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Memory 2002

Annual report
City of Barcelona
2002



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Annual Report 2002

City of Barcelona

Municipal Council Plenum

Mayor of Barcelona

The Hon. Mr. Joan Clos i Matheu (PSC)

1st Deputy Mayor

The Hon. Mr. Francesc Xavier Casas i Masjoan (PSC)

2nd Deputy Mayor

The Hon. Mr. José Ignacio Cuervo i Argudin (PSC)

3rd Deputy Mayor

The Hon. Mr. Jordi Portabella i Calvete (ERC-EV)

4th Deputy Mayor

The Hon. Ms. Imma Mayol i Beltrán (IC-V)

5th Deputy Mayor

The Hon. Ms. Núria Carrera i Comes (PSC)

Councillors

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The Hon. Ms. Maravillas Rojo i Torrecilla
The Hon. Mr. Ernest Maragall i Mira
The Hon. Mr. Ferran Mascarell i Canalda
The Hon. Ms. Lourdes Muñoz i Santamaria
The Hon. Mr. Francisco Narváez i Pazos
The Hon. Mr. Pere Alcober i Solanas
The Hon. Ms. M. Carmen San Miguel i Ruibal
The Hon. Ms. Catalina Carreras-Moysi i Carles-Tolrà
The Hon. Ms. M. Immaculada Moraleda i Pérez
The Hon. Mr. Carles Martí i Jufresa
The Hon. Mr. Vladimir de Semir i Zivojnovic
The Hon. Mr. Manuel Pérez i Benzal
The Hon. Mr. Albert Batlle i Bastardas
The Hon. Mr. Jordi Hereu i Boher
The Hon. Mr. Ferran Julián i González

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The Hon. Ms. Magdalena Oranich i Solagran
The Hon. Mr. Eduard García i Plans
The Hon. Ms. Joana M. Ortega i Alemany
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The Hon. Mr. Jordi Cornet i Serra
The Hon. Ms. Emma Balseiro i Carreiras

ERC-EV:

The Hon. Mr. Jesús Maestro i García
The Hon. Ms. Roser Veciana i Olivé

IC-V:

The Hon. Mr. Eugeni Forradellas i Bombardó

Government Commission

President

The Hon. Mr. Joan Clos i Matheu

Members

The Hon. Mr. Francesc Xavier Casas i Masjoan
The Hon. Mr. José Ignacio Cuervo i Argudin
The Hon. Mr. Jordi Portabella i Calvete
The Hon. Ms. Imma Mayol i Beltrán
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Letter from the Mayor

Joan Clos i Matheu, Mayor of Barcelona

It is my pleasure to present the City of Barcelona's 2002 Annual Report, which offers a clear depiction of the city's global economic situation, the services provided to citizens, the City of Barcelona's financial position and its prospects for the future.

Barcelona is currently undergoing a crucial change, due to two key factors. First, what was once a city largely devoted to manufacturing and industry is gradually becoming one devoted to knowledge and services. Indeed, we are successfully making the transition to specialization in services, knowledge-based activities, research and new technologies. The most recent data on employment bear witness to this trend.

Thus, despite today's sluggish economic climate, Barcelona is nonetheless well-situated and continues to grow, both because it offers all of the elements needed to consolidate this trend and because of its unwavering commitment to public investment aimed at a significant transformation based on the improvement of infrastructures.

When taken as a whole, this public investment in infrastructures, the second key factor, is the most significant urban transformation project in Europe. The ambitious Llevant project– the 2004 infrastructures– and the sizable investments being made in the enlargement of the airport, port, logistics park, trade fair grounds and high-speed train, as well as the improvements in the city's public transportation system through the construction of Line 9 for the subway and the Llobregat and Besòs streetcars, are all examples of clearly countercyclical public investment, the compensatory effect of which will guarantee solid economic prospects for the future.

The area between the Besòs river, the coast and the start of the Diagonal avenue has traditionally been a sort of metropolitan storage room, home to indispensable energy and sanitation infrastructures. Today, an investment program is being promoted to turn this space into a top-notch coastal district, replete with parks, beaches, a marina, conference and convention centers, hotels and a university area. Furthermore, the enlargement of the logistics park, airport and port will contribute to consolidating Barcelona as the principal logistics center in southern Europe.

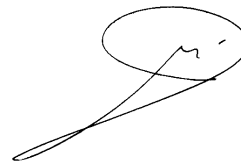
In 2002, the City of Barcelona also reached an agreement with the Ministry of Development and the Generalitat of Catalonia (the autonomous regional government) to carry out actions related to the high-speed railway network in the city of Barcelona, as well as to promote and manage the urban transformation derived from the remodeling of the La Sagrera-Sant Andreu district, where an

intermodal station will be built with connections to the high-speed train, the greater metropolitan area, regional and commercial railways, and urban public transport.

All of this is being done at the city's own initiative, though it is not a national capital, for Barcelona is both ready and willing to assume a leadership role in those matters deemed essential not just for its own development and that of its greater metropolitan area, but for the country as a whole.

Of course, no city can advance and modernize itself solely through the creation of infrastructures and changes in urban planning. Such efforts would be meaningless without a constant striving to ensure a high degree of social integration, based on respect for the pluralism and diversity of citizens and the participation of, and complicity between, the local administration and civil society. Only then can a city continue to guarantee quality, progress and the well-being of all.

In 2002, Barcelona has made great progress in this sphere, offering proof that prosperity and solidarity go hand in hand.

A handwritten signature in black ink, consisting of a stylized 'J' and 'C' followed by a flourish, enclosed within an oval shape.

Joan Clos
Mayor of Barcelona

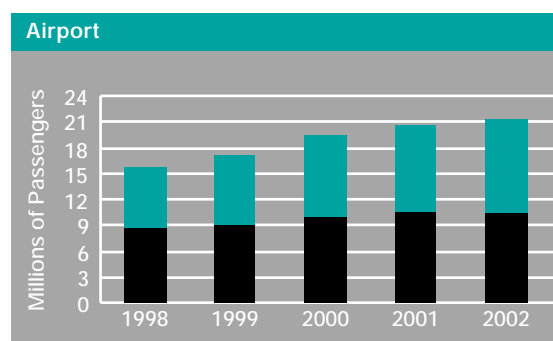
Foreword

Ernest Maragall i Mira, Councilor of Presidency and Finance

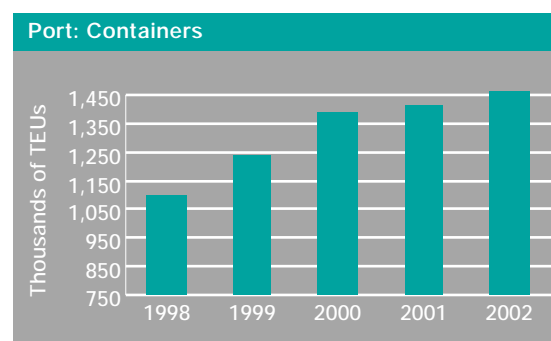
Economic Context

Despite the low growth rate of the international economy as a whole, the Spanish economy grew 2% in 2002, more than twice as much as the euro zone. The growth of the Barcelona economy is the result of gross capital formation, including public investment, a certain upturn in exports and the impetus of the service sector.

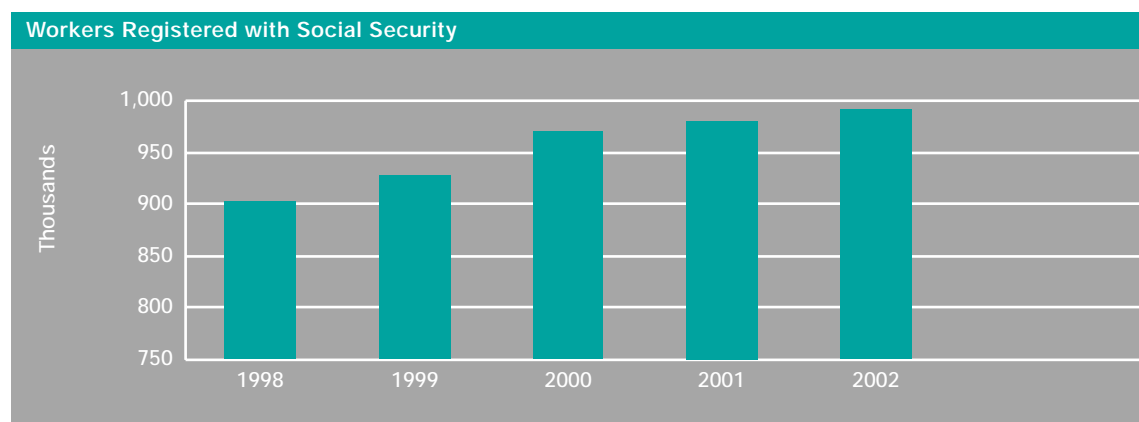
The transit of goods through the Barcelona port increased 4%, due to the gradual recovery of trade activity, the most dynamic elements being hydrocarbons and general cargo imports. In 2002, the Barcelona airport broke the record of 21 million annual passengers set in the summer of 2001. The fall in passengers on domestic flights as a result of the general economic situation was offset by the increase in the number of passengers on international flights. The number of overnight stays at city hotels rose 9.1%, for a total of 8.7 million.



■ Domestic ■ International



The construction sector, both public and private, was one of Barcelona's main economic growth engines. The number of dwellings on which work was begun increased 5.4% in 2002. Despite the rise in unemployment from 6%, at the end of 2001, to 6.4%, at the end of 2002, job offers in Barcelona continued to multiply, as evidenced by the number of workers registered with social security.



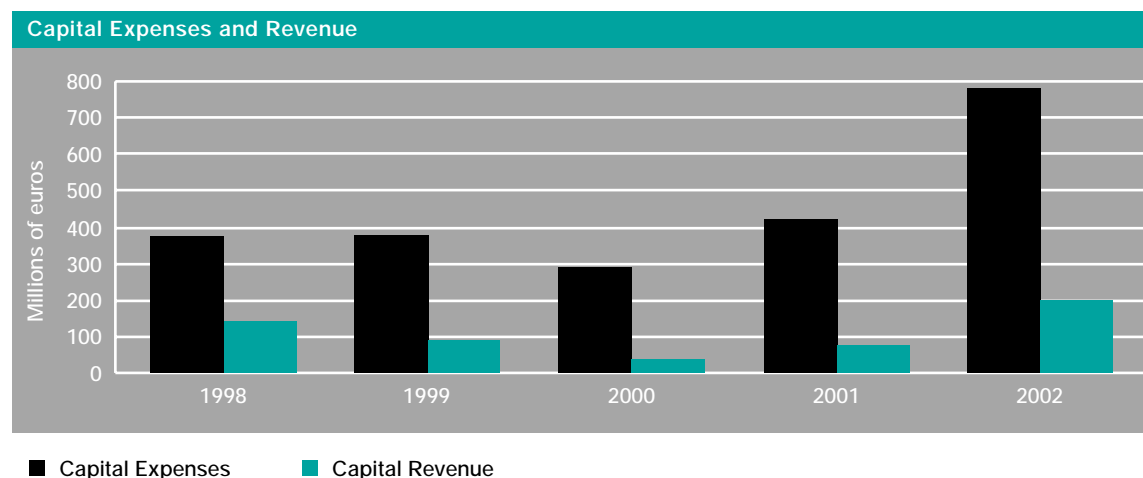
Barcelona de Serveis Municipals

The City of Barcelona offers certain services through municipal companies and agencies in order to enhance efficiency through functional specialization. The increasing complexity and diversity of some of these activities means they need to be better coordinated, and their corporate services reinforced. As a result, since January 1, 2003, Barcelona de Serveis Municipals, SA (formerly, Societat Municipal d'Aparcaments i Serveis, SA) has been responsible for all of those activities related to mobility, such as parking lots, bus stations, towing-trucks and blue areas; leisure, such as the Barcelona Zoo, the Tibidabo amusement park or the Olympic facilities, bearing in mind that these activities moreover encompass aspects such as conservation, research, education and sports, among others; and those general services offered by the City of Barcelona that are partially or totally financed through commercial revenue.

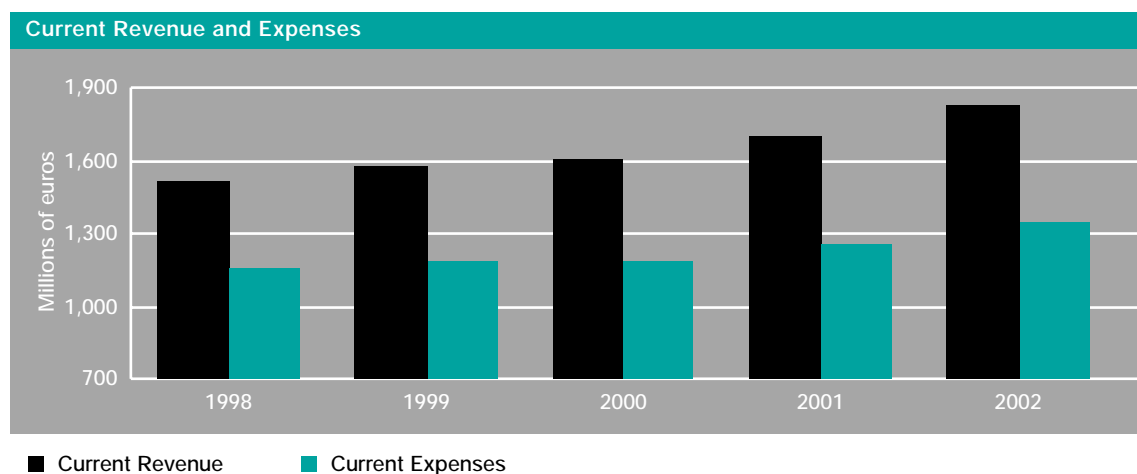
Barcelona de Serveis Municipals, SA, proceeded to the merger through the absorption of the companies Societat Municipal d'Aparcaments i Serveis, SA, Parc Zoològic de Barcelona, SA, and Barcelona Promocions d'Instal·lacions Olímpiques, SA, and the acquisition of the City of Barcelona's interests in the companies Mercabarna, SA, Serveis Funeraris de Barcelona, SA, Tractament i Selecció de Residus, SA, Clavegueram de Barcelona, SA, Túnels i Accessos de Barcelona, SA, Catalana d'Iniciatives, CR, SA and Nexus Capital, SA.

Economic Evolution of the City of Barcelona

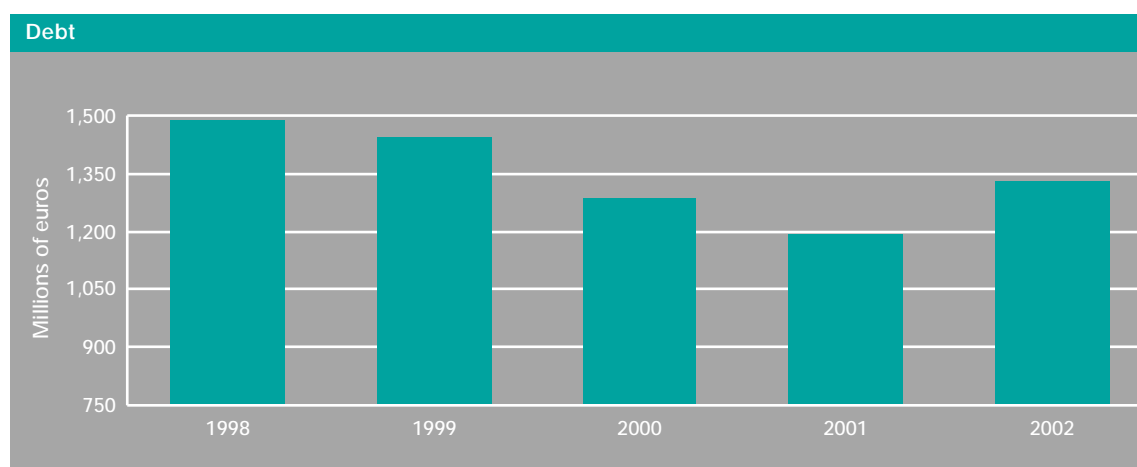
For the 2000-2003 period, capital expenses are projected to total 2,150 million euros, of which 69% have already been accounted for in the first three years. These expenses have been targeted at urban renewal and the provision of district facilities; the purchase and development of land; the improvement of urban mobility; the environment, through investments in green areas, renewable energy and ecoparks; cultural, sports and educational facilities and pre-schools; and different actions at Montjuïc, Tibidabo and the triangle formed by the Besòs river, the coast and the Diagonal avenue.



The capital expenses were financed with both net savings and the capital revenue from European funds and the assignment of property. With regard to gross savings, it should be noted that current revenue increased 7.2%, thanks to the management of, and improvements in, tax collection, as well as the increase in the City's share of the Central Government's revenue, in accordance with the growth of the GDP. Current expenses increased 7.6%. In 2002, gross savings accounted for 26.2% of the current revenue. Within current expenses, special mention should be made of the effort to improve the quality of services. Although current expenses before interest increased 9.5%, this growth was partially offset by the 13.5% decrease in financial expenses.



The City of Barcelona Group's debt rose by 134 million euros in 2002, due to the investment effort being carried out in the Besòs district. This notwithstanding, over the last three years, overall debt has fallen by 117 million euros, such that the debt at the end of 2002 was 8% less than that at the end of 1999. As regards the 117 million euro decrease in the debt, the consolidated debt of the City of Barcelona and the companies and agencies whose services are primarily financed through current transfers from the City fell by 161 million euros, while the consolidated debt of the companies and agencies that finance their services through commercial revenue increased 44 million euros.



Once more, all members of our organization must be thanked for their boundless efforts and dedication, which have allowed the City of Barcelona to meet its social and economic objectives, while improving the provision of its services and the attention it gives to citizens.

A handwritten signature in black ink, appearing to read 'Ernest Maragall Mira'.

Ernest Maragall Mira
Councilor of Presidency and Finance



Political and Administrative Organization of the City of Barcelona

1.1. Structure of the Municipal Government

The mayor is responsible for the ordinary management of the municipal government, the representation of the city and the presidency of the associated municipal bodies.

The Government Commission is presided over by the mayor, who also designates the councilors from the government coalition who compose it. The Government Commission meets once a month. Depending on each issue and its importance, the Commission either approves or examines and reports on the matters included on the agenda of the Municipal Council Plenum. Previously, these matters were studied and reported on by the Executive Committee.

The Municipal Council Plenum is the maximum body for the political representation of citizens in the city government; it holds ordinary monthly sessions. The sessions are open to citizens and the media.

The citizens choose the councilors every four years, in accordance with a system of proportional representation. The last elections were held in 1999, and the next ones are scheduled for May 25, 2003. The current political composition of the Council, in which the PSC governs in coalition with ERC-EV and IC-V with a total of 25 of the 41 councilors that compose it, is as follows:

	Number of Councilors
PSC - Partit dels Socialistes de Catalunya	20
CIU - Convergència i Unió	10
PP - Partit Popular	6
ERC-EV - Esquerra Republicana - Els Verds	3
IC-V - Iniciativa per Catalunya - Verds	2
	41

The Municipal Council is responsible for choosing the mayor and approving the budget, annual accounts, by-laws and urban planning.

