisting of 38 sheets numbered sequentially from 0387 through 0424, all approved by the Secretary, who also signs them, and countersigned by the Chairman, and signed by each of the directors at the end of the document.

San Sebastián, March 26, 2002.

Approved by

THE CHAIRMAN	THE SECRETARY OF THE BOARD
JOSÉ Mª BAZTARRICA GARIJO	ALFREDO BAYANO SARRATE

Resolutions submitted by the Board of Directors for Approval by the Shareholders' Meeting

Ordinary Shareholders' Meeting to be held at the Company's registered office in Beasain, Gipuzkoa, at 12.00 am on June 8 2002, at first call, and, if appropriate, at the same time and place the following day.

First. Review and approval, if appropriate, of the financial statements for the year ended 31 December 2001 and of Company management.

Second. Approval, if appropriate, of the proposed distribution of the income for the year.

Third. Re-election of Directors.

Fourth. Authorize the Company's Board of Directors for the derivative acquisition of treasury stock under the terms required by law, rendering null and void the authorization previously granted under a resolution of the General Meeting held on 9 June 2001.

Fifth. Re-election of auditors.

Sixth. Authorize the Board of Directors, with the scope necessary, to record in a public deed those of the foregoing resolutions which so require, with express powers to clarify, rectify or supplement said resolutions in accordance with the mercantile registrar's verbal or written requirements, and to perform any acts necessary to record these resolutions in the mercantile register.

Seventh. Approval of the minutes of the meeting.

Proposed Distribution of Income

Distribution of income after taxes of 9,182.8 thousands of Euros: 3,749.15 thousands of Euros for dividends, 5,433.65 thousands of Euros to voluntary reserves.

Board of Directors

JOSÉ Mª BAZTARRICA GARIJO	Chairman
JOSÉ IGNACIO BERROETA ECHEVARRIA	Director for Bilbao Bizkaia Kutxa
JOSÉ MIGUEL DE LA RICA BASAGOITI	Director
PASCUAL JOVER LAGUARDIA	Director for Vital Kutxa
ALEJANDRO LEGARDA ZARAGÜETA	Director
ANDRÉS ARIZCORRETA GARCÍA	Director
LUIS MIGUEL ARCONADA ECHARRI	Director
FERNANDO SPAGNOLO DE LA TORRE	Director for Gipuzkoa Donostia Kutxa
ELOY LOBO AMESTOY	Director
FERMÍN ARRESE ARRATIBEL	Director
ALFREDO BAYANO SARRATE	Secretary

At 31 March 2002 the Board of Directors held 40.57% of the capital stock.

Supplementary Information

2001 *Annual Report*

Balance Sheets

as of December 31st 2001*,
2000, 1999, 1998 and 1997
(Thousands of Euros)