The Municipal Council operates through Plenary Sessions and commissions. There are ten permanent sectorial commissions, responsible for discussing, studying, reporting on and deciding which issues pertaining to their respective areas should be submitted to the Municipal Council Plenum. They constitute an initial informative body for the monitoring of municipal policies. With the entry into force of the new municipal organic regulations, arising from the approval of the Municipal Charter of Barcelona, these commissions took on decision-making and control functions, in

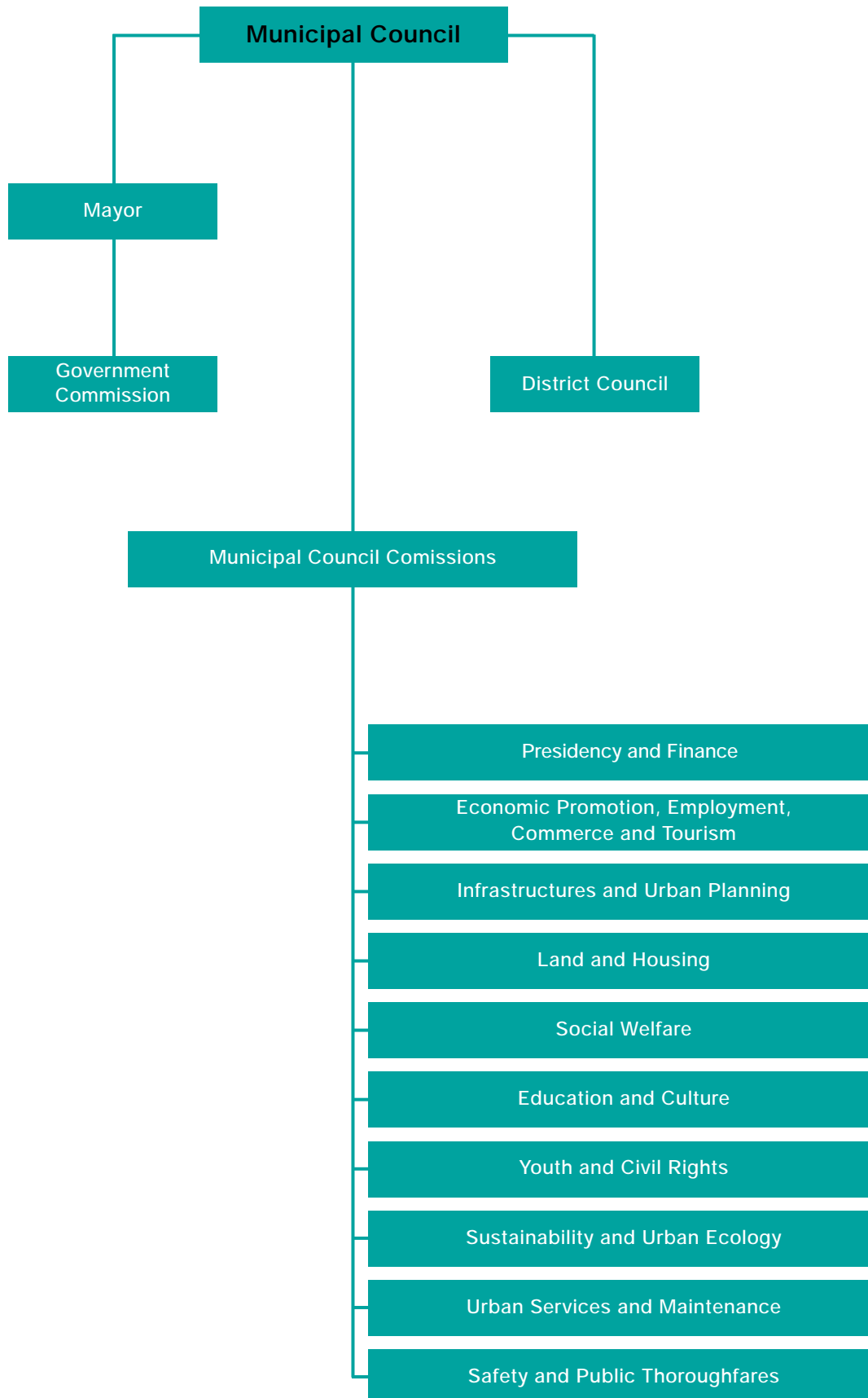
addition to their informational ones. They can authorize and adjudicate all sorts of government and private contracts signed by the City, as long as their cost is less than 20% of the ordinary budget, and they can also grant initial approval of by-laws and regulations concerning their respective fields of action.

These commissions are made up of councilors from all of the political parties with representation in the Council, and they operate using weighted votes. Their presidents are chosen by the City Council Plenum. Their sessions are public and held on a monthly basis. The following informative commissions were approved at the Municipal Council Plenary Session held on July 16, 1999:

Field of Action	
Presidency and Finance	Fiscal, financial and budgetary policy.
Economic Promotion, Employment, Tourism and Commerce	Economic promotion of the city, support for business and employment initiatives, tourism and commerce.
Infrastructure and Urban Planning	Police on territorial balance, urban planning.
Land and Housing Policy	Housing promotion, land used for government-protected housing.
Social Welfare	Social work, public health and sports.
Education and Culture	Educational and cultural policies.
Youth and Civil Rights	Youth and civil rights policies.
Sustainability and Urban Ecology	Environmental policy, sustainability and ecology.
Urban Services and Maintenance	City maintenance plans and urban services.
Safety and Public	Thoroughfares Citizen safety, civil protection, public transportation and traffic regulation.

Decentralization within the territorial scope is achieved through the division of the city into 10 districts. The maximum organ of each district is the District Council, which is presided over by a

councilor appointed by the mayor and made up of fifteen delegates designated by the municipal parties in accordance with the votes obtained by each one in the district.



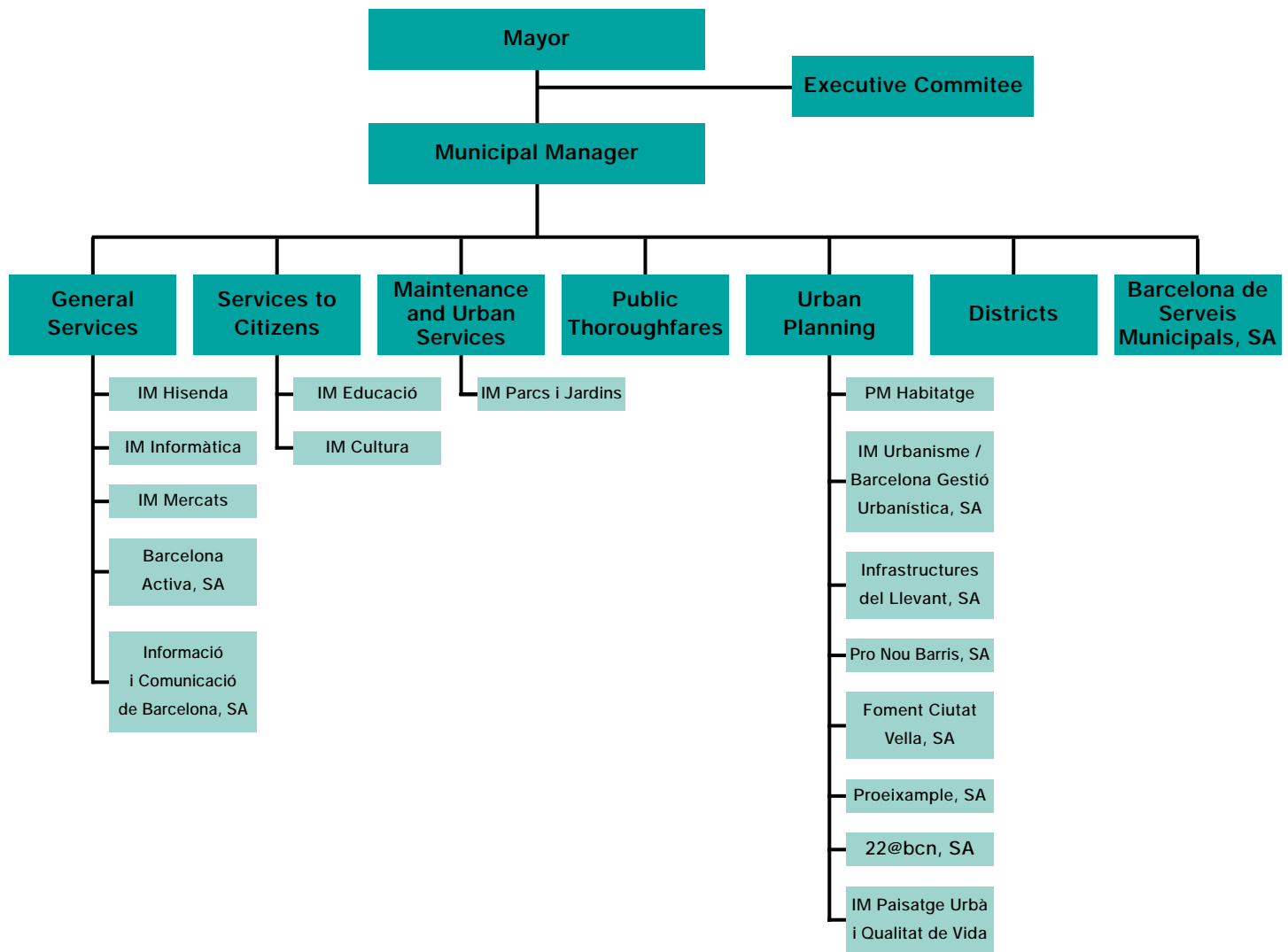
1.2. Managerial Organization of the Municipal Government

The executive level of the municipal Government is operationally divided into five Sectors of Activity: General Services, Services to Citizens, Maintenance and Services, Public Thoroughfares and Urban Planning. Territorially, it is divided into 10 districts. Each Sector of Activity and each district has one manager, and the organizational structure and resources necessary for the execution of their functions. The executive management of the municipal Government corresponds to the municipal manager, along with the Sector of Activity and district managers.

The Executive Committee is the executive Administration's associated management body. It is presided over by a councilor delegated by

the mayor, and the municipal manager is its vice-president. It is composed of all Sector of Activity and district managers. The main functions of the Executive Committee are: a) to coordinate the actions of the different Sectors of Activity; b) to establish general management criteria; c) to prepare and report on those matters that are submitted to the different associated governmental bodies; and d) to report the municipal government's political orientations and priorities to the managers.

Each municipal agency (autonomous bodies dependent on the City) and municipal company (public corporations partially or wholly owned by the City of Barcelona) is operationally incorporated into a Sector of Activity depending on the services it provides, and it coordinates its activities with the relevant Sector of Activity manager.



2



Evolution of the Barcelona Economy in 2002

2.1. The International Context for the Economy Development of Barcelona and its Greater Metropolitan Area

In 2002, not only was the euro put into circulation– with direct implications for the private economies of some 300 million Europeans– but there was also widespread instability and a climate of uncertainty in many areas of the world due to the events of September 11th. This climate was further fed by the US military intervention in Afghanistan, the ever latent conflict between India and Pakistan, the rise in tension with the Iraqi regime and the entrenchment of the conflict in the Middle East, to name just those conflicts that could destabilize a region particularly sensitive due to its strategic importance as an oil supplier for western economies. Indeed, it is impossible to give a global picture of the world economy in 2002 without referring to this setting. Furthermore, mention must also be made of the discovery of the use of shady accounting practices, which provoked a crisis in trust and caused the quotes of leading companies the world over to nosedive, as well as the Argentine crisis and the fear it might spread to Brazil, the progressive deterioration of growth expectations for the European economy, etc.

In the midst of this international panorama, the most hopeful facets were limited to the slight signs of recovery shown by the US economy, whose GDP grew at an average rate of 2.5%, driven by private consumption and public spending in a setting of low interest rates. By contrast, the European economy registered its most sluggish annual growth rate since 1993, at less than 1%, encumbered by the stagnation bordering on recession in Germany and the near stagnation of the Italian GDP. With regard to the rest of the EU economic heavyweights, the United Kingdom and Spain, with growth rates of about 2%, fared best, while France ended 2002 with a GDP growth rate slightly higher than the European

average. Now, as the provisional data for the first quarter become known, it seems that the initial projections for 2003, which predicted a slight rise in growth rates, may need to be revised downward to reflect rates closer to those of the year before.

In terms of the Spanish economy in 2002, an average GDP growth rate of 2% is estimated. This growth rate was backed by a demand to increase public spending on consumption and investments in construction. The contribution of domestic demand to GDP growth was offset by the negative balance of the foreign sector, affected by the slowdown in exports and tourism and the rising price of energy imports. As concerns supply, the growth of the Spanish economy was primarily based on construction and services. In terms of industry, a distinction must be made between the slight drop-off in manufacturing and the strong growth of energy producers. The Catalanian economy registered similar dynamics, save for the strong growth of agricultural and livestock production on the heels of a singularly bad year in 2001.

2.2. Industrial Activity and the Trade of Goods

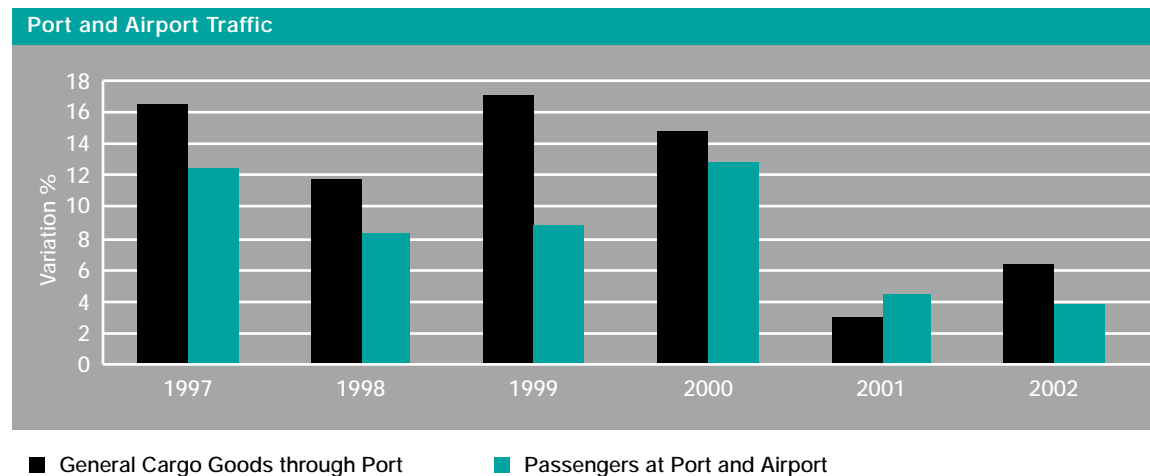
Metropolitan economic growth was particularly affected by the impact that the drop in domestic demand and the stagnation of manufactured exports had on industrial activity. Although consumption spending continued to grow at a notably high rate driven by the public sector, business investments in equipment goods were particularly affected by the uncertainty permeating the international scene and, especially, by the economic and financial crisis

in Argentina and the ongoing European economic slowdown.

In terms of manufacturing activity, after three consecutive quarters of no or even slightly negative growth, the change in the industrial GDP corresponding to the second quarter of the year was moderately positive. This dynamism was mainly due to the energy sector, construction and inventory replacement.

In addition to the growing precariousness of both domestic and foreign demand and increased competition– the two factors metropolitan area industrial businessmen and women believe have most hindered their turnover growth– tensions in terms of international oil prices and the progressive strength of the euro compared to the dollar must also be taken into account. Whereas the first two factors directly reduce the demand for their products, the second two cause domestic production prices to rise, thereby hurting their competitiveness. In short, all of these factors are obstacles for the incipient recovery of industrial activity and represent a barrier to turning around the evolution of sectorial employment. This evolution was particularly negative over the year in the textile and garment and leather industries, as well as in very specific segments of the metallurgy industry.

In keeping with the moderate growth of domestic consumption and the slight recovery of industrial activity registered during the final months of the year, the Barcelona port saw an increase in the trade of goods of almost 4%, up 2% from the previous year. The brunt of this increase corresponded to the importation of natural gas and motor vehicle fuel, as well as to



general cargo trade. Bulk solids, such as fertilizers and cement, was the category to fall-off most sharply in terms of port trade.

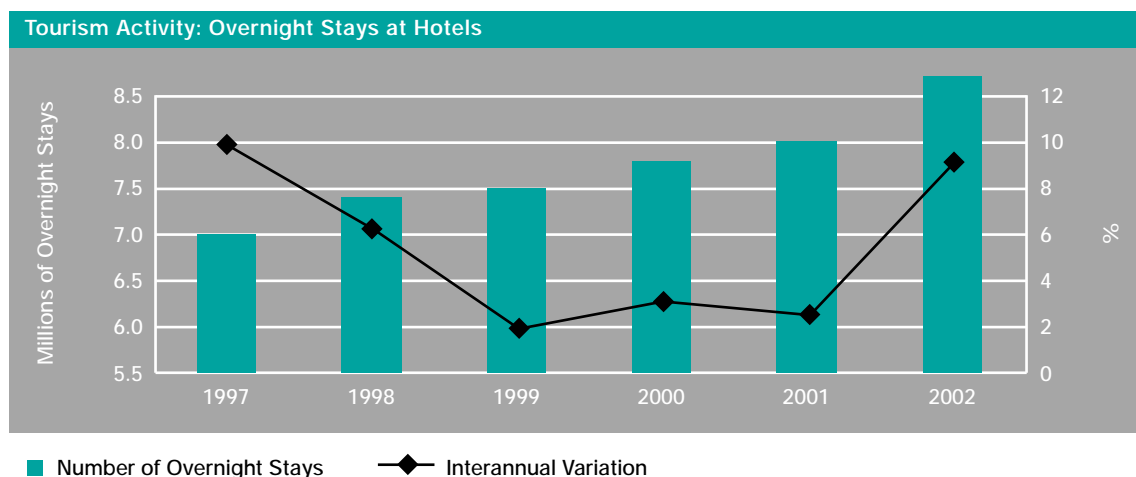
2.3. Public Transportation, Tourism and Consumption

Long-distance public transportation departing from or arriving in Barcelona showed two very different faces in terms of growth rates in 2002. On the one hand, the airport set a new high, undergoing a 2.9% increase to pass the 21.3 million passenger mark. Likewise, the volume of passengers traveling by sea rose by more than 17%. This rise is attributable, first, to the growing number of cruise ship clients and, second, to the success of the Barcelona-Genoa line. Barcelona's increasing attraction as a tourist destination, along with the reticence of many travelers to visit some of the traditional tourist centers in the Middle East for reasons of safety, are the main factors behind this dynamism.

The drop-off in air transport must be viewed in the context of such diverse factors as the crisis in confidence in air transport that many travelers

have experienced since September 11th, the sluggishness of world economic growth, its effect on company profits and expenses, and the reduction in the number of flights– especially in the domestic market– in order to concentrate the offer on the most lucrative lines. Thus, the final result for the year was a 3.2% reduction in the number of passengers on domestic flights, excluding those on the line with Madrid. By contrast, passengers on international flights increased by almost 8%, in keeping with the upward trend of the previous year. This increase was mainly concentrated in EU destinations and was spurred by leisure trips contracted through low-cost companies.

In terms of the daily use of public transportation in the whole of the metropolitan area, the data for 2002 continue to reflect the boost resulting from the progressive implementation of the integrated fare, especially with regard to some of the lines to surrounding areas. Aside from this fact, the general rise in the number of users can also be explained by the improvement and enlargement of the offer on certain segments of the service and, obviously, by the growth in the demand for transportation associated with increased employment and tourism.



Indeed, the hotel sector was one of the fastest-growing last year, as was that of the rest of the activities related to tourism services. The over 36,000 hotel rooms available in Barcelona– an offer that continues to grow and has registered an average annual rate of 8% over the last three years– have enabled 3.6 million visitors to find accommodation in the city, with an average stay of 2.4 nights per person, and have generated 8.7 million overnight stays, 9.1% more than the year before. This hotel turnover, which reached a new high, was possible due to both the leisure trip segment and the segments corresponding to professional and general business travelers.

In any case, part of this increase can only be attributed to Barcelona's image as an attractive and reasonably safe tourist destination in times of global uncertainty. This is particularly so in the case of the closest large tourist exporting markets: the Spanish and European ones. In addition to this external and relatively subjective factor, the Barcelona tourism sector should be congratulated for its spectacular success with the celebration of the Year of Gaudí. Proof of this success, aside from the steady flow of visitors to the different acts and exhibits and all of the other activities related to the architect's

work, can be found in the stellar ratings visitors gave to the city's architectural and cultural offer. According to the results of the survey on tourist activity, the degree of satisfaction shown by visitors was, in general and with regard to most of the city's facilities and services, even greater than in previous years.

2.4. Consumption and Prices.

As indicated above, private consumption spending slowed as the year progressed. This deceleration in private spending was also registered in both the Spanish economy as a whole and the European one. In the case of Barcelona, the global impact of this drop-off in spending on the city's basic commercial fabric was offset by the spending of the growing number of visitors and by that associated with the increase in the number of jobs based in the city.

For the third consecutive year, the number of new vehicles registered in the province of Barcelona, and in Catalonia as a whole, fell by almost 10%. There are many reasons for this evolution, which vary depending on the market

segment in question. Nonetheless, two reasons stand out: the lethargy of business investments in equipment goods, and the worsening of economic expectations, specifically, those related to the job market, which makes it advisable for families not to sink any further into debt. Specifically regarding the city, the use of public transport and the high ratio of vehicles per 1000 inhabitants limit the margin of growth for private vehicles.

Another factor to negatively affect the evolution of the capacity for private spending was rising inflation. The average annual increase in consumer prices held steady at over 3.5% for the third year in a row, almost twice as high as in the European Union as a whole. In terms of large spending components, the most inflationary ones in 2002 were clothing and shoes, fresh food, private transport, tourism and hotel services and education. All, with the exception of private transport as a result of oil prices, had also registered higher-than-average increases the year before.

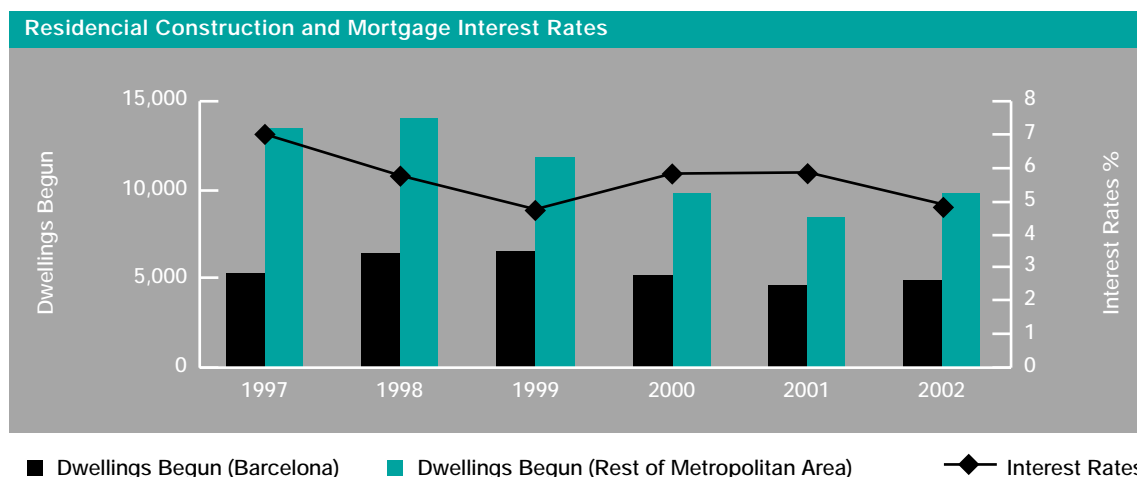
2.5. Construction and Real Estate Prices

In 2002, the construction sector was once again one of the main engines for the economic growth registered in different fields. This evolution would not have been possible were it not for the joint impetus of public investments and private initiative. In the specific case of the central city, the sector reached new production highs. In addition to private sector dynamism in terms of both residential construction—almost 5,000 dwellings were begun, 5.4% more than in the previous year— and construction for

productive uses, such as that of new hotels, office buildings, health facilities, etc., not to mention the over 400,000 m² of restored surface, there was also significant public sector activity. In the media, this activity seemed to be heavily concentrated in the Forum area; in reality, however, it could be found in all of the city's districts, with the construction and remodeling of new facilities, the renovation of service infrastructures, the creation of new public spaces, etc.

This conjunction of growth trends in different segments of the construction sector can be equally applied to the prevailing situation in much of the country. The recent evolution of interest rates and expectations of new cuts, as well as the current cost of borrowing in real terms and the lack of comparable investment alternatives as far as security is concerned, all help to explain the steady dynamism of the construction sector. Given the sheer volume of the construction work projected in the building licenses approved over the last quarter of 2002—almost 45% of the 1.43 million m² forecast for the year as a whole— it is quite probable that the sector's strong dynamism will continue in the first half of 2003.

With regard to real estate prices, the available data on the last months of the year show the first signs of divergence. Unlike the across-the-board increases in the usual market prices between 1998 and 2001, the evolution over the last year began to reflect the changes in the situation and in expectations to a varying degree, depending on the market segment in question. Thus, while the evolution of the purchasing prices for residential surface continued to grow at the same rate as in



previous years– about 16%– rental prices leveled off somewhat at 10%, and the prices for parking spaces, registering a 3.1% increase, tended to stabilize. As for surface area used for productive purposes, the slowdown in economic growth led to a smaller demand for this kind of surface, which, in turn, caused the prices of office leases to drop slightly and somewhat tempered the rising prices for business premises.

2.6. Job Market Highlights.

One way to summarize the evolution of the Barcelona job market– applicable to the other ambits under consideration here, too– would be to say that, indeed, fewer jobs were created than in the year before, new permanent contracts fell by 10% and unemployment figures rose for the second straight year. This is the result of the economic slowdown on an active population that is growing, primarily due to incoming immigrant labor. Unemployment rates rose in all sectors by approximately 0.5%, causing the overall rate to rise from 6.0% at the end of 2001 to 6.4% at the end of 2002.

The reduction in the number of work contracts signed over 2002 must be viewed from two different perspectives: as a logical consequence of the reduced economic growth and, also, as an effect derived from the accumulated increase in permanent contracts from previous years and the less prominent role of more precarious types of contracts. 18,600 wage earners were registered as new active workers in the social security system by companies in the Greater Metropolitan Area– a better reflection of the true Barcelona job market reality than solely the city proper–, 1.1% more than at the end of 2001. For the second year running, the creation of new jobs in the service and construction sectors offset the losses registered in the industrial sector.

All in all, a positive reading can be made of the results of the evolution of the metropolitan economy and, by extension, the Catalanian economy over 2002. Despite the highly unfavorable international context, it was possible to keep the growth rate high enough to continue to create new jobs, and the GDP growth rate, in real terms, was over twice that of the EU.

3



The City of Barcelona and its Services

3.1. Introduction

The City Council is the most accessible government body for citizens, and the services it offers can be seen from three different perspectives: first, the city as a group of people who use its services collectively; second, the city as a physical space for coexistence, where citizens carry out their activities; and third, the city as a hub of economic activities with repercussions for its immediate metropolitan surroundings and the wider geographic area, lending it international projection.

3.2. Services to Citizens

For the City of Barcelona, it is essential for everyone to have access to the city's service networks under the same conditions of quality and good care required for progress and social unity. That is why it is constantly adapting municipal actions to the diversity of the population and new social needs. Whether by extending office hours, opening new facilities designed to attend to multiple needs so as to avoid needless travel, or incorporating technology for the visually- and hearing-impaired at its public service offices, it does everything it takes to ensure that the municipal services act as instruments for dialogue and exchange with all of the people who live in and share the city.

Information, Documents and Most Frequent Procedures

In order to provide citizens with standardized information on the services and facilities so present in the daily lives of both individuals and families, the municipal organization made a big effort in 2002 to compile a single database containing all of the information on the City of Barcelona. This way, it can answer user queries more quickly, and the uniformity of the

information given out to citizens by the 300 municipal information agents at over 30 public service points can be guaranteed.

Offering personal attention throughout the day, both mornings and afternoons, the 14 Citizen Service Offices (CSOs) are the most comprehensive in-person service for attending to different procedures or doubts with regard to the municipality. Beginning this year, they also

process the communications and/or licenses needed to commence activities, making it easier and quicker to complete all of the required steps to get started with an occupational or professional initiative. For personal or social situations entailing disadvantages with regard to fellow citizens, there are 17 other information offices, in addition to the CSOs, offering further detail on specific aspects concerning the defense of citizen rights.

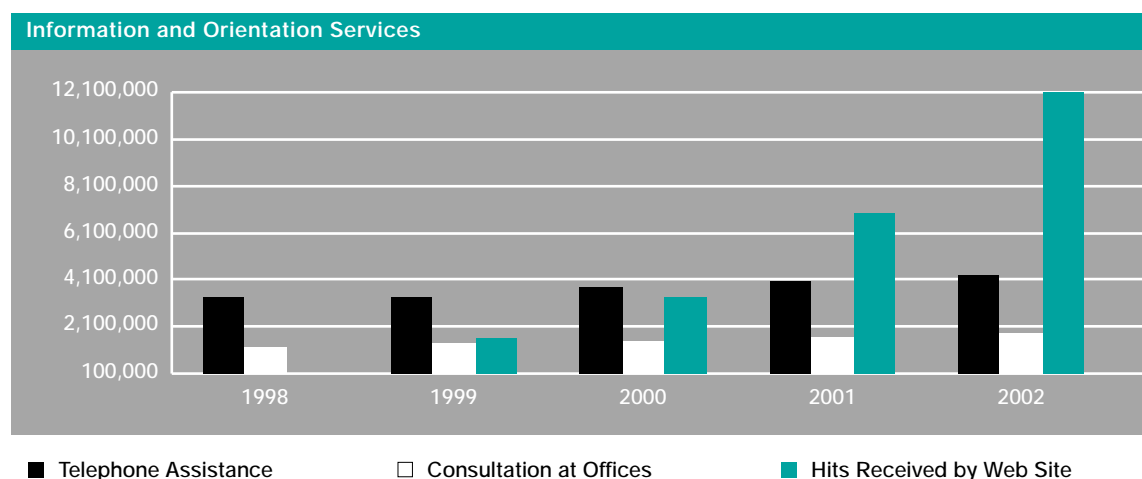
Information and Citizen Orientation Services					
	1998	1999	2000	2001	2002
Citizen Service Hotline (Calls Attended at 010 and Others)	3,373,339	3,358,069	3,759,996	4,079,871	4,299,705
Citizen Service Offices (Queries Attended at CSOs)	1,211,456	1,386,839	1,469,142	1,621,682	1,804,548
Number of Hits to www.bcn.es	N/A	1,592,110	3,347,199	6,984,326	12,131,074
Administrative Procedures Processed by Internet	-	-	11,834	188,320	591,947

Requiring no travel and open around the clock, the www.bcn.es web site is a good tool for finding information on all aspects of city life, as proven by the almost 20,000 hits it receives daily. Over 2002, special emphasis was given to its practical, service aspect, and interactive contents were redesigned to increase the offer of procedures available without any waits or forms. Over 50 procedures can be carried out on the site, from checking the status of pending traffic fines to requesting aid for housing restoration, and every month, eleven thousand petitions of all kinds are processed.

The 010 service provides information by phone on all aspects of the metropolitan area. The processing of procedures by phone already accounts for 10% of the total number of calls



Citizen Service Office at Les Corts District



received by this service, the most frequent calls being those concerning municipal taxes and public services.

Education

Barcelona is currently undergoing a period of demographic rejuvenation, due to the significant increase in the population of school children aged 3-12, both in absolute terms and relative to the population as a whole. In this demographic context, and bearing in mind that our city is one of the Spanish and European urban centers where children enter the educational system earliest, attention should be called to the achievements of municipal action, which led to

the creation of 592 municipal pre-school openings for children aged 0-3 in the 2002-2003 school year, to be complemented by 500 more in 2003-2004. This trend could be continued through a new collaboration agreement between the City of Barcelona and the Generalitat.

In order to facilitate the insertion into the work force of young men and women who finish secondary school without earning the corresponding diploma, the City of Barcelona began the Youth Training-Employment Plan. At the end of 2002, after 21 months of operation and the registration of 2,513 young people, 1,466 of these youths continued to be involved in one of the stages of the monitoring process.

Number of Students at Municipal Centers						
School Year	Pre-schools	Primary School	Secondary School	Fine Arts	Other	Total
1998-1999	2,084	2,569	2,524	2,768	843	10,788
1999-2000	2,111	2,551	2,270	2,787	773	10,492
2000-2001	2,198	2,570	2,250	3,000	750	10,768
2001-2002	2,276	2,581	2,843	3,201	785	11,686
2002-2003	2,790	2,782	3,579	3,076	1,437	13,664
No. of Centers 2002	47	14	11	6	6	84



La Pau Pre-school at Sants-Montjuïc District

Subsequently, vocational and high school education can be combined to gain access, where applicable, to university studies. Barcelona has also earned itself a solid reputation in this area at the European level, due to its top-notch offer, as reflected in its ability to attract foreign students who– in the future– may be the best promoters of a city devoted to fomenting activities with high technological content or rich in know-how.

Culture

The initiative of the Barcelona Culture Institute to celebrate the 150th anniversary of the birth of Gaudí in 2002 was met by a widespread and multi-faceted response, offering further proof that the city's cultural offer is one of the main attractions for its visitors. Partially as a positive result of the Year of Gaudí, but also because of the new facilities and spaces that were opened– such as the Caixa Fòrum or the improvements at the Barcelona Contemporary Art Museum (MACBA) with the presentation of its collection– the number of visitors to Barcelona museums and exhibition centers skyrocketed.

The audiovisual industry is increasingly inclined to choose Barcelona as the backdrop for films,

advertisements, television series and a plethora of other productions, in which appearances by renowned professionals are beginning to become more frequent. The Barcelona-Plató (Barcelona-Set) office, which depends on the Barcelona Culture Institute, went from handling 40 filmings in 1998 to 255 productions in 2002, with a significant impact on both the audiovisual sector itself and on tourism, economic activity and the city's external projection.

In addition, the city has come to be considered a capital of design, thanks to the quality of its professionals, the specialized training offered at its highly competitive schools and the existence of cutting-edge, innovative commerce that ensures that all of this creative capacity is always visible on the streets, in the businesses, restaurants, cafes and buildings of Barcelona. The Museum of Design, Architecture and Urban Planning is currently underway, and in 2003, on the eve of its centennial anniversary, the internationally prestigious FAD (an institute for the promotion of decorative arts) will kick off the series of cultural and civic proposals to be held in the city in honor of the Year of Design, which will undoubtedly generate a wealth of new creative opportunities.

Cultural Activity					
	1998	1999	2000	2001	2002
No. Libraries Readers	1,362,840	1,575,092	1,749,937	2,327,815	2,988,818
No. Library Loans	759,658	897,525	1,057,663	1,409,596	1,856,887
No. Visitors to Municipal Museums	1,436,084	1,610,471	1,657,183	1,691,881	1,713,902
No. Visitors to Private Museums	1,924,768	1,862,131	1,949,761	2,003,753	2,026,351
Total No. Visitors to Municipal and Private Museums	3,360,852	3,472,602	3,606,944	3,695,634	3,740,253

The municipal libraries have become a shining example of quality placed at the service of popular culture. In recent years, this service has experienced remarkable non-stop growth in terms of the number of centers, users, loans, activities and participants. This growth is the consequence of a change in orientation which aims to replace the idea of a storage place for books with that of a meeting place for all, an open door offering all citizens equal access to culture, information and knowledge. Today, the Barcelona libraries are spaces offering book clubs, to share the experience of reading with other users, and all sorts of programs, from the classic "The Adventure of Reading" to the Saturday morning "Musical Aperitifs" with commented concerts, as well as a wealth of children's activities, where young ones learn to associate books with toys. The free access to the 28 libraries located in the city and the over 300 composing the Library Consortium network, including loans from the interlibrary fund, makes it possible, for example, for an Eixample neighborhood library user to request a DVD from a library in Vilanova i la Geltrú overnight.

Moreover, for those users unable to go to the library in person as a result of reduced mobility, everything available there can be home-delivered. In addition, the libraries offer free internet connections and courses, they bring

books closer to their neighborhoods and to the elderly through the Bibliomercat (Book Market), they have sections on new technologies and they organize a variety of activities, such as, for example, the International Poetry Festival of Barcelona.

Testimony to Barcelona's international recognition as a capital of culture is the Special Award the city received at the Venice Architecture Biennial for its leading role in the architectural panorama and promotion of new urban renewal projects; moreover, the Verdi cinemas were singled out as the best European movie theaters of 2002 by the organization *Europe Cinemas*.

All in all, Barcelona's cultural climate is rich in proposals and participation and forms an integral part of the daily lives of its citizens; what's more, the new experiences it offers attract visitors from outside as well.

Social Assistance to Individuals

With its personal services, the City of Barcelona helps to create a more egalitarian society in terms of social welfare, lessening social differences. This means preventing both social marginalization and privileges, as well as

creating more opportunities for those with less. To achieve this goal, support actions are carried out at all levels of the daily life of individuals and families, both in terms of primary care, the first level of assistance users encounter at the social service centers in their neighborhoods, and through specialized services designed to deal with severe or acute situations beyond the scope of primary care.

With regard to primary social services, in 2002, the social service centers attended to some 41,066 people, offering financial aid– for a total of approximately 900 thousand euros– in a variety of forms, to families with clear social needs. Among the services offered by these centers, special mention should be made of the assistance provided to elderly individuals who are no longer entirely self-sufficient. In 2002, 3,752 people received at-home assistance to attend to their basic and social needs, and 2,872 homes received around-the-clock care through the remote emergency assistance service. This notwithstanding, it is a fact that, thanks to enhanced health care and social assistance services, today's increased life expectancy, currently calculated at 78.5 years of age, goes hand in hand with considerable improvements in health and quality of life. As a result, the municipal services for this collective– which accounts for nearly a third of the citizenry– must be rethought to allow its members to act on their continued desire to

discover new things and to partake in cultural and leisure activities that were previously off limits for them, due to professional and family commitments. In 2002, over 53,000 elderly individuals participated in municipal programs to foment culture; furthermore, in response to these new needs, the municipal offer of apartments with services for self-sufficient elderly individuals who have few care requirements and wish to live independently rose to 569.

With regard to women at risk, the actions to combat domestic violence set out in the Municipal Operational Plan approved in 2001 continued to be promoted and reinforced. 13,030 overnight stays with children were registered at municipal and private centers as a result of familial abuse. These centers aim to provide the women and children they take in with shelter when they can no longer stay at home, to help normalize their lives at the psychological, social and professional levels, and to increase the efficiency of the measures taken against gender violence. Within the framework of the program for the social and community promotion of women, in 2002, a new service was created: information and assistance points for women, which, through their specific features and geographical proximity, will offer the practical support needed to complete the legal procedures required in emergencies and will seek out solutions for all personal situations.

Social Assistance					
	1998	1999	2000	2001	2002
Primary Care					
- No. of Visits Made by Primary Health Care Teams	109,343	126,033	129,676	139,591	140,437
- No. of Users Attended at Social Service Centers	29,976	32,523	34,758	36,642	41,066
- No. of Nightly Stays at Homeless Shelters	70,508	74,061	83,401	67,426	74,774
- No. of Homes Receiving Home Care	3,158	3,465	3,836	4,276	4,126
Specialized Services					
- No. of Children Attended for High Social Risk	3,563	3,311	3,296	3,257	3,354
- No. Attended by the Immigrant, Foreigner and Refugee Assistance Service	3,827	5,721	7,085	8,190	10,188
Promotion and Participation					
- No. of Pink Card Beneficiaries (Subsidized Public Transportation)	232,465	243,885	248,614	250,254	252,836
Integration of People with Disabilities					
- No. of Requests (Information/Counseling)	3,845	5,084	4,750	4,820	N/A
- No. of Special Transport Service Trips	77,393	82,782	93,978	92,461	101,033

Municipal child care services and facilities offer a stimulating social environment rich in games and personal relationships to help children become fully autonomous, providing the maximum number of possibilities when home environments lack such stimuli and require compensation. In 2002, almost 150,000 children between the ages of 3 and 12 were enrolled at cultural and play centers geared toward this age group. There they engaged in a wide variety of leisure and social activities designed to foster child development and had access to both free play areas and organized game spaces with educational supports. In terms of the nuclear family, in 2002 municipal interdisciplinary child assistance teams attended to over 3,354 high-

risk cases and, where necessary, proposed familiar or residential foster care interventions or support for struggling families.

With regard to the youth population, information points at municipal district civic centers and the Youth Information and Counseling Center processed 232,474 queries in 2002, and 86,550 young people participated in activities designed to foster their development. The Youth Information and Counseling Center (CIAJ, in Catalan) offers young people information on leisure time opportunities, educational resources, their professional orientation, legal issues, youth vacations, the "Good Night, BCN" program, etc. It also regularly organizes specific exhibits (such

as the youth tourism exhibit) and has an area for self-service and personalized attention. This year the two products-services best received by this collective were the "Good Night, BCN" card, a prepaid card that does not require a checking account and is valid for a wide array of leisure and cultural activities; and the 1,645 rent-controlled apartments for young people that the City of Barcelona put into operation in thirteen different locations around the city.