Assets

	2001	2000	1999	1998	1997
FIXED AND OTHER NONCURRENT ASSETS					
START UP EXPENSES	61.21	—	—	—	—
INTANGIBLE ASSETS	11,131.96	8,634.27	4,886.29	1,759.38	825.99
TANGIBLE FIXED ASSETS					
Land and structures	74,116.12	65,348.80	63,273.03	61,481.03	60,385.03
Technical installations and machinery	116,730.81	107,141.38	100,941.79	90,858.34	86,860.80
Other installations, tools and furniture	8,205.36	7,192.02	6,654.67	6,618.21	6,420.67
Advances and construction in progress	—	—	—	—	—
Other tangible fixed assets	10,948.52	9,658.16	8,380.01	9,357.60	6,871.08
Accumulated depreciation	(139,862.65)	(129,946.18)	(120,627.04)	(112,532.62)	(103,778.16)
	70,138.15	59,394.17	58,622.46	55,782.56	56,759.42
LONG-TERM FINANCIAL INVESTMENTS	17,669.20	23,425.05	23,536.86	12,535.01	13,269.03
TOTAL FIXED AND OTHER NONCURRENT ASSETS	99,000.52	91,453.50	87,045.61	70,076.95	70,854.44
DEFERRED CHARGES	7,339.78	—	—	—	—
CURRENT ASSETS					
INVENTORIES	78,209.72	57,075.61	113,584.32	129,154.38	111,452.93
ACCOUNTS RECEIVABLE					
Customer receivables for sales and services	170,874.99	118,018.23	107,747.07	88,944.94	62,284.40
Receivable from Group and associated companies	—	10,642.00	15,320.71	4,307.44	333.57
Receivable from associated companies	8,015.29	—	—	—	—
Sundry accounts receivable	3,119.54	2,506.99	1,571.61	1,704.54	1,251.05
Tax receivables	1,096.13	565.46	625.40	505.76	3,268.90
Provisions	(795.64)	—	(804.91)	(804.91)	(804.90)
	182,310.31	131,732.69	121,459.88	94,657.77	66,333.02
SHORT-TERM FINANCIAL INVESTMENTS	4,603.17	12,800.16	6,874.48	19,917.53	11,544.82
CASH	2,032.97	130.04	57.33	289.90	179.42
ACCRUAL ACCOUNTS	1,487.02	420.41	827.61	517.14	164.04
TOTAL CURRENT ASSETS	268,643.20	202,158.91	242,803.62	244,536.72	189,674,23
TOTAL ASSETS	**374,983.50**	**293,612.41**	**329,849.23**	**314,613.67**	**260,528.67**

* Year 2001 consolidated Balance Sheet.

Shareholders' equity and liabilities

	2001	2000	1999	1998	1997
SHAREHOLDERS' EQUITY					
Capital stock	10,318.51	10,318.51	10,318.51	10,301.58	10,301.58
Additional paid-in capital	11,863.35	11,863.35	11,863.35	11,863.35	11,863.35
Revaluation reserve	28,034.37	28,034.37	28,034.36	28,034.36	28,034.36
Legal reserve	—	2,063.71	2,060.31	2,060.31	2,060.31
Voluntary reserves	—	57,662.60	52,190.02	46,822.21	41,735.94
Other reserves of the Controlling Company	65,350.41				
Reserves at companies consolidated by global integration method and carried by the equity method	3,025.48				
Translation differences	(1,599.41)				
Income attributable to the Controlling Company	9,753.15				
Income for the year		9,372.87	8,944.37	8,846.07	8,547.60
TOTAL SHAREHOLDERS' EQUITY	126,745.86	119,315.40	113,410.92	107,927.88	102,543.14
MINORITY INTERESTS	1,714.99				
DEFERRED REVENUES	12,618.37	482.70	1,183.31	1,978.95	2,914.52
PROVISIONS FOR CONTINGENCIES AND EXPENSES	2,282.12	939.18	554.51	259.73	290.31
LONG-TERM DEBT					
Other accounts payable	24,195.55	3,044.13	2,698.54	—	60.03
Accrued taxes payable	1,055.58	1,117.69	1,232.83	1,633.57	8,724.70
TOTAL LONG-TERM DEBT	25,251.13	4,161.82	3,961.37	1,633.57	8,784.73
CURRENT LIABILITIES					
Payable to credit entities	1,619.67	48.18	122.31	130.34	476.69
	1,619.67	48.18	122.31	130.34	476.69
Payable to associated companies	106.33				
Payable to Group and associated companies		9,712.92	631.16	873.15	364.95
Trade accounts payable					
Advances received on orders	72,083.92	74,091.03	123,312.69	114,095.07	61,298.88
Payables for purcheses and services	98,139.99	59,490.37	61,215.82	54,729.96	52,449.98
	170,223.91	133,581.41	184,528.51	168,825.03	113,748.86
Other nontrade payables					
Accrued taxes payable	11,503.14	6,561.87	6,131.60	16,435.70	12,523.09
Compensation payable	6,240.84	5,325.49	4,979.76	4,863.04	4,493.20
	17,743.98	11,887.36	11,111.36	21,298.74	17,016.29
GUARANTEES AND DEPOSITS RECEIVED	—	—	—	52.60	—
OPERATING PROVISIONS	16,634.87	13,441.20	14,261.42	11,561.56	14,317.06
ACCRUAL ACCOUNTS	42.25	42.26	114.36	72.12	72.12
TOTAL CURRENT LIABILITIES	206,371.02	168,713.32	210,769.12	202,813.54	145,995.97
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**374,983.50**	**293,612.41**	**329,849.23**	**314,613.67**	**260,528.67**