Funeral Services

Funeral services in the city are handled by the mixed company Serveis Funeraris de Barcelona, SA, which attends to all requests from private individuals and sector insurance companies and is responsible for the conservation and improvement of the services

provided by the nine cemeteries and two crematoriums, as well as the different chapels of rest distributed amongst the three currently operated city morgues. In order to keep improving these services, the funeral service map will be extended in 2004 to include a new city morgue, which will be located in the Sant Gervasi district. Cremation services– whose popular acceptance grows yearly and whose global figures have remained steady despite the slight fall-off in contracting from other area municipalities due to the increased local availability of these services– are concentrated at the crematoria in Collserola and, above all, Montjuic. Finally, all actions taken for the upkeep and improvement of the nine city cemeteries were carried out in accordance with the specifications of the ISO 9001/2000 quality standard obtained in 2002.

Funeral Services					
	1998	1999	2000	2001	2002
No. of Funeral Services	20,224	21,056	20,213	20,330	20,203
Cremations	4,820	5,677	6,008	6,404	6,407

Sports

In Barcelona, there is a high degree of cooperation between the City of Barcelona and the civil sports society– clubs, sports associations and service companies– in order to maintain a diversified offer able to meet the growing demand for sports activities. This is hardly surprising in a city like Barcelona, where sports are the main engine for associationism. The 160,000 members of the municipal sports facilities represent a significant portion of the approximately 600,000 people who engage in

sports at any of the city's 3,370 sports facilities, whether open-air and near the sea, to take advantage of the good climate to be had most of the year, or in spaces especially set aside for this purpose in the streets, urban parks and gardens of all of the city districts.

As it had previously done in other areas, the City of Barcelona recently launched a Strategic Sports Plan, open to the participation all of the social sectors involved, designed to reinforce the playing of sports as an element that contributes to the city's social construction.

3.3. Services for the City

Maintenance of Services and Urban Infrastructures

The efforts made by the City of Barcelona in major works for environmental sanitation,

energy-efficient infrastructures and the conservation of natural resources, although hidden from view, have a decisive influence on the quality of urban development and the improvement of collective patrimony and contribute to the culture of sustainability and the responsible use of resources.

Urban Maintenance and Services					
	1998	1999	2000	2001	2002
Environmental Sanitation and Control					
- Length of Sewer System Network (km)	1,275	1,295	1,315	1,335	1,419
- Cleaning of Sewer System Network (km)	2,389	2,184	2,389	2,418	2,241
Besòs Energy Recovery Plant					
- Incineration (tons)	241,787	265,320	272,134	300,524	187,176
- Electricity Production (Mwh)	99,077	114,379	117,574	129,802	79,977
Noise Pollution Control					
- No. Inspected Vehicles	3,937	7,069	5,418	5,187	4,434

Within the framework of the second stage of the Special Sewer System Plan, designed to manage drainage and take advantage of Barcelona's groundwater, in 2002, the interconnection of the drainpipes at the Maquinista, the Rambla del Prat drains, and the sewer works in the Bogatell basin (at Navas-Clot) were all successfully completed; meanwhile, rainwater regulating facilities and remote controls are currently being executed at the Drs. Dolsa Garden, the Joan Miró Garden in L'Escorxador Park and the sewers at the Enamorats and Aragó street crossing. In addition to other benefits, including a lightening of the load at different points in the network, these infrastructures reduce water contamination by limiting the number of

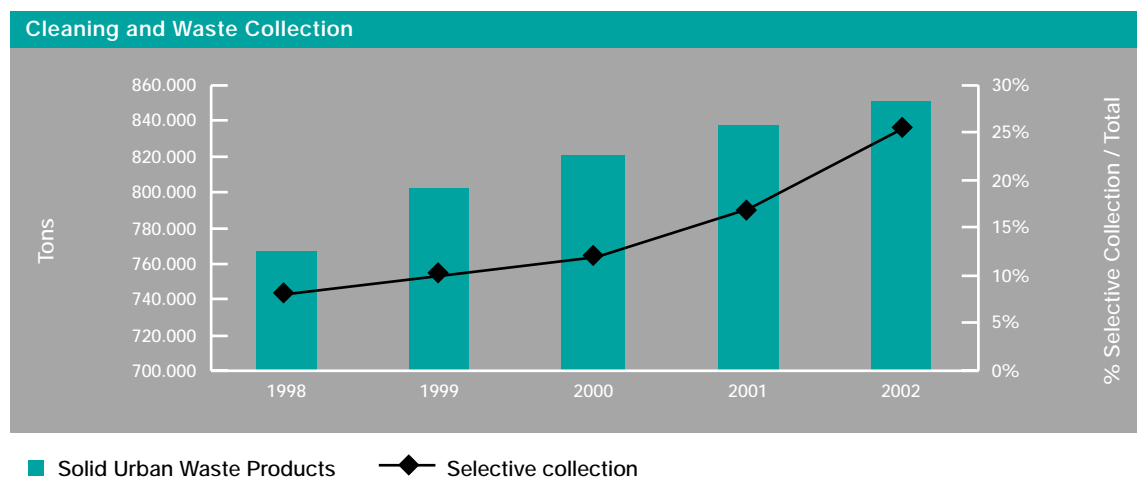
controlled port and coastal dumping points during rainy seasons.

Respect for the environment is likewise the engine behind measures such as the plan to improve the city's electrical service or the progressive implementation of a plan to save energy and reduce atmospheric emissions. It should be noted that a variety of initiatives for the use of renewable energy– especially in the Forum 2004 area– have earned recognition and awards from the European Commission, and that the bylaws on the Thermal Collection of Solar Energy has allowed 136 new and/or restored buildings to process the installation of solar panels.

Cleaning					
	1998	1999	2000	2001	2002
Lights (units)	150,369	151,175	156,405	160,772	167,756
– Street Lights	122,991	122,928	127,369	131,806	134,620
– Decorative Lights	5,475	5,365	5,027	4,957	4,982
– City Tunnel Lights	11,525	12,504	13,631	13,631	17,776
– Ring-road Lights	10,378	10,378	10,378	10,378	10,378
Street Surfacing (m ²)	358,314	357,921	303,213	599,515	858,985
Piping (meters)	172,312	191,498	202,726	214,507	181,930
Cleaning and Waste Collection					
– Solid Urban Waste (tons)	766,052	802,408	819,808	836,789	850,196
– Selective Collection (tons)	61,492	80,821	97,818	142,486	216,957
• Glass	12,398	13,908	14,969	16,588	18,143
• Paper	16,113	24,317	28,688	51,031	51,882
• Containers	4,232	5,392	6,547	8,016	9,490
• Furniture	14,677	19,395	21,799	22,768	23,949
• Organic	6,596	9,442	15,731	29,572	48,356
• Green Points	7,449	8,344	9,009	12,626	14,387
• Mercabarna Selective	27	23	1,075	1,885	4,181
• Fraction of Waste Methanized	-	-	-	-	46,569
% Selective Collection/Total	8.02	10.07	11.93	17.02	25.51

As to street and sidewalk maintenance, by the end of 2002, 55% of Barcelona's basic thoroughfare network had been paved with especially porous, noise-reducing asphalt, which reduces the level of environmental noise to the equivalent, in terms of sonic impact, of that of half the number of cars actually

circulating; taken as a whole, 28% of all asphalted roads in the city have been surfaced with this material. Only minor or urgent actions and those performed on streets with little traffic do not employ this kind of asphalt. This use of noise-reducing asphalt complies with one of the measures approved to combat noise pollution in





Nou Barris Central Park

a document that was the first of its kind in the Spanish State, "City Sound Zoning", of January 2002. Moreover, it entails the incorporation of recycling and waste recovery actions into these kinds of urban maintenance operations, including, for example, the gradual implementation of asphalt containing ground rubber from used motor vehicle tires or the reuse of asphalt from demolition sites.

Coinciding with this new model of cleaning and selective collection, the City of Barcelona increased the frequency of furniture and junk collection in accordance with the demand. Since the new system was launched, an average of 2,500 free collection services have been provided each week, all previously arranged in terms of the date and time of pick-up and always within a maximum period of one week.

Natural Spaces

Maintenance of the city's natural heritage, and efforts to make it grow, are among the most attractive services available to citizens of a Mediterranean city, where daily life is inextricably bound to good weather and outdoor activities. Four different actions have allowed for the increase in green spaces in the city and the greater metropolitan area in recent years. The first is an increase in the number of trees, such

that between 2000 and 2003, 40,000 new specimens were planted in one of the European richest cities in terms of arboreal heritage, both with regard to quantity and diversity. The second is the promotion of large urban parks such as the Diagonal Mar Park (14 additional ha. of green space), the second stage of the Nou Barris Central Park (8.8 ha.) or the future lands for the Forum 2004. The third is the program popularly known as "a bit of green just five minutes from home," which refers to neighborhood gardens, particularly those of one of the city's least favored districts in terms of green spaces: L'Eixample. Its aim is to transform the inner of blocks into gardened areas with facilities and playgrounds for children that offer district residents a peaceful escape, as well as a more amenable view of their city and neighborhood. Finally, the recovery of historic gardens, such as the Turó and Laribal Parks, rounds out the diversity of the green spaces that enhance the quality of life in the city. Special mention should also be made of interurban European-level projects, such as the collaborative agreement "Metropole Nature. Natural Peri-Urban Spaces and the Sustainable City," designed to improve the information and access systems of large urban or natural parks like Collserola and its French, Italian and German counterparts by enabling cities to share their experiences and thus improve park management.

Public Spaces and Urban Facilities					
	1998	1999	2000	2001	2002
Urban Green Spaces					
– Area of Urban Green Spaces (ha)	939	968	984	988	1,007
– No. of Trees on Public Thoroughfares	147,619	150,128	149,254	150,912	152,230
– Watered with Sprinklers (thousands of m ²)	1,736	1,805	1,982	2,085	2,157
Other Spaces					
– No. of Playgrounds	546	568	583	587	575
– No. of Areas for Dogs	150	150	151	151	142

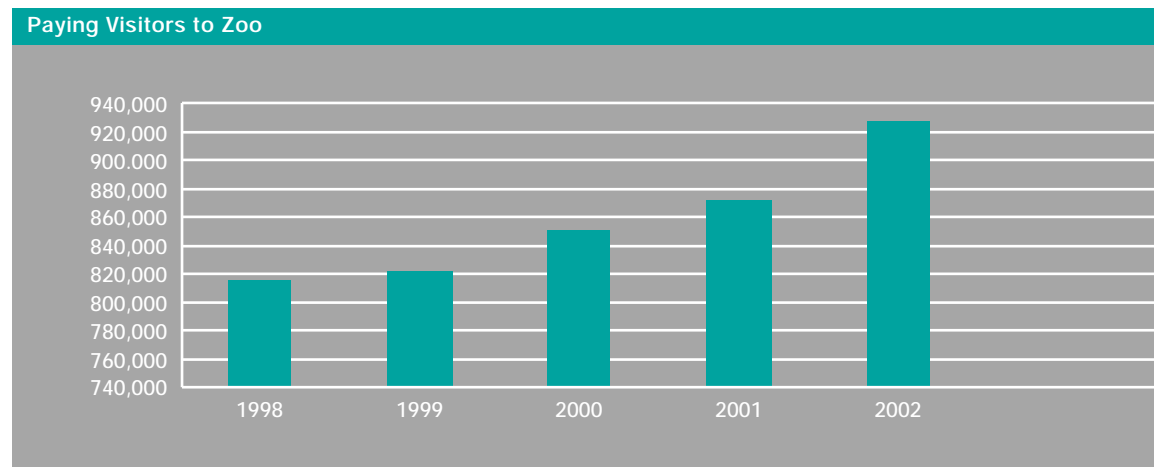
Among the numerous actions carried out in this area, special attention should be drawn to the mountain of Montjuïc. In 2002, the mountain's recovery was initiated with the Laribal gardens, followed by the sculpture garden (adjacent to the Miró Foundation), the conditioning of the mountain's higher slopes, and the improvements made to the Castle. This work will continue in coming years with new access ways from the mountain's coastal side and the Ciutat Vella district and the remodeling of facilities such as the Picornell pools, which will eventually be home to a comprehensive health center.

The exclusively pedestrian routes through the area's 400 hectares are marked by signs bearing useful information on the leisure, cultural and sports offers of the over seventy facilities found there. The Information Center, located in the ancient Font del Gat building, likewise provides helpful information on excursions, thematic itineraries and organized family activities in the picnic area. The 20 operators that have joined their efforts to promote the park, create synergies and unite all of its facilities, prove that the environment is a sector with high potential for development in the immediate future, one that both generates economic activity and new jobs

and contributes to environmental improvements and the quality of life.

Barcelona Zoo

The City of Barcelona has been in charge of overseeing the evolution of the city zoo ever since its beginnings. Now, in response to changes in society's sensibility toward the protection of nature and the conservation of species, it aims to make it one of the main tools for promoting respect and love of nature, protecting and conserving vulnerable or endangered species in their natural habitats. Aside from the one million visitors it receives annually, the city zoo is an excellent example of a facility offering educational entertainment, and one that never ceases to work according to unflagging environmental and conservationist principles in order to contribute to the planet's biological diversity. Just as the number of visitors continues to grow, so do the ranks of members and volunteers—currently over 75,000—attracted by the wide range of educational and civic activities the entity organizes for the city. This human capital is indicative of the broad social support for the Barcelona Zoo's initiatives among the city's citizens, initiatives designed to promote respect and love of nature.



Since 1993, the Barcelona Zoo has championed the conservation strategy of zoos the world over. This strategy combines the basic objectives of their activity and is concentrated in four lines of work: education, popular awareness-raising, the conservation of species and research. In 2002, the Barcelona Zoo organized the annual conference of the European Association of Zoos and Aquariums (EAZA), which is made up of two hundred fifty zoos from thirty-four countries. It was the first time the conference had been held in a southern

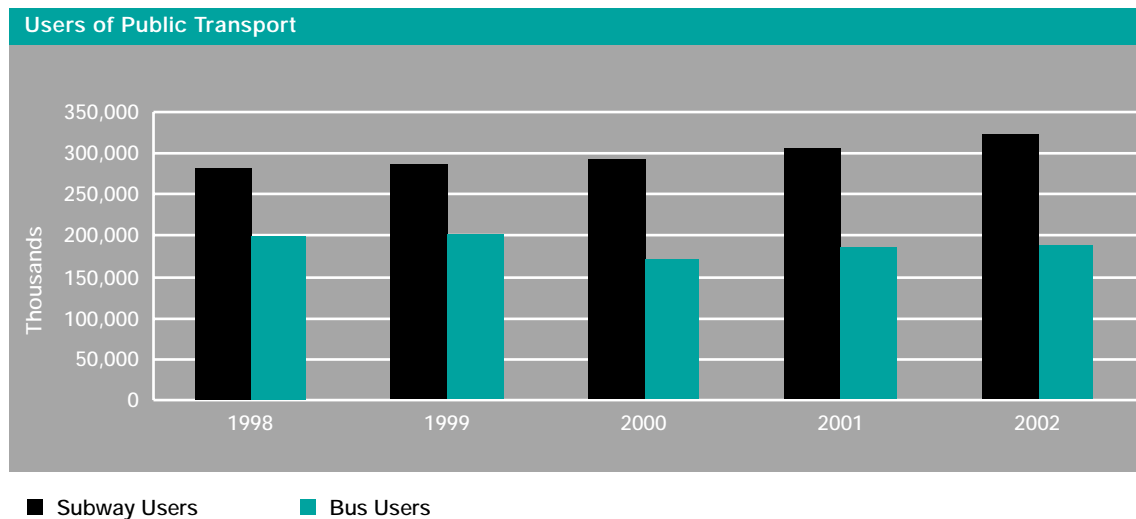
European city. The conference's primary conclusions included the recommendation that lines of work like those already in place at the Barcelona Zoo be furthered and reinforced, especially with regard to the mission to become a gene bank, the main tool to guarantee the protection of endangered species. To this end, it should be noted that the Barcelona Zoo has started up a DNA bank focused on primate tissues and blood, a groundbreaking initiative in Europe, and that it intends to extend this bank to include other endangered species.

Barcelona Zoo					
	1998	1999	2000	2001	2002
No. of Species	443	436	417	421	426
No. of Specimens	7,603	7,963	7,644	8,480	8,236

Transport and Traffic

The City of Barcelona has made a clear commitment to achieving sustainable mobility with the aim of improving the quality of life of its citizens by fomenting public transport. Since the end of 2002, upon culmination of a two-year

process, public transport fares at the metropolitan level have been wholly integrated. Significantly, over the same period, the figures on public transport use have not stopped growing. The strengthening of a sole transportation network for the entire metropolitan area was carried out through two



main lines of action: the creation of new infrastructures (new subway lines, the extension of existing ones, streetcar lines, etc.), and the expansion and improvement of current services (subway, buses, etc.).

From amongst the actions carried out in 2002 with regard to public transportation in Barcelona, the improvements in the bus and subway network stand out.

On the one hand, Barcelona, whose placement of three hydrogen buses into public service will be pioneering in Europe, increased its bus fleet in 2002 with the incorporation of 100 new vehicles of a variety of features, in addition to those purchased to replace older vehicles. This allowed it to reduce waiting times at the stops on the 25 lines, and to benefit over 300,000 passengers by extending the routes of 14 urban lines and creating 9 new ones to enable arrival by bus to a greater number of destinations— previously quite inaccessible by public transport, such as Montjuïc— in such a way as to better link them to other means of

transport. The result is that 48% of all users wait less than 7 minutes at their stop, and 91% wait less than 10. The goal of the Barcelona Metropolitan Transportation is to achieve user loyalty and to continue winning over new users, as reflected by the fact that transported passengers were up 4.6% in 2002, as compared to 2001. A good example of all of this are the neighborhood buses, which have been well received by the citizenry since their implementation and, in just a few years, have come to comprise eighteen lines with over two million users.

On the other hand, the extension of three subway lines has allowed the connection between the central nuclei of two adjacent municipalities to be improved. This notwithstanding, the most popular and welcome improvement, as it affected the largest number of users, was the extension of weekday and weekend operating hours. For it to be possible, the facilities had to be improved considerably in order to reduce the time needed by the maintenance services to prep the system.

Public Thoroughfares					
	1998	1999	2000	2001	2002
Urban Transportation ⁽¹⁾					
– No. of Subway Users (thousands)	290,324	285,943	291,977	305,105	321,365
– No. of Bus Users (thousands)	198,564	200,311	169,289	184,025	186,103
– Bus/Taxi Lane (km)	67	71	77	90	101
– Bike Path (km)	93	109	110	116	119
Parking Spaces					
– No. of Loading/Unloading Zones	6,648	6,856	7,112	7,452	7,230
– No. of Parking Spaces: Surface Area	159,079	154,540	151,458	148,363	148,097
– No. of AREA Spaces (Blue Zone)	5,914	5,669	6,148	6,628	6,929
– No. of Parking Spaces: Motorcycles	3,390	6,640	8,590	10,138	10,500

(1) Beginning in 2000, with the implementation of integrated fares, the metro- and bus-user captions were split, and purchased rides were replaced with validated passes.

A big effort was also made to improve urban mobility through the use of technology designed to ensure safer, more fluid traffic: indeed, 2002 saw a 4.5% fall-off in accidents. This effort led to the installation of 30 new control cameras, 77 new vehicle detectors, 12 new variable signs and 42 bike stoplights, the updating of the traffic light network with LEDs, the installation of systems for the automatic detection and penalization of speed and stoplight violations, etc., with the aim of progressing toward a sustainable mobility respectful of all individuals, while taking full advantage of the possibilities new technologies have to offer.

3.4. Promotion of Economic Activity in Barcelona

Housing Promotion and Improvement of the Urban Landscape

Land management and urban planning activities led to the development of a surface of almost 300 hectares as a result of 85 initiatives, generating 800,000 square meters of green spaces, 400,000 of facilities, and 700,000 of land assigned for thoroughfares, as well as a considerable increase in the surface area allotted to public housing. In fact, 15,000 dwellings will be able to be built, of which 40 to 50 percent will be subsidized.

Although the City of Barcelona has no direct authority with regard to housing, it is committed to finding new formulas to meet new needs, promoting the construction of subsidized housing, as well as renovation, both through direct investments and by fomenting the private renovation of buildings and dwellings.

Renovation, Housing and Improvements in the Urban Landscape				
	1999	2000	2001	2002
"Barcelona posa't guapa" Campaign				
- No. Subsidy Requests Registered	2,583	2,420	2,649	2,339
- No. Grant Requests Conferred	1,961	1,210	1,617	1,993
- m² of Renovated Façades and Rooftops	550,306	512,248	715,039	559,535

As a result of this goal, the City of Barcelona has decided to promote 7,221 subsidized dwellings over the 2000-2003 period. Of them, 576 will be rental apartments with services for the elderly; 1,645 will be apartments for young people, to make it easier for them to gain access to their first independent dwelling; 2,300 will be for individuals affected by urban planning; and 2,700 will be new subsidized housing. This plan is possible thanks to the surface land generated by the City of Barcelona and the fact that it sets aside at least 25% of the land to be used in new projects for new subsidized housing.

Job Creation to Guarantee the Future

Barcelona Activa has become a point of reference in the support for the creation of new companies, both in terms of its activity and the

results: these results accompanied 4,238 projects between 1999 and 2002, and three of every four were for new activities. The quality of the service, the number of people attended, the innovation of the proposals, the integration of the services and the public-private partnership all make Barcelona Activa a cutting-edge entity in terms of entrepreneurial services at the European level, as proven by the fact that its business support programs have now earned it two Eurocities awards. Moreover, the virtual business community Barcelona Netactiva, the first virtual business incubator in Europe, has over 2,000 members. Entrepreneurs' Day has become an important meeting place for enterprising people from Barcelona. The 2002 edition had over 2,000 participants, and 14 entities provided support, offering further proof that the enterprising initiative continues to be one of Barcelona's main assets.

Promotion of Economic Activity					
	1998	1999	2000	2001	2002
Businesses Introduced					
- At Barcelona Activa Incubators and Companies Center	111	114	131	136	123
- Not Installed in Barcelona Activa	1,360	1,289	1,442	1,589	1,663
Entrepreneurs' Attention Service					
- No. of Users Attended	11,517	11,585	12,190	11,800	16,967
Employment Service					
- No. of Users Attended	24,427	22,801	16,362	19,014	27,549

Commerce and Urban Industry Renewal

The creation of pedestrian areas and the recovery of historic neighborhoods boosted urban commerce in all of the city's districts, and campaigns and alternative routes were launched to promote cultural and leisure-based commerce, as well: the Textile Route, the Spring of Design, Open Workshops, Art at Night on the

Ribera... Likewise, markets and fairs were held in the streets, often combining festive neighborhood elements with the promotion of "proximity commerce." These are the so-called "small neighborhood businesses," held in high regard in Barcelona due to their exacting quality standards and modern and enterprising nature, a nature that often leads them to participate in all sorts of local civic initiatives.

Mercabarna

	1998	1999	2000	2001	2002
Tons of Marketed Goods					
– Fruits and Vegetables (tons)	832,876	904,744	897,240	912,888	922,782
– Fresh Fish (tons)	77,650	83,249	81,089	82,070	79,131
– Fresh Meat (tons)	23,221	25,140	27,249	26,793	24,873
– Frozen Food and Other (tons)	86,050	86,747	84,943	88,366	98,585

The times are changing, and traditional food markets, despite constituting a distribution formula as ancient as it is rooted in our culture and characteristic of the city, require certain improvements to adapt themselves to the pace and habits of contemporary society. The massive introduction of women into the labor market and the standardization of the working day make it necessary for markets to revise their opening hours and launch new formulas to attract more clients, particularly youths, who tend to consume more pre-prepared products,

rather than fresh food. For these reasons, the Institut Municipal de Mercats (Municipal Market Agency) is overseeing the renovation of the city's commercial heritage, made up of forty food markets and six non-food markets. The project is comprehensive in scope, including not only the renovation of the buildings and their services, but also, more importantly, a rethink of these markets' commercial offer with the aim of adapting it to the needs of today's shoppers and helping them to recover their key role at the core of neighborhood life.

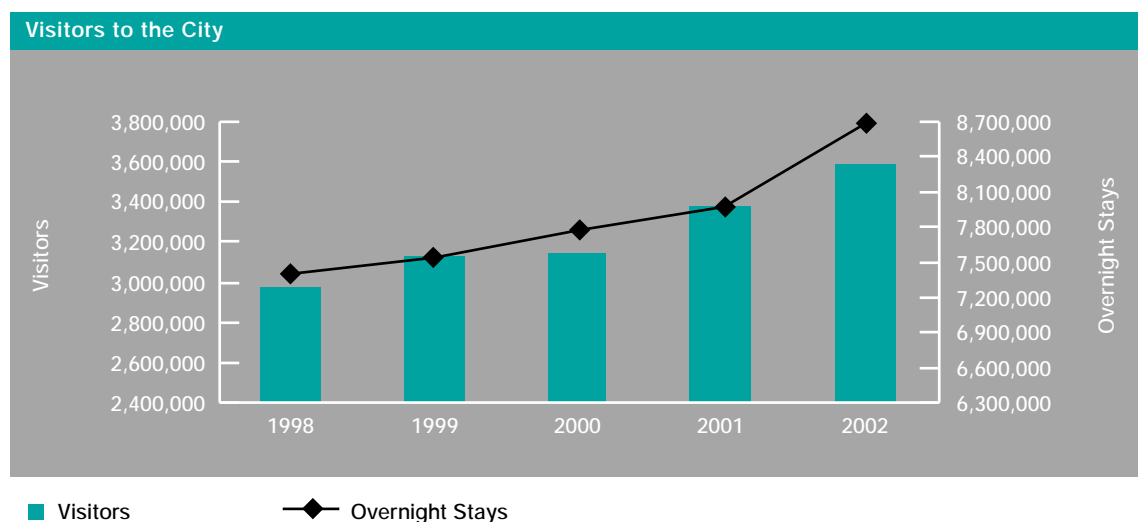
Promotion of Trade Show Activity and Tourism

Trade Show Activity and Promotion of Tourism					
	1998	1999	2000	2001	2002
Barcelona International Trade Fair					
- No. of Exhibitors & Participants	21,683	23,719	22,539	20,571	24,702
- No. of Visitors	2,522,900	3,015,395	2,360,713	4,104,816	2,138,942
- No. of Events	58	60	59	64	74
Barcelona Tourism Consortium					
- No. of Congresses and Conventions	1,002	1,171	1,380	1,345	1,363
- No. of Visitors (thousands)	2,969	3,123	3,141	3,379	3,581
- No. of Bus Turistic Users	452,232	553,508	875,782	983,302	1,132,295

According to the projections of the institutional agreement to enlarge the Barcelona Trade Fair, its area will come to comprise 239,000 m², making it the second largest in all of Europe. This signifies the transformation of 10 Ha of land with a gross building surface of 110,000 m².

Finally, attention must be drawn to the evolution of the Bus Turistic. This service, which was

launched in 1987 to operate during the summer months along a ten-stop, 25-kilometer route, garnering just over eleven thousand passengers, now runs all year long. It currently makes 27 stops around the city, has ten different routes spanning a total of 39 kilometers, and operates a fleet of 36 double-decker vehicles. Testimony to this service's great success is the 96% satisfaction rate of its over one million users.



4



Management Report

The 2002 management report was drawn up from the consolidated accounts of the City of Barcelona and its group of municipal companies and agencies. The aim of this focus is to provide a clearer picture of the City of Barcelona's financial situation.

4.1. Human Resources

As of December 31, 2002, the City of Barcelona staff, including personnel at municipal agencies and companies, was comprised of 12,045 people. This figure is down 604 people from the same figure as of December 31, 1997.

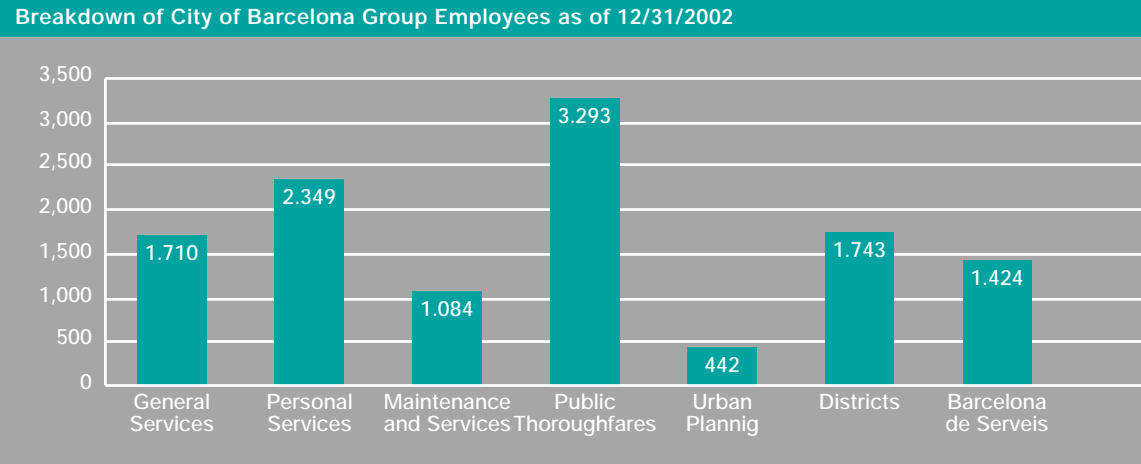
Employees of the City of Barcelona and its Municipal Agencies and Companies

	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
City of Barcelona	7,086	6,943	6,753	6,683	6,638
Municipal Agencies and Companies	5,474	5,306	5,291	5,390	5,407
Total	12,560	12,249	12,044	12,073	12,045

This downsizing of the municipal staff in recent years has been possible thanks to the City of Barcelona's early retirement incentive plan, which has been accepted by a total of 408 people since December 31, 1997.

The slight drop in the number of municipal employees in 2002 is the result of an expansion of the staff in the Public Thoroughfare sector– in particular, of the municipal police, with the aim of improving city mobility and, although the task complements that of the other police forces, improving citizen safety– offset by an increased productivity made possible thanks to the modernization of office IT systems.

In 2002, a total of 4,209 employees participated in training courses, comprising a total of 53,582 class hours and 16,095 participations.

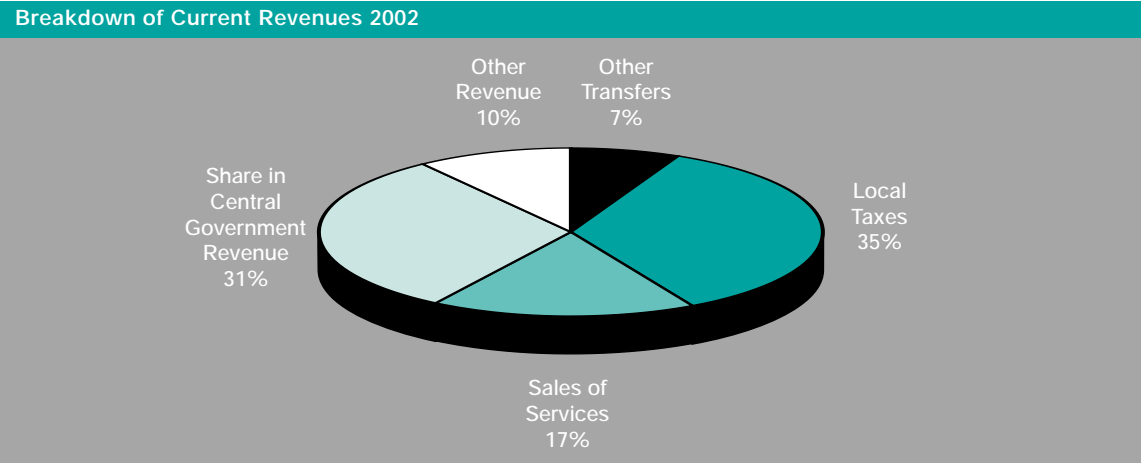


These figures include the training plan submitted by the City of Barcelona to the National Institute of Public Administration for subvention within the framework of the National Agreement on Ongoing Training. This subvention made it possible to offer training to 2,234 municipal workers in 2002.

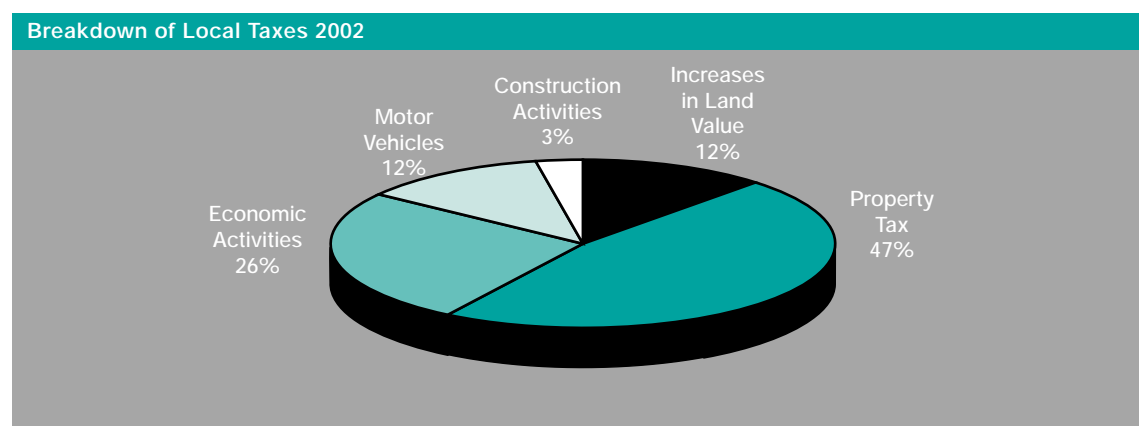
4.2. Current Revenue

The City of Barcelona's consolidated current revenue stems from local revenue, current transfers and financial revenue.

In 2002, 61% of all consolidated current revenue came from local revenue, 38% from current transfers and the remaining 1% from financial revenue. With regard to local revenue, 57% arose from local taxes– property, economic activities, motor vehicles, construction activities and increases in land values. The remaining 43% arose from the sale of services (charges, public prices and rentals), income from property and business (income from concessions, public exploitation and fines for violations), special contributions and profit shares.



Local taxes can be broken down as follows:



Current transfers are received from the Central Government, the Generalitat of Catalonia (the autonomous government of Catalonia), and other local and foreign entities. In 2002, the share in the Central Government's revenue– a non-earmarked grant used to attend to the municipality's general needs– accounted for 81% of all current transfers and 31% of the total current revenue. The remaining transfers

corresponded to the Local Cooperation Fund, a non-earmarked grant consisting of the share in the revenue of the Generalitat of Catalonia, and a variety of earmarked grants, among which those from the Central Government for the Municipal Association of the Barcelona Metropolitan Area and those from the Metropolitan Agency for Water Services and Waste Treatment for the treatment of waste products stand out.

Current Revenue (in thousands of euros)					
	1998	1999	2000	2001	2002
Property Tax	276,778	273,995	285,595	288,758	303,460
Tax on Economic Activities	150,211	159,491	162,369	162,892	164,277
Tax on Motor Vehicles	71,617	74,483	76,509	76,254	76,197
Tax on Construction Activities	17,249	17,970	18,758	22,538	21,136
Tax on Increases in Land Value	71,040	73,017	69,104	65,043	74,114
Total Local Taxes	586,894	598,957	612,335	615,485	639,184
Revenue from Sale of Services	255,634	256,049	243,500	271,643	302,348
Revenue from Property and Business	105,796	106,662	92,442	119,232	133,880
Other Revenue	32,984	27,550	28,290	28,529	37,837
Total Local Revenue	981,309	989,218	976,567	1,034,889	1,113,249
Share in Central Government Revenue	430,156	466,109	503,684	531,896	562,000
Transfers from Other Administrations	90,807	106,836	110,147	118,426	133,802
Total Current Transfers	520,963	572,945	613,832	650,322	695,802
Financial Revenue	15,969	12,964	13,078	18,837	17,115
Total Current Revenue	1,518,241	1,575,127	1,603,476	1,704,048	1,826,166

From 1998 to 2002, current revenue increased at a cumulative annual rate of 4.9%. This growth is the result of: (i) the policy of not increasing tax pressure set out in the Municipal Action

Plan; (ii) more efficient management of tax collection; and (iii) the increase in the share of the Central Government's revenue to an average rate of 6.5%.

Current Revenue (in percentages)					
	1998	1999	2000	2001	2002
Property Tax	18.2	17.4	17.8	16.9	16.6
Tax on Economic Activities	9.9	10.1	10.1	9.6	9.0
Tax on Motor Vehicles	4.7	4.7	4.8	4.5	4.2
Tax on Construction Activities	1.1	1.1	1.2	1.3	1.2
Tax on Increases in Land Value	4.7	4.6	4.3	3.8	4.0
Total Local Taxes	38.7	38.0	38.2	36.1	35.0
Revenue from Sale of Services	16.8	16.3	15.2	15.9	16.6
Revenue from Property and Business	7.0	6.8	5.8	7.0	7.3
Other Revenue	2.2	1.7	1.8	1.7	2.1
Total Local Revenue	64.6	62.8	60.9	60.7	61.0
Share in Central Government Revenue	28.3	29.6	31.4	31.2	30.8
Transfers from Other Administrations	6.0	6.8	6.9	6.9	7.3
Total Current Transfers	34.3	36.4	38.3	38.2	38.1
Financial Revenue	1.1	0.8	0.8	1.1	0.9
Total Current Revenue	100.0	100.0	100.0	100.0	100.0

In 2002, current revenue was up 7.2% compared to the previous year. Taken as a whole, local taxes grew 3.9%. Revenue earned from property taxes grew 5.1%, and revenue from the tax on increases in land values, 13.9%. By contrast, revenue corresponding to the tax on construction activities fell 6.2%, although the exceptional increase registered under this caption in 2001 must be borne in mind. 2002 was the first year in which the new land values for the entire municipality of Barcelona were applied. The applicable tax rate was lowered from 0.89% to 0.86% of the land value. The increase in land value will be distributed in a period of 10 years.

Taken as a whole, revenue from the sale of services, revenue from property and business, and other revenue increased 13%.

The entries showing the largest increases are those for the sale of services and the charges for refuse collection, urban planning permits and use of public domain, as well as the gross revenue proceeding from utility companies.

In 2002, the Share in the Central Government's revenue was 5.7% larger than in 2001, in accordance with the distribution and growth criteria approved by Law 50/1998, of December 30, on tax, administrative and social policy measures. The remaining transfers primarily

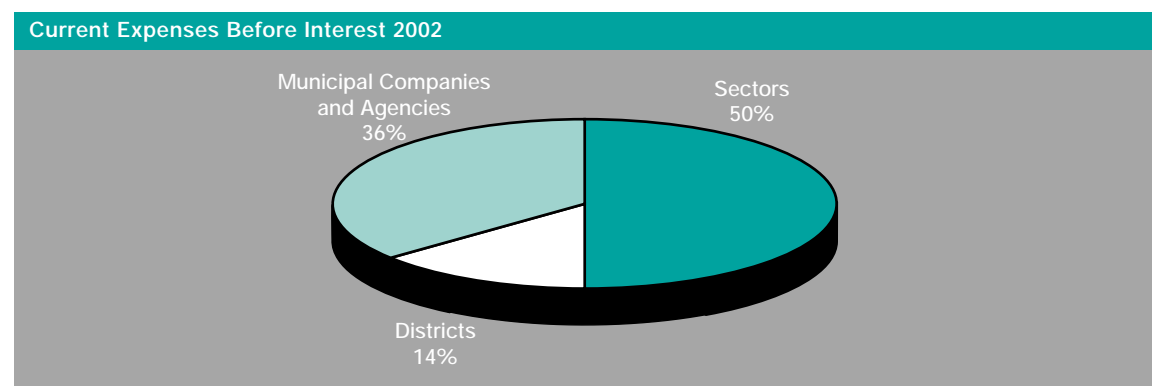
grew due to the earmarked grants from the Central Government for the Municipal Association of the Barcelona Metropolitan Area, the contributions from the Metropolitan Agency for Water Services and Waste Treatment, and the grant from the Generalitat of Catalonia for education.