Statements of Income

for the year ended December 31st 2001*,
2000, 1999, 1998 y 1997
(Thousands of Euros)

Debit

	2001	2000	1999	1998	1997
EXPENSES					
Decrease in finished product and					
work-in-process inventories	2,893.83	42,173.99	14,096.73	—	—
Raw materials used					
and other consumables	209,744.91	181,002.42	148,933.27	139,633.85	183,111.46
Personnel expenses	104,227.93	92,647.30	95,800.66	92,283.53	96,048.66
Period depreciation and					
amortization	11,746.35	11,398.99	9,426.38	9,220.90	9,460.51
Variation in operating provisions	3,285.56	(45.68)	1,844.54	(1,132.29)	(2,125.98)
Other operating expenses					
Outside services	41,038.72	28,981.10	26,003.53	31,115.14	32,493.80
Taxes other than income tax	1,701.82	511.02	541.84	761.68	713.12
OPERATING INCOME	13,900.65	12,883.65	11,803.79	11,473.30	11,582.57
Financial and similar expenses	4,089.27	2,321.44	2,223.25	1,716.97	3,982.39
Variation in financial investment provisions	2,191.67	—	—	—	—
FINANCIAL INCOME	—	—	—	—	—
INCOME FROM ORDINARY ACTIVITIES	12,065.82	11,890.01	10,944.12	11,017.69	10,332.37
Variation in intangible asset, tangible fixed asset					
and portfolio provisions	(60.10)	—	—	—	—
Extraordinary expenses	2,614.14	875.58	426.72	601.01	—
EXTRAORDINARY INCOME	308.84	—	403.26	250.30	900.21
INCOME BEFORE TAXES	12,374.65	11,732.48	11,347.38	11,267.99	11,232.57
Corporate income tax	2,620.83	2,359.61	2,403.01	2,421.92	2,684.97
Consolidaated income for the year	9,753.83	9,372.87	8,944.37	8,846.07	8,547.60
Income attributed to minority interest	0.67				
INCOME FOR THE YEAR	**9,753.15**	**9,372.87**	**8,944.37**	**8,846.07**	**8,547.60**

* Year 2001 consolidated Statement of Income.

Credit

	2001	2000	1999	1998	1997
REVENUES					
Net sales	386,845.11	368,186.43	306,662.55	280,342.89	263,062.72
Increase in finished products					
and work-in-process inventories	—	—	—	694.35	61,179.44
Capitalized expenses of in-house					
work on fixed assets	360.82	208.59	84.32	125.16	1,286.77
Other operating revenues					
Non-core and other current					
operating revenues	671.29	839.85	850.39	911.06	1,268.35
Subsidies	662.55	317.92	853.49	1,282.63	4,486.86
OPERATING LOSS	—	—	—	—	—
Revenues from shareholdings	204.07	147.25	88.35	44.17	17.67
Other interest and similar revenues	4,024.68	1,180.56	1,275.23	1,217.18	2,714.52
FINANCIAL LOSS	2,052.20	993.64	859.67	455.61	1,250.20
Share in the income of companies carried					
by the equity method	217.36				
LOSS ON ORDINARY ACTIVITIES	—	—	—	—	—
Gains on tangible					
fixed assets disposals	47.10	17.43	34.34	37.23	81.07
Capital subsidies transferred to income					
for the year	373.79	700.62	795.64	814.09	819.14
Extraordinary revenues	2,441.98	—	—	—	—
EXTRAORDINARY LOSS	—	157.54	—	—	—
LOSS BEFORE TAXES	—	—	—	—	—
Consolidated loss for the year	—	—	—	—	—
Loss attributed to minority interests	—	—	—	—	—
LOSS FOR THE YEAR	**—**	**—**	**—**	**—**	**—**

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