4.3. Current Expenses

Current Expenses Per Activity

The wide variety of services offered to citizens by the City of Barcelona, either directly or through its municipal agencies and companies, can be classified as follows:

- a) Services to Citizens: education, culture, sports, sanitation, public health and social services.
- b) Maintenance and Services: monitoring and improving the environment, sanitation, refuse collection, street cleaning, maintenance of parks and green areas, paving and public lighting.
- c) Public Thoroughfares: security, civil protection, fire-prevention services, mobility and public transportation.
- d) Urban Planning: urban planning and housing.
- e) General Services: central administration, asset and tax management, the network of municipal markets, economic promotion and funeral services.



Evolution of Current Expenditures

From 1998 to 2002, current expenses grew at an average annual rate of 3.5%, a lower rate than that for current revenue. Attention should be called to the following highlights: (i) increases in personnel expenses above the inflation rate were offset by increases in productivity; (ii) the most significant increases were registered under cleaning expenses, both of public thoroughfares

and offices, and under maintenance and conservation expenses, due to the improvements in the quality of the services provided and the significant investment effort made in recent years; and (iii) net financial expenses have dropped 53% in five years as a result of a decrease in the amount of debt, the general lowering of interest rates and the application of a policy to substitute more expensive debt with cheaper debt whenever possible.

Current Expenses (thousands of euros)					
	1998	1999	2000	2001	2002
Personnel Expenses	424,008	435,445	442,922	459,789	481,799
Work, Supplies and Services	363,077	392,960	399,312	428,132	489,849
Current Transfers	128,593	132,355	149,448	177,698	201,895
Provisions	92,135	96,264	82,495	84,329	85,742
Financial Expenses	149,904	125,846	105,784	101,627	87,871
Total Current Expenses	1,157,718	1,182,870	1,179,961	1,251,575	1,347,156

In 2002, current expenses grew 7.6% with regard to the previous year. This increase is the result of the significant growth registered under the captions for work, supplies and subcontracted services and for current transfers, generally due to the improvement of services such as waste collection, street-cleaning and public transport; maintenance; and the organization of extraordinary activities

such as the Year of Gaudí in 2002 or the World Swimming Championship in 2003, events that boost both the number of visitors to the city and its economic growth. These increases were partially offset by the 13.5% decrease in financial expenses. Financial expenses have gone from accounting for 12.9% of all current expenses in 1998 to 6.5% in 2002.

Current Expenses (in percentages)					
	1998	1999	2000	2001	2002
Personnel Expenses	36.6	36.8	37.5	36.7	35.8
Work, Supplies and Services	31.4	33.2	33.8	34.2	36.3
Current Transfers	11.1	11.2	12.7	14.2	15.0
Provisions	8.0	8.1	7.0	6.7	6.4
Financial Expenses	12.9	10.6	9.0	8.1	6.5
Total Current Expenses	100.0	100.0	100.0	100.0	100.0

4.4. Investments

The consolidated investment made between 1998 and 2002 came to 1,856 million euros, while consolidated debt fell by 268 million euros. Total capital expenses during this period came to 2,240 million euros. 79% of this sum was used for direct investments— primarily in the creation and improvement of public assets for general use and, to a lesser extent, in services;

the remaining 21% mainly went toward Barcelona Holding Olímpico, SA, public transport and other entities, among them, cultural facilities.

The direct investment plan is comprised of over 800 actions, including, among others: urban renewal and provisions for district facilities; the purchase and development of land; the mobility plan; the environment (green

areas, renewable energy and ecoparks); cultural, educational, social welfare and sports facilities; and a variety of actions at Montjuïc,

Tibidabo and the triangle formed by the start of the Diagonal avenue, the coast and the Besòs river.

Capital Revenue and Expenses (in thousands of euros)					
	1998	1999	2000	2001	2002
Direct Investments					
Public Use	151,948	168,115	85,410	172,681	352,186
Related to Services	125,642	124,241	105,075	153,314	312,687
Total Direct Investments	277,589	292,356	190,485	325,995	664,873
Capital Transfers					
HOLSA	46,001	47,847	49,758	51,747	53,817
Metropolitan Transportation Authority	30,267	31,132	24,179	24,617	24,179
Non-municipal Entities	19,142	7,272	21,384	15,512	22,470
Total Transfers	95,411	86,251	95,321	91,877	100,466
Financial Investments	0	0	3,005	3,005	13,409
Total Capital Expenses	373,000	378,608	288,810	420,877	778,748
Capital Revenue					
Capital Transfers	49,343	51,170	15,891	40,743	70,723
Asset Management	90,338	38,381	20,957	35,772	128,921
Total Capital Revenue	139,681	89,551	36,848	76,515	199,644
Net Investment	233,319	289,057	251,962	344,362	579,104

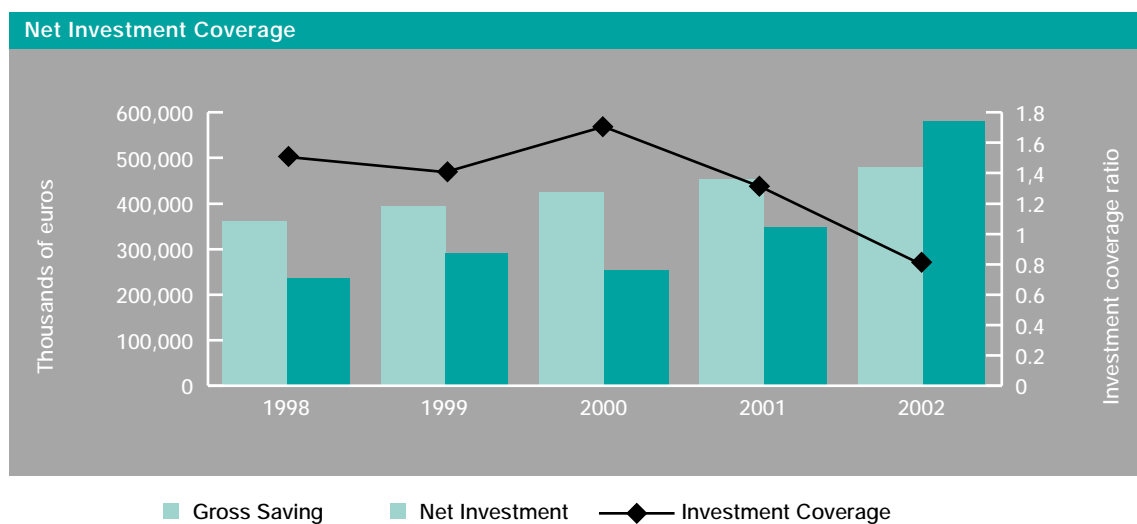
In the five-year period lasting from 1998 to 2002, a total of 542 million euros was earned as capital revenue, a fact that allowed for the financing of 24% of all capital expenses. 58% of this revenue came from asset management, and the remaining 42% from capital transfers. Revenue from asset management primarily stems from the sale of dwellings and business premises, mainly by the Patronat Municipal de l'Habitatge (Municipal Housing Agency); from the sale of land, buildings and public thoroughfare surpluses; and from the sale, in

1998, of 49% of the shares in Serveis Funeraris de Barcelona, SA. 48% of all capital transfers came, primarily, from the European Union for essentially environmental projects, such as the construction of selective waste collection centers, storm water retention tanks, recycling plants and the suppression of acoustic barriers. There are also contributions from the Generalitat of Catalonia, mainly for education and sports facilities, as well as transfers from other bodies and agencies for the development of public spaces.

Capital Revenue and Expenses (in percentages)					
	1998	1999	2000	2001	2002
Direct Investments					
Public Use	65.1	58.2	33.9	50.1	60.8
Related to Services	53.8	43.0	41.7	44.5	54.0
Total Direct Investments	119.0	101.1	75.6	94.7	114.8
Capital Transfers					
HOLSA	19.7	16.6	19.7	15.0	9.3
Metropolitan Transportation Authority	13.0	10.8	9.6	7.1	4.2
Non-municipal Entities	8.2	2.5	8.5	4.5	3.9
Total Transfers	40.9	29.8	37.8	26.7	17.4
Financial Investments	0.0	0.0	1.2	0.9	2.3
Total Capital Expenses	159.9	131.0	114.6	122.2	134.5
Capital Revenue					
Capital Transfers	21.1	17.7	6.3	11.8	12.2
Asset Management	38.7	13.3	8.3	10.4	22.3
Total Capital Revenue	59.9	31.0	14.6	22.2	34.5
Net Investment	100.0	100.0	100.0	100.0	100.0

Investment coverage, measured as the ratio of gross savings over net investments, was 0.8 in

2002, despite the substantial investment effort made.



4.5. Financing

The consolidated debt rose 134 million euros as a result of an increase of 137 million euros in long-term debt and a decrease of 3 million euros in short-term debt. Out of this increase, 34 million euros correspond to municipal companies or agencies for the financing of the municipal parking lot plan, the Tibidabo theme park, the new housing plan and the plan to optimize the waste treatment plant with energy recovery facilities in Sant Adrià de Besòs. 10 million are for the debt repaid by Procivesa in 2002.

The City of Barcelona has carried out two direct financial operations, each amounting to 90 million euros, to finance part of the infrastructures being built in the Besòs area, between the river, coast and the Diagonal avenue. 50% of this financing corresponds to a

twenty-year loan from the European Investment Bank, on which 50 million euros were drawn in 2002. The remaining 50% was a ten-year "schuldscheindarlehen". Amortization of long-term debt came to 87 million euros, of which 27 million corresponded to repayments made in accordance with the contractual conditions of credit operations, and the remaining 60 million to the prepayment of outstanding debt.

2002 saw the conclusion of the debt substitution process approved by the Barcelona City Council Plenum of June 26, 2001, which authorized the taking out of one or more loans for up to a maximum of 180 million euros in order to substitute pre-existing debt. In 2001, financial transactions amounting to 120 million euros were carried out, and in January 2002, a transaction amounting to 60 million euros was made in order to finance the substitution of outstanding debt mentioned in the preceding paragraph.

Financial Debt (thousands of euros)					
	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
European Union Market					
Bank Loans	462,280	489,020	414,662	462,648	567,506
Public Bond Issues	347,115	347,115	347,084	327,823	327,823
Private Placements	152,788	262,788	262,787	186,622	276,621
Subtotal	962,183	1,098,923	1,024,533	977,092	1,171,950
Non-European Union Market					
Private Placements	231,425	190,079	104,360	60,466	221
Public Bond Issues	297,246	155,181	155,181	155,181	155,181
Subtotal	528,670	345,261	259,541	215,647	155,402
Total Debt	1,490,853	1,444,183	1,284,074	1,192,740	1,327,352
Long-Term Debt	1,480,546	1,430,558	1,275,095	1,186,702	1,324,198
Short-Term Debt	10,307	13,625	8,979	6,038	3,154

As of December 31, 2002, the total consolidated debt came to 1,327 million euros, of which 1,265 million euros corresponded to the City of Barcelona and those of its companies and agencies that finance their services mainly through current transfers received from the City of Barcelona. The remaining 62 million euros corresponded to the debts of municipal companies and agencies

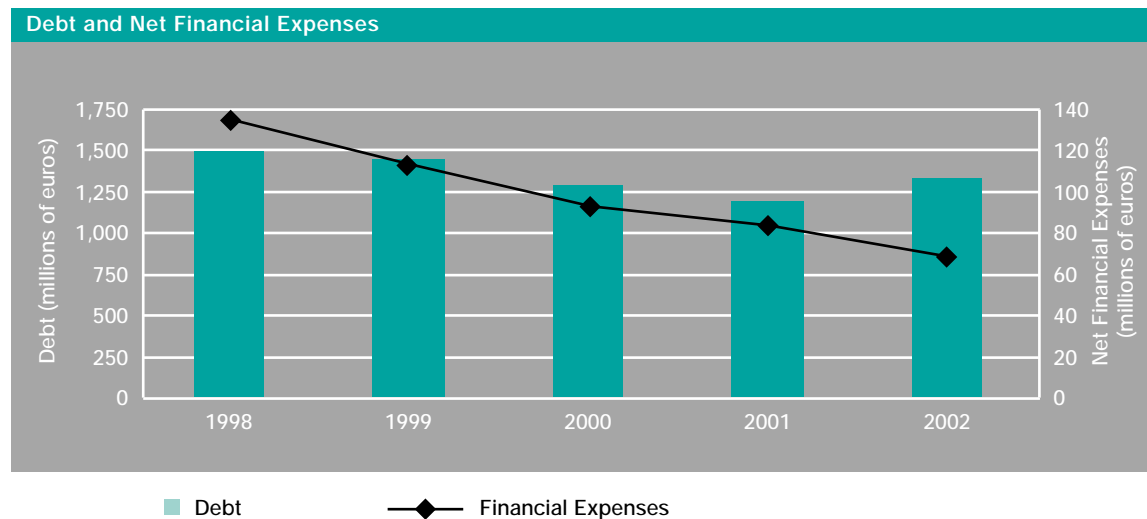
that primarily finance the services they provide through commercial revenue.

88% of the group's financing was obtained in the European Union market, while the remaining 12% basically corresponds to a 1995 public bond issue in the United States. This operation is hedged against foreign exchange risk by a swap.

Financial Debt (in percentages)					
	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
European Union Market					
Bank Loans	31.0	33.9	32.3	38.8	42.8
Public Bond Issues	23.3	24.0	27.0	27.5	24.7
Private Placements	10.2	18.2	20.5	15.6	20.8
Subtotal	64.5	76.1	79.8	81.9	88.3
Non-European Union Market					
Private Placements	15.5	13.2	8.1	5.1	0.0
Public Bond Issues	19.9	10.7	12.1	13.0	11.7
Subtotal	35.5	23.9	20.2	18.1	11.7
Total Debt	100.0	100.0	100.0	100.0	100.0
Long-Term Debt	99.3	99.1	99.3	99.5	99.8
Short-Term Debt	0.7	0.9	0.7	0.5	0.2

Over the past five years, net financial expenses have been reduced by 53%, falling from 152 million euros in 1997 to 71 million euros in 2002. This reduction is reflective of

the lower debt level, the policy of substituting expensive financial transactions with cheaper ones, and the evolution of interest rates.



The City of Barcelona's debt was rated AA by Fitch and by Standard and Poor's, and Aa3 by Moody's Investors Service.

4.6. Prospects

The capital expenses projected for the 2003-2007 period amount to 2,520 million euros, to be used for the urban renewal of city districts—particularly the area comprised between Diagonal-Litoral, Plaça de les Glòries and the Sagrera station— and the improvement of the quality of services provided in the city. This investment plan will be conditional on maintenance of the following financial policies:

1. Growth of current expenses must be hedged by increases in current revenue, such that gross savings (funds obtained after interest) account for at least 25% of the current revenue.
2. Consolidated debt, including guarantees, must be less than the 80% of the current revenue.

The macroeconomic hypotheses for the coming years are for the Gross Domestic Product (GDP) deflator to increase 3.2% in 2003 and, on average, 2.8% a year from 2004 on; it is estimated that the GDP in real terms will grow at an annual rate of 2.5% in 2003 and 3.0% in subsequent years. Thus, the GDP is projected to register an annual growth rate in nominal terms of 5.8% in 2003 and 5.9% between 2004 and 2007. Regarding interest rates, the three-month EURIBOR rate (Euro Interbank Offered Rate) is projected to average 3.5% in 2003 and 4.5% over the rest of the period.

The current revenue forecast for the 2003-2007 period are based on the following assumptions:

1. The figures for 2003 are based on the budget approved for this year. Revenue from the tax on economic activities in 2003 is projected to be 66% of that obtained in 2000. This estimate was made without access to the taxpayer census pending issue by the Ministry of Finance.

2. Between 2004 and 2007, local taxes, excluding those assigned by the Central Government, will grow, on average, half a percentage point more than the forecast inflation.
 3. The implementation of the new land values will continue with regard to the property tax. As of 2003, rates levied for the property tax, the tax on increases in land value and the tax on construction activities will be 0.85%, 30% and 3%, respectively, as opposed to the previous 0.86%, 29% and 2.75%.
 4. Revenue from the sale of services, income from property and business, and other revenue will all grow at the same rate as the GDP deflator.
 5. In 2003, the share in Central Government revenue will increase in accordance with the expected rise in the nominal GDP, namely, 5.8%. Moreover, the sum of 51 million euros is estimated as compensation for the drop in revenue from the tax on economic activities. This compensation in subsequent years is consolidated in the amount for assigned taxes.
 6. Transfers from other administrations will increase, in general, according to the growth rate of the GDP deflator, save for the transfer received for the Municipal Association of the Barcelona Metropolitan Area, which is expected to rise in 2003 at the same rate as the nominal GDP and, as of 2004, according to the growth rate of the revenue earned by the Central Government through tax collection.
 7. From 2004 to 2007, the shares of 1.6875% of the personal income tax, 1.7897% of the value-added tax and 2.0454% of the special taxes levied on beer, wine and fermented beverages, intermediate products, alcohol and derived beverages, hydrocarbons and tobacco are predicted to increase, as a whole, at least at the same rate as the revenue earned by the Central Government through tax collection. Given that over the last 6 years, the revenue obtained by the Central Government through VAT, income and property taxes and taxes levied on production have increased 7.2% and that the nominal GDP has risen 6.6%, the taxes assigned to the City of Barcelona are projected to grow at least the same rate as the annual growth rate projected for the nominal GDP, namely, 5.9%.
- The growth estimates for current expenses in 2003 are based on the budgets approved for this year and those for the 2004-2007 period on the following assumptions:
1. A policy of compensating slides and raises in wages and salaries beyond inflation through increased productivity will be applied, such that personnel expenses will grow at approximately the same rate as inflation.
 2. Work, supplies and subcontracted services are expected to grow three points faster than inflation, due to increased expenses for maintenance and for the improvement of the quality of the services provided.
 3. The forecast for current transfers was prepared taking the specific characteristics of each grant into account.

4. The provision for bad debts is estimated by applying conversion coefficients drawn from past experience to accounts receivable based on their seniority, taking the forecast for local taxes and the caption for fines into account.
5. Financial expenses are based on the amount and structure of the debt and on the presumption that the three-month EURIBOR rate will average 4.5% a year.

The forecast investment for the 2003-2007 five-year period, pending approval of the new Municipal Investment Plan in 2003, comes to 2,520 million euros. Total capital expenses are estimated at 2,894 million euros. 82% of the total capital expenses corresponds to direct investments, and the remaining 18% to capital transfers, mainly to HOLSA, the Metropolitan

Transportation Authority, and cultural consortia, among others.

The direct investment program comprises a variety of actions of varying magnitude, including, among others: urban renewal and the provision of district facilities; the purchase and development of land; the mobility plan; environmental activities (green areas, renewable energy and ecoparks); cultural, educational, social welfare and sports facilities; and actions at Montjuic, Tibidabo and the triangle delimited by Diagonal-Litoral, Plaça de les Glòries and the Sagrera station.

Capital revenue is predicted to come to 316 million euros over the 2003-2007 period, of which 116 million correspond to capital transfers mainly from the European Union, and 199 million to the disposal of assets.

Capital Revenue and Expenses (in thousands of euros)					
	2003 (f)	2004 (f)	2005 (f)	2006 (f)	2007 (f)
Direct Investments	536,798	392,937	415,727	479,749	524,844
Capital Transfers					
HOLSA	55,972	58,208	60,537	62,958	27,075
Metropolitan Transportation Authority	24,179	24,179	24,179	18,179	18,179
Non-municipal Entities	35,277	35,317	32,280	19,174	20,191
Total Capital Transfers	115,428	117,704	116,996	100,311	65,445
Financial Investments	9,000	3,000	3,000	3,000	10,000
Total Capital Expenses	661,226	513,641	535,723	583,060	600,289
Capital Revenue					
Capital Transfers Received	41,763	18,877	24,843	25,836	4,961
Asset Management	25,218	40,349	42,366	45,374	46,372
Total Capital Revenue	66,981	59,226	67,209	71,210	51,333
Net Investment	594,245	454,415	468,514	511,850	548,956

City of Barcelona Group Economic and Financial Position and Forecast: 1998-2007 (thousands of euros)										
	1998	1999	2000	2001	2002	2003 (f)	2004 (f)	2005 (f)	2006 (f)	2007 (f)
1. Current Revenue Before Financial Income	1,502,272	1,562,163	1,590,398	1,685,211	1,809,051	1,872,552	1,943,466	2,017,558	2,094,990	2,175,933
2. Current Expenses Before Financial Expenses	1,007,813	1,057,024	1,074,177	1,149,948	1,259,285	1,305,751	1,358,940	1,413,272	1,470,967	1,530,980
3. Primary Savings	494,459	505,139	516,221	535,263	549,766	566,801	584,526	604,286	624,023	644,953
Financial Revenue	15,969	12,964	13,078	18,837	17,115	14,890	13,307	13,680	14,063	14,456
Financial Expenses	149,904	125,846	105,784	101,627	87,871	85,324	76,422	67,000	63,640	62,799
4. Gross Saving	360,523	392,257	423,515	452,473	479,010	496,367	521,411	550,966	574,446	596,610
5. Net Investments	233,322	289,057	251,962	344,362	579,104	594,245	454,415	468,514	511,850	548,956
6. Surplus (Deficit)	127,201	103,200	171,553	108,111	(100,094)	(97,878)	66,996	82,452	62,596	47,654
Additional Cash Sources (Needs)	(24,470)	(59,789)	(12,946)	(18,579)	(35,650)	46,291	(27,498)	(35,264)	(36,749)	(41,329)
7. Cash Surplus (Deficit)	102,731	43,411	158,607	89,532	(135,744)	(51,587)	39,498	47,188	25,847	6,325
Assumption of Debt	1,617	3,257	1,497	1,803	1,132	0	0	0	0	0
8. Net (Increase) Decrease in Debt	104,348	46,669	160,104	91,335	(134,612)	(51,587)	39,498	47,188	25,847	6,325
9. Total Debt Outstanding at Year-end	1,490,847	1,444,178	1,284,074	1,192,740	1,327,352	1,378,939	1,339,441	1,292,253	1,266,406	1,260,081

The following table breaks down the City of Barcelona's consolidated debt into two groups: (i) the City of Barcelona's consolidated debt with those of its dependent municipal companies and agencies offering services that are mainly financed through current transfers from the City, in other words, through tax-generated revenue; and (ii) the consolidated debt of

those municipal companies and agencies offering services that are mainly financed through commercial revenue, in other words, through prices, charges or rentals. This latter case refers to the consolidated data on Barcelona de Serveis Municipals, SA, and the Patronat Municipal de l'Habitatge (Municipal Housing Agency).

Consolidated Debt of the City of Barcelona: Public Administration and Commercial Entities (millions of euros)						
	2002	2003 (f)	2004 (f)	2005 (f)	2006 (f)	2007 (f)
Public Administration	1,265	1,254	1,204	1,152	1,121	1,112
Commercial Entities	62	125	135	140	145	148
Total Debt	1,327	1,379	1,339	1,292	1,266	1,260

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City of Barcelona 2002 annual statements and accounts

Translation of a report and accounts originally issued in Catalan and prepared in accordance with generally accepted accounting principles and standards for government entities in Spain (see Note 1). In the event of a discrepancy, the Catalan-language version prevails

AUDITORS' REPORT ON ANNUAL ACCOUNTS

To the Mayor-President of
the Barcelona City Council:

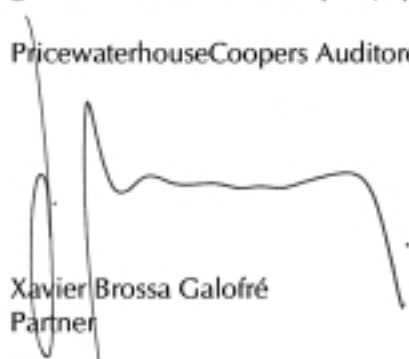
We have audited the annual accounts of the BARCELONA CITY COUNCIL, consisting of the balance sheet as of December 31, 2002, the statement of revenues and expenses, the budget reconciliation statement and the related notes to the annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Corporation. Our responsibility is to express an opinion on these annual accounts taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain which require the examination, on a test basis, of evidence supporting the annual accounts and evaluation of their overall presentation, the accounting principles used as applicable to governmental entities in Spain and the estimates made.


For comparative purposes only, the Directors of the Corporation have presented for each item of the balance sheet, the statement of revenues and expenses and the statement of changes in financial position, the corresponding amounts for the previous year as well as the amounts for 2002. Our opinion refers exclusively to the annual accounts for 2002. On April 18, 2002, Gabinete Técnico de Auditoría y Consultoría, S.A. jointly with another firm of auditors issued their audit report on the 2001 annual accounts in which they expressed an unqualified opinion.

In our opinion, the accompanying annual accounts for the year 2002 give, in all material respects, a true and fair view of the net worth and financial position of the BARCELONA CITY COUNCIL as of December 31, 2002, and of the results of its operations as reflected in the statement of revenues and expenses and budget reconciliation statement referred to above, and its source and application of funds for the year then ended, and contain all the information, necessary for their interpretation and comprehension, in conformity with generally accepted accounting principles and standards for governmental entities in Spain, applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers Auditores, S.L.

Gabinete Técnico
de Auditoría y Consultoría, S.A.


Xavier Brossa Galofré
Partner


Enric Ribas Miràngels
Partner

April 9, 2003

City of Barcelona
Balance Sheets as of December 31, 2002 and 2001

(in thousands of euros)

Assets		As of December 31, 2002	As of December 31, 2001
	Note		
Tangible Fixed Assets and Infrastructures		5,556,938	5,250,240
Tangible Fixed Assets	3	5,460,683	5,463,204
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties	3	(610,363)	(600,624)
Accumulated Depreciation	3	(325,216)	(287,309)
Fixed Assets Pending Classification	3	902,434	469,832
Provision for Depreciation Fixed Assets Pending Classification		(74,855)	(32,196)
Investments in Infrastructure and Assets for Public Use	3	4,424,549	4,319,112
Investments Assigned for Public Use	3 and 7	(4,424,549)	(4,319,112)
Investments for Public Use: HOLSA	2.3	204,255	237,333
Long-term Financial Investments	4	159,902	160,934
Fixed Assets		5,716,840	5,411,174
Deferred Expenses	5	4,074	9,574
On-budget Receivable	6	566,675	620,725
Allowance for Bad Debts	6	(302,201)	(362,260)
		264,474	258,465
Other Off-budget Receivable		4,171	4,711
Cash		209,312	32,352
Current Assets		477,957	295,528
TOTAL ASSETS		6,198,871	5,716,276

Notes 1-17 of the attached annual report form an integral part of the balance sheet as of December 31, 2002.

City of Barcelona

Balance Sheets as of December 31, 2002 and 2001

(in thousands of euros)

Liabilities		As of December 31, 2002	As of December 31, 2001
	Note		
Net Worth	7	3,978,509	3,764,221
Net Worth		8,629,240	8,323,541
Property Assigned to Municipal Agencies and Third Parties		(610,363)	(600,624)
Property Delivered for Public Use		(4,424,549)	(4,319,112)
Property Assigned by Municipal Agencies and Third Parties		50,900	54,717
Results Pending Allocation		333,281	305,699
Capital Transfers	8	219,351	165,639
Long-term Provisions	9	40,848	21,035
Long-term Loans and Debentures	10	1,265,113	1,152,302
Long-term Guarantees and Deposits		11,467	10,373
Deferred Income	12	33,165	28,506
Pluriannual Transfers to HOLSA	2.3	204,255	237,333
Long-term Liabilities		5,752,708	5,379,409
Accounts Payable		335,704	219,966
Payable to Public Agencies	13	22,984	22,592
Other Off-budget Payables	11	43,475	40,456
Accrued Expenses	14	41,246	44,902
Suspense Account Items		2,754	8,951
Current Liabilities		446,163	336,867
TOTAL LIABILITIES		6,198,871	5,716,276

Notes 1-17 of the attached annual report form an integral part of the balance sheet as of December 31, 2002.

City of Barcelona

Statements of Revenue and Expenses for the Fiscal Years Ended as of December 31, 2002 and 2001 (see Note 16)

(in thousands of euros)

Expenses	2002	2001	Revenue	2002	2001
Personnel Expenses	260,036	252,503	Sales and Revenue	74,642	76,490
Wages and Salaries	200,271	194,403	Sales of Common Goods	549	817
Compensation for Services	1,979	1,785	Charges on Services	40,579	39,426
Social Security Expenses	57,570	56,123	Charges on Services: Municipal Agencies	29,260	30,273
Other Welfare Expenses	216	192	Rents and Revenue from Real Estate	590	2,530
			Public Prices for Sale of Services	3,664	3,444
			Revenue from Property and Business	205,649	185,941
Financial Expenses	82,747	95,327	Interest	5,167	4,219
Interest	82,747	95,327	Profit-sharing	11,534	13,565
Taxes	6	54	Surcharges on Collection Proceedings	9,736	9,502
			Late Payment Surcharges	8,868	8,540
			Fines	87,539	79,899
			Charges on Use of Public Domain	41,866	37,635
			Charges on Use of Public Domain: MAs	14,128	12,261
			Administrative Concessions and Special Uses	26,811	20,320
Work, Supplies and Subcontracted Services	307,097	277,939	Production-related Taxes	490,185	475,550
Rent	7,883	7,278	Property Tax (IBI)	304,754	290,030
Maintenance and Repair	12,128	10,428	Tax on Economic Activities (IAE)	164,295	162,910
Supplies	21,836	21,216	Tax on Construction, Installations, Works	21,172	22,538
Communications	7,563	5,746	Replaced Taxes	(36)	72
Subcontracted Works	205,993	183,850	Income and Wealth Taxes	76,245	76,262
Miscellaneous Expenses	51,694	49,421	Tax on Motor Vehicles	76,245	76,262
			Current Transfers	685,524	639,033
Welfare Benefits	3,804	4,423	Share in Central Government Revenue	562,000	531,896
			From Central Government for the MMAMB	46,105	43,826
			Other Central Government Agencies	4,142	301
			From the Generalitat	39,764	34,823
Current Transfers	454,576	405,799	From Local Entities	29,256	24,431
To Municipal Agencies and Companies	246,263	220,163	Foreign Transfers	2,910	2,500
To Municipal Agencies and Companies for Charges	40,913	38,381	Sundry Specific-Purpose Transfers	1,347	1,256
To IMAS (health services)	2,913	2,801	Capital Taxes	77,840	68,769
To Consortia and Communities	124,392	106,073	On the Increase in Land Values	74,114	65,043
Other Current Transfers	40,095	38,381	Special Contributions	3,726	3,726
Provision to Allowance for Bad Debt	79,283	82,333	Other Revenue	21,119	12,711
TOTAL OPERATING EXPENSES	1,187,549	1,118,378	TOTAL OPERATING REVENUE	1,631,204	1,534,756
Operating Surplus (Before Capital Transfers)	443,655	416,378			
Capital Transfers	121,494	113,115			
To Municipal Agencies and Companies and Other Bodies	121,494	113,115			
Operating Surplus (After Capital Transfers)	322,161	303,263			
Depreciation	45,256	44,325	Positive Extraordinary Results	99,035	78,957
Provision for Depreciation of Fixed Assets Pending Classification	42,659	32,196			
RESULTS FOR THE YEAR	333,281	305,699			
Total	1,730,239	1,613,713	Total	1,730,239	1,613,713

Notes 1-17 of the attached annual report form an integral part of the 2002 statement of revenue and expenses.

Budget Result

(in thousands of euros)

Net Non-financial On-Budget Receivable

Revenue (Cap. 1 to 7)	1,804,002
Revenue (Cap. 8)	0
Total	1,804,002

Net Non-financial On-budget Payables

Expenses (Cap. 1 to 7)	(1,770,320)
Expenses (Cap. 8)	(1,202)
Total	(1,771,522)

Gross Saving	32,480
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Adjustments

Revenue (Cap. 9)	140,000
Expenses (Cap. 9)	(27,046)
Changes in Financial Liabilities (Cap. 9)	112,954

Net Saving	145,434
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Adjustments

Positive Financing Deviations	(36,131)
Negative Financing Deviations	1,367
Payables Financed with Treasury Surplus	4,451

Adjusted Budget Result	115,121
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2002 Budget Settlement

Summary of Status of Revenue Account Budget (in thousands of euros)

Caption		Initial Budget	Final Budget	Net Receivables	Receipts
1	Direct Taxes	579,330	579,330	619,371	564,140
2	Indirect Taxes	19,050	19,057	21,172	21,072
3	Charges and Other Revenue	175,719	194,993	262,923	184,540
4	Current Transfers	660,153	688,791	689,231	635,905
5	Capital Gains	32,792	43,913	44,951	36,996
6	Disposal of Real Property	27,827	97,596	105,275	101,753
7	Capital Transfers	61,640	66,812	61,079	33,083
8	Financial Assets	0	6,905	0	0
9	Financial Liabilities	200,000	200,000	140,000	140,000
Total		1,756,511	1,897,397	1,944,002	1,717,489

Summary of Status of Expense Account Budget (in thousands of euros)

Caption		Initial Budget	Final Budget	Payables	Paid
1	Personnel Expenses	266,949	263,785	260,876	258,724
2	Expenses Common Goods & Services	273,380	298,915	294,318	209,640
3	Financial Expenses	94,966	79,519	77,801	77,801
4	Current Transfers	416,487	450,303	447,905	386,679
6	Real Property	551,432	153,077	125,429	75,653
7	Capital Transfers	126,251	623,547	563,991	430,533
8	Financial Assets	0	1,205	1,202	1,202
9	Financial Liabilities	27,046	27,046	27,046	27,046
Total		1,756,511	1,897,397	1,798,568	1,467,278

Reconciliation of the Budget Result to the Result for the Year

Budget Result (Net Saving)	145,434
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Budget Operations with No Effect on the Statement of Revenue and Expenses

Revenue	(308,217)
Collection of Hotel Concession Levies	(1,863)
Sale of Tangible Assets	(105,275)
Capital Transfers Received	(61,079)
Financial Liabilities	(140,000)
Expenses	590,555
Net Acquisition of Financial Assets	1,202
Acquisitions of Fixed Assets	560,731
Contractual Repayments on Financial Liabilities	27,046
Financial Expenses for the Execution of New Operations	918
Budgetary Expenses in 2002 Deferred from 2001	658

Operations Recorded in the Statement of Revenue and Expenses with No Budgetary Effect

Revenue	98,000
Extraordinary Result: HOLSA (Note 16.6)	33,078
Change in Accrued Financial Expenses	543
Extraordinary Results from Fixed Assets (Note 16.6)	59,944
Credited to Capital Transfers Received	3,411
Other Revenue	1,024
Expenses	(192,491)
Provision for Depreciation (Note 3)	(45,256)
Provision to Allowance for Bad Debts (Note 6)	(79,283)
Long-term Provisions (Note 9)	(15,005)
Provision for Depreciation of Fixed Assets Pending Classification (Note 3)	(42,659)
Credited to Deferred Expenses (Note 5)	(6,418)
Accruals for Other Expenses	(3,870)

Result for the Year Per the Statement of Revenue and Expenses	333,281
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Notes to the Annual Statements and Accounts for the Year Ended December 31, 2002

- h) Order, of June 28, 1999, on the implementation of Decree 94/1995, of February 21, on the financial protection of local entities.

Note 1 - Basis of Presentation

1.1. Accounting Policies

The annual statements and accounts are based on the City's accounting records for the year 2002 and have been prepared according to accounting principles set out for public administrations in current spanish legislation, specifically:

- a) Law 7/1985, of April 2, regulating base law for local legislation.
- b) Royal Decree Law 781/1986, of April 18, approving the amendment to current provisions for local legislation.
- c) Law 8/1987, of April 15, on municipal and local legislation in Catalonia.
- d) Law 39/1988, of December 28, governing local taxation.
- e) Royal Decree 500/1990, implementing Law 39/1988.
- f) The Local Government Accounting Standards, of July 17, 1990.
- g) Documents on accounting principles issued by the Commission on Public Accounting Principles and Standards, created by Resolution of the State Secretariat for the Treasury on December 28, 1990.

1.2. Annual Statements and Accounts

The annual statements and accounts for the 2002 financial year are comprised of the following documents:

- Balance Sheet
- Statement of Revenue and Expenses
- Budget Statement:
 - Summary of status of the revenue account budget
 - Summary of status expense account budget
 - Budget Results
 - Reconciliation of the Budget Result to the Result for the Year
- Notes to the annual statements and accounts

The figures contained in the documents composing these annual statements and accounts are expressed in thousands of euros, unless otherwise stated.

The balance sheet has basically been drawn up according to the models established by the Local Government Accounting Standards of July 17, 1990. By contrast, the statement of revenue and expenses has been drawn up in more detail than required by said Standards in order to provide more thorough information on revenue and expenses and, thereby, offer a faithful rendering of the net worth and financial position of the City of Barcelona and the results of its operations over the fiscal year, in

accordance with the accounting principles and standards applied in the sphere of public administration accounting.

The budget settlement was approved by a Decree issued by the Mayor's Office on February 28, 2003. The general accounts will be submitted to the Municipal Council Plenum for approval within the established terms.

Note 2 - Valuation Criteria

The most significant accounting criteria applied in the preparation of the annual accounts are the following:

2.1. Tangible Fixed Assets

These include the city's assets and those in the public domain directly assigned for the provision of public services, which, together, constitute the City's long-term investments.

The assessment criteria for fixed assets are as follows:

a) Lands and Buildings. Additions made prior to January 1, 1992, are assessed according to an expert appraisal of their current real market value made by an independent appraisal company. For property declared to be of historic-artistic interest, this appraisal corresponds to the cost of reconstruction. To this end, with regard to non-financial fixed assets, the document on accounting principles issued by the Commission on Public Accounting Principles and Standards defines replacement value as "the sum of the expenses necessary for the construction of

an asset of identical nature and characteristics. For buildings declared to be of historic-artistic interest, this value shall be that of reconstruction." Subsequent additions are assessed at their purchasing price or, in case of buildings received free of charge, at their appraised value.

b) Machinery, Installations, Fittings, Data-Processing Equipment and Vehicles. Those additions made prior to January 1, 1992, which have already been fully amortized are listed at their current value, as estimated by the City of Barcelona on said date. Subsequent additions are assessed at their purchasing price.

c) Fixed Assets Pending Classification. Additions are assessed at their purchasing price or cost of construction and are transferred to the "Property Delivered for Public Use" caption under tangible fixed assets upon completion of the investments they require.

Repairs not contributing to an extension of the useful life, as well as maintenance costs, are directly charged to the statement of revenue and expenses. The cost of any enlargements or improvements that extend an asset's useful life are capitalized as an increase in its value.

The annual provision for depreciation is calculated using the straight-line method based on each asset's estimated useful life. For property, this begins the month after its incorporation into the City's Asset Inventory; for movables, January 1 of the year following their incorporation.

	Estimated Years of Useful Life
Buildings	65
Properties Assigned by Municipal Agencies and Third Parties	65
Technical Installations and Machinery	8
Vehicles	5
Fittings	6
Data-processing Equipment	4
Animals	7
Bibliographic Funds and Others	8

The process of economic depreciation began in fiscal 1992. The estimated years of useful life listed for “Buildings” and “Properties Assigned by Municipal Agencies and Third Parties” are determined according to the criteria of the aforementioned independent appraisal company.

For properties with historic-artistic value, depreciation is calculated based on the cost of the fixed assets that would be required to replace them in terms of their capacity and usefulness. Therefore, the portion of the book value corresponding to the historic-artistic component of these structures, which amounts to 215.081 million euros, has been excluded from the calculation, in accordance with the aforementioned independent appraisal. This treatment is justified by the fact that the said historic-artistic component is subject to maintenance, which guarantees its permanent value.

The property assigned by municipal agencies or third parties includes the value of the property assigned to the City of Barcelona by other entities for its operation or use.

2.2. Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties

The caption “Tangible Fixed Assets Assigned by Municipal Agencies and Third Parties” lists the book value of those assets freely assigned by the City of Barcelona to its municipal agencies and companies or to third parties for their operation or use, respectively.

When assets are assigned, their removal from the inventory is recorded on the balance sheet under the caption “Property Assigned to Municipal Agencies or to Third Parties” (see Note 7), and thus, they cease to be amortized.

2.3. Investments in Infrastructure and Assets for Public Use

The assets delivered for public use include thoroughfare infrastructure (roads, pavement, sidewalks, public lighting, signs), the large facilities for public services (sewers and utility supplies), green spaces, trees, gardens and, in general, all assets constituting public property delivered for the public use of citizens.

Additions made prior to January 1, 1992, are assessed in accordance with the criteria

described in Note 2.1. Subsequent additions are assessed at their purchasing price.

Upon completion of the investments in infrastructures and property for public use, their retirement is registered on the balance sheet with a charge to the "Property Delivered for Public Use" caption (see Note 7).

For the purposes of presentation, the assets caption on the balance sheet shows the assets assigned to municipal agencies or third parties for public use, as well as the corresponding compensatory sums to reflect their retirement. Likewise, Note 3 reflects the movements registered under these captions over the year.

Rule 220.2 of the Local Government Accounting Standards states that, exceptionally, investments may be retained in the balance sheet even though they have been completed and assigned for public use. On December 31, 1994, in light of the extraordinary nature of the Olympic investments received from HOLSA, the City of Barcelona invoked this exception. Consequently, the assignment of these investments for public use, for an initial cost of 353.533 million euros, will be debited to the caption "Property Delivered for Public Use" and credited to the caption "Investments Assigned for Public Use" over a period of time similar to that which would have applied had they been ordinary investments. This period reflects the rate of reduction in associated liability, which is recorded under the caption "Pluriannual Transfers to HOLSA" on the attached balance sheet.

The balance of the caption "Pluriannual Transfers to HOLSA" was reduced by 33.078

million euros in 2002 with a credit to extraordinary results (see Note 16.6). This corresponds to the amount owed to HOLSA as of December 31, 2002. Additionally, a charge and a credit for this cost were recorded under the captions "Property Delivered for public use" and "Investments Assigned for Public Use" respectively (see Note 3).

2.4. Long-term Investments

Financial investments made by the City of Barcelona prior to January 1, 1992, in its municipal agencies and the municipal companies forming part of its group, as well as other shareholdings, are recorded at their technical book value as of December 31, 1991. Subsequent additions are recorded at their purchasing price.

As of December 31, 2002, the differences between the book value and the technical book value of those shareholdings for which there were substantial capital losses have been provided for in the attached statements and accounts (see Note 4).

2.5. On-budget Receivable

These are recorded at their nominal value.

A provision has been established to cover the estimated sum of bad debts.

The amount of this provision is determined by applying the collectibility ratios estimated by the City based on past experience to those tax receivables currently subject to enforced collection proceedings, as well as to receivables

related to fines, both within the voluntary payment period and in the process of forcible collection.

2.6. Capital Transfers

The City of Barcelona applies the following criteria to record received capital transfers, in accordance with the applicable regulation:

- Upon their concession, transfers are temporarily credited to accrual accounts until the investments to which they correspond have been made (see Note 14).
- As these investments are made, the corresponding transfers are moved to the "Received Capital Transfers" account, under long-term liabilities on the balance sheet. For any appraisal of the City's net worth, these transfers should be considered as additional net worth as of December 31, 2002.

2.7. Deferred Income

Early collection on amounts deferred to years subsequent to the year of collection is recorded under the caption "Deferred Revenue" (see Note 12), save for the portion of such amounts that have been deferred to the immediately following year, which are recorded under the caption "Accrual Accounts" (see Note 14) under liabilities on the balance sheet prior to being credited to results.

2.8. Long-term Provisions

The balance of this caption includes the provisions established to cover the economic costs of contingent or possible debts.

2.9. Classification of Long- and Short-term Debts

On the attached balance sheet, those debts maturing in over 12 months are classified as long-term debts. Those maturing in less than 12 months are classified as short-term debts.

2.10. Foreign Loans and Debentures

As of December 31, 2002, the foreign currency risk for those operations initially taken out in foreign currencies has been hedged through swaps for the entire duration of each operation. As a result, they have no future effects for the City's statement of revenue and expenses.

2.11. Revenue and Expenses

a) Financial Accounting

Revenue and expenses are basically attributed to the statement of revenue and expenses in the fiscal year in which they occur, depending on the real flow of assets and services they represent and independently of the timing of the monetary or financial flow from which they are derived, except for those capital transfers derived from agreements or conventions requiring the treatment described in sections 2.6 and 2.12, respectively.

b) Budget Settlement

Revenue and expenses are incorporated into the Budget Settlement at the time of the administrative act recognizing the respective rights and obligations.

2.12. Transfers Derived from Agreements and Conventions

To record the expenses for transfers stemming from agreements subscribed by different parties, be they collaborative agreements, cooperative agreements, contract-programs, or other similar agreements signed to co-finance or develop specific projects or activities (including capital transfers to offset accumulated negative results), the grantor's obligation to pay arises at the moment when the debt matures and is liquid and payable on demand, in other words, when the requirements for payment have been met. The recognition of the grantor's payment obligation is recorded upon passage of the resolution by which the beneficiary's right to collect is recognized and quantified (approval of the budget for the fiscal year).

2.13. Employee Termination Indemnities

The incentives for voluntary early retirement are recorded under the caption "Social Services" in the statement of revenue and expenses.

2.14. Corporate Tax

Pursuant to article 9 of Law 43/1995, on the corporate tax, the City of Barcelona is exempt therefrom. Moreover, article 146 of said law prohibits the withholding of profits obtained by such entities.

2.15. Environment

Expenses derived from actions intended to protect and improve the environment are recorded, where applicable, as expenses in the year they are incurred. This notwithstanding, should they entail incorporations to tangible fixed assets as a result of actions to minimize impacts on the environment or to protect and improve it, they are recorded as increased value of the fixed asset in question.

Note 3 - Tangible Fixed Assets and Infrastructures

The movement registered under the different tangible fixed asset and infrastructure accounts was as follows:

(In thousands of euros)	12/31/2001	Additions	Retirements	Transfers	12/31/2002
Land	334,333	12,659	(15,160)	3,165	334,997
Buildings	4,458,915	–	(62,009)	33,927	4,430,833
Fixed Assets Assigned to Municipal Agencies and Third Parties	600,624	4,565	–	5,174	610,363
Lands and Properties	5,393,872	17,224	(77,169)	42,266	5,376,193
Vehicles	6,384	1,691	–	–	8,075
Machinery, Equipment, Installations, and Tools	16,257	582	–	2,360	19,199
Data-processing Equipment	30,579	243	(3,228)	8,365	35,959
Office Furniture and Equipment	15,627	4,273	–	328	20,228
Other (inc. Intang. Fixed Assets)	485	663	(119)	–	1,029
Other Fixed Assets	69,332	7,452	(3,347)	11,053	84,490
Total Tangible Fixed Assets	5,463,204	24,676	(80,516)	53,319	5,460,683
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties	(600,624)	(4,565)	–	(5,174)	(610,363)
Fixed Assets Pending Classification	469,832	567,045	(6,104)	(128,339)	902,434
Investments in Infrastructures and Assets for Public Use	4,319,112	245	(3,569)	108,761	4,424,549
Investments Assigned for Public Use	(4,319,112)	(245)	3,569	(108,761)	(4,424,549)
Investments for Public Use: HOLSA	237,333	–	–	(33,078)	204,255
Gross Tangible Fixed Assets and Infrastructure	5,569,745	587,156	(86,620)	(113,272)	5,957,009
Accumulated Depreciation	(287,309)	(45,256)	7,349	–	(325,216)
Provision for Depreciation of Fixed Assets Pending Classification	(32,196)	(42,659)	–	–	(74,855)
Net Tangible Fixed Assets and Infrastructure	5,250,240	499,241	(79,271)	(113,272)	5,556,938

In accordance with applicable regulations, the City of Barcelona records the value of lands containing any type of building under the caption "Buildings." Within this caption, 2,237,444,000 euros, as of December 31, 2002, and 2,263,129,000 euros, as of December 31, 2001, correspond to the value of lands with buildings.

Additions made over the fiscal year include the following, among others:

- Assets received through free assignment or the redefinition of lots, for an amount of 17.470 million euros, credited as revenue under the caption "Extraordinary Results" on the attached statement of revenue and expenses (see Note 16.6).
- Movables assigned to the City of Barcelona by the Institut Municipal d'Educació (Municipal Education Agency) and the Institut Municipal d'Informàtica (Municipal

Agency of Information Technology), for the amounts of 328 thousand euros and 337 thousand euros, respectively (see Note 7).

- Investments in the process of being incorporated into the City's Asset Inventory, investments in movables and actions carried out by decentralized entities pursuant to the terms of the Decree issued by the Mayor's Office on April 3, 1997. Out of the investments made by municipal agencies and companies, a sum of 13.556 million euros has been credited to the attached statement of revenue and expenses under positive extraordinary results (see Note 16.6).

Disposals made over the fiscal year essentially include:

- The demolition and disposal of assets for restatements for the amount of 26.265 million euros, giving a negative extraordinary result of 21.245 million euros (see Note 16.6). Likewise, the sale of different municipal buildings, valued at 45.037 million euros, giving rise to a positive extraordinary result of 59.149 million euros (see Note 16.6).
- Disposal of property received in assignment, for the amount of 4.482 million euros (see Note 7).
- The free assignments of the Garraf Dump, a lot for the enlargement of the Palau de la Música Catalana (Catalan Music Hall) and a variety of lots assigned to the Patronat Municipal de l'Habitatge (Municipal Housing Agency), leading to the retirement of assets

assessed at 6.099 million euros and a negative extraordinary result of 3.163 million euros (see Note 16.6).

- The retirement of fully amortized equipment for the amount of 3.227 million euros.

The net balance of transfers for the fiscal year (113.272 million euros) has been offset by the net worth accounts (see Note 7), primarily due to the following reasons:

- Free assignment to the Patronat Municipal de l'Habitatge of the surface rights to different lots (Gran Via, C/Tucumán, C/Joan Torras, etc.) and other assignments, for a total of 5.174 million euros.
- Delivery for public use of the thoroughfare infrastructure, large facilities for public services, green spaces, etc., for the amount of 108.761 million euros.

As of December 31, 2002, the caption "Fixed Assets Pending Classification" included 56 million euros corresponding to investments made up to that date in the construction of infrastructures for the marina in the area where the events of the Barcelona Universal Forum of Cultures 2004 will be held. Said marina is an assignment from the Directorate General of Ports and Transports of the Generalitat of Catalonia; therefore, any investments made for its construction will be classified as "Intangible Fixed Assets" once the project has been completed. Upon conclusion of the assignment period in 2031, those buildings, facilities and other elements affecting port services will revert to the port authority.

The additions in accumulated depreciation correspond to the provision for the depreciation of tangible fixed assets in 2002, for the amount of 45.256 million euros. The retirements from amortization correspond to the disposal,

transfer and demolition of assets for the amount of 7.349 million euros.

In addition, the following items had been completely written off as of December 31:

	Thousands of Euros
Vehicles	2,025
Machinery, Equipment, Installations and Tools	838
Data-processing Equipment	3,531
Office Furniture and Equipment	1,082
Other	94
Total	7,570

The provision for the depreciation of fixed assets pending classification, for the amount of 42.659 million euros, corresponds to the estimated amount invested in property to be delivered for public use that cannot be

inventoried by the City of Barcelona, specifically, the investments being made in the area where the events of the Barcelona Universal Forum of Cultures 2004 will be held.

Note 4 - Long-Term Financial Investments

The financial investments made by the City of Barcelona as of December 31, 2002, are summarized in the table below.

Long-term Financial Investments as of December 31, 2002

Name	Interest Held (%)	Net Worth as of December 31, 2002, Before Result (1)	Fiscal 2002 Result (1)	Technical Book Value 12/31/02 (1)	Book Value of the Holding 12/31/02
Municipal Agencies					
Patronat Municipal de l'Habitatge	100	35,437	473	35,910	19,086
Institut Mun. de Persones amb Disminució	100	763	56	819	698
Institut de Cultura de Barcelona	100	1,732	89	1,821	182
Fundació Mies Van Der Rohe	100	6,071	87	6,158	947
Institut Municipal d'Educació	100	4,383	390	4,773	257
Institut Municipal d'Informàtica	100	(179)	279	100	-
Institut Municipal d'Urbanisme	100	1,441	113	1,554	562
Institut Municipal d'Hisenda	100	3	20	23	2
Institut Municipal de Parcs i Jardins	100	1,269	171	1,440	-
Institut Municipal de Mercats	100	5,094	49	5,143	-
Institut Municipal de Salut Pública	100	879	6	885	-
Institut Mun. del Paisatge Urbà i Qualitat de Vida	100	1,220	(7)	1,227	-
Total		58,113	1,740	59,853	21,734
Municipal Companies					
Barcelona de Serveis Municipals, SA	100	55,833	6,264	62,097	15,391
Parc Zoològic de Barcelona, SA	100	2,102	263	2,365	2,060
Informació i Comunicació de Barcelona, SA	100	1,440	12	1,452	1,415
Barcelona Promoció Instal·lacions Olímpiques, SA	100	4,453	83	4,536	1,837
Barcelona Activa, SA	100	2,131	86	2,217	2,012
Pronoubarris, SA	100	125	389	514	60
Infraestructures del Llevant de Barcelona, SA	100	91	38	129	61
22 Arroba Barcelona, SA	100	62	100	161	61
Barcelona Gestió Urbanística, SA	100	129	145	274	61
Foment de Ciutat Vella, SA	51	3,121	96	3,218	3,065
Serveis Funeraris de Barcelona, SA (3)	51	1,877	2,104	3,981	1,532
Mercabarna, SA	50.68	26,847	1,042	27,889	11,954
Promoció Ciutat Vella, SA	100	10,217	(150)	10,067	9,059
Proeixample, SA	51	3,454	168	3,622	3,065
Tractament i Selecció de Residus, SA (TERSA)	58.64	28,158	806	28,963	22,786
Total		140,040	11,446	151,485	74,419
Interest of Less than 50%					
Catalana d'Iniciatives CR, SA	10.45	5,052	291	5,343	4,131
Nexus Capital, SA	10.45	1,754	14	1,768	1,613
Barcelona Holding Olímpic, SA (HOLSA)	49	43,864	(573)	43,291	44,170
Clavegueram de Barcelona, SA	17.5	685	63	748	631
Barcelona Regional AMDUI, SA (4)	20.63	362	4	366	270
Túnels i Accessos de Barcelona, SA	2.82	3,806	136	3,942	3,568
Barcelona Emprèn SCR, SA (5)	29.27	1,879	(52)	1,827	1,503
Fira 2000, SA	8.33	5,952	(131)	5,821	6,010
Other (2)	(2)				269
Total		63,354	(248)	63,106	62,165
Total Financial Investments					158,318
Long-term Guarantees and Deposits			-	-	1,584
Total					159,902

(1) Corresponds to net worth and result adjusted to the interest held.

(2) Information not available.

(3) Attributable fiscal 2001 result after interim dividend.

(4) The City of Barcelona holds a direct interest of 17.65% and an indirect one, through Mercabarna, SA, of 2.98%.

(5) The City of Barcelona holds a direct interest of 24.39% and an indirect one, through the Institut de Cultura de Barcelona, of 4.88%

The movement of long-term financial investments was as follows:

	Thousands of Euros
Balance as of December 31, 2001	160,934
Additions	
Purchase of Shares in Promoció Ciutat Vella, SA	1,202
Other	3
Disposals	
Recovery of Constituted Deposits	(2,237)
Balance as of December 31, 2002	159,902

The attached balance sheet and statement of revenue and expenses for 2002 refer to the City of Barcelona individually. The changes resulting

from the application of consolidation criteria to the City of Barcelona's individual annual statements are as follows (in thousands of euros):

	City of Barcelona	Consolidated
Fixed Assets	5,720,914	6,040,042
Current Assets	477,957	663,880
Total Assets	6,198,871	6,703,922
Capital Before Results	3,645,228	3,755,466
Rest of Long-term Liabilities	1,774,199	2,024,090
Current Liabilities	446,163	578,247
Result of the Fiscal Year	333,281	346,119
Total Liabilities	6,198,871	6,703,922
Ordinary Revenue	1,631,204	1,826,166
Ordinary Expenses	1,396,958	1,528,888
Extraordinary Results	99,035	48,841
Result of the Fiscal Year	333,281	346,119

The directors intend to draw up separate consolidated annual statements and accounts.

transactions and balances with its municipal agencies, municipal companies and with companies in which it holds an interest:

The table below shows the total amounts corresponding to City of Barcelona's

	Current and Capital Transfers	Other Expenses	Revenue	Accounts Receivable	Accounts Payable
Municipal Agencies	285,975	888	12,087	5,743	44,312
Municipal Companies	452,860	119	44,761	1,752	99,745
Companies in Which the City Holds an Interest	59,891	831	217	–	6,794
Total	798,726	1,838	57,065	7,495	150,851

Note 5 - Deferred Expenses

As of December 31, 2002, the only deferred expenses were those corresponding to note and bond issues and loan arrangements. The movements registered in the account were as follows:

	Loan Arrangement Expenses
Balance as of December 31, 2001	9,574
Expenses for the Execution of New Operations (Note 10)	918
Allocation to Results as Financial Expenses	(6,418)
Balance as of December 31, 2002	4,074

The allocation to financial expenses is carried out annually and is calculated linearly until the maturity of the executed operations.

Note 6 - On-Budget Receivable

On-budget receivables as of December 31, 2002, were classified according to their nature as shown below:

Item	Receivable (thousands of euros)
Direct Taxes	267,798
Indirect Taxes	3,802
Charges and Other Revenue	184,449
Current Transfers	60,953
Capital Gains	12,518
Disposal of Real Investments	5,740
Capital Transfers	31,415
Total Receivable	566,675

The amounts and movements registered in the account for the provision for bad debts as of December 31, 2002, were as follows:

Balance as of December 31, 2001	362,260
Amount Charged to the Statement of Revenue and Expenses	79,283
Bad Debts Written Off	(139,342)
Balance as of December 31, 2002	302,201

The sum for the provision for bad debt is determined by applying the collectibility ratio estimated by the City based on its past experience to the accounts receivable for taxes and charges for the fiscal year (264.939 million euros) and to receivables for fines, both in the

voluntary and enforced collection periods (128.656 million euros).

Over the course of 2002, the City of Barcelona wrote off a total of 139.342 million euros in bad debt, consisting of the balances for taxes and fines and other debts from individuals declared to be insolvent.

Note 7 - Net Worth

The amounts and movements registered in the net worth accounts over the fiscal year ended December 31, 2002, were as follows:

(in thousands of euros)	Net Worth	Property Assigned to Municipal Agencies and Third Parties (see Note 2.2)	Property Delivered for Public Use (see Note 2.3)	Property Assigned by Municipal Agencies and Third Parties (see Note 2.1)	Results Pending Allocation	Total
Initial Balance	8,323,541	(600,624)	(4,319,112)	54,717	305,699	3,764,221
2002 Results	–	–	–	–	333,281	333,281
Allocation of 2001 Results	305,699	–	–	–	(305,699)	–
Land Assignment	–	(9,162)	–	–	–	(9,162)
Change in Property Assigned to Third Parties	–	(577)	–	–	–	(577)
Change in Property Assigned by Third Parties	–	–	–	665	–	665
Property Delivered for Public Use	–	–	(105,437)	–	–	(105,437)
Change in Property Assigned by Third Parties	–	–	–	(4,482)	–	(4,482)
Closing Balance	8,629,240	(610,363)	(4,424,549)	50,900	333,281	3,978,509

Note 8 - Capital Transfers

The amounts and movements registered under this caption on the attached balance sheet for the fiscal year ended December 31, 2002, were as follows:

Capital Transfers				Accrued Expenses (see Note 14)			
Balance as of 12/31/01	Debits	Transfers from Accrued Expenses	Balance as of 12/31/02	Balance as of 12/31/01	Transfers Received	Transfer to Capital Transfers	Balance as of 12/31/02
165,639	(7,280)	60,992	219,351	121	61,079	(60,992)	208

Of the charges under the caption for capital transfers, 3.411 million euros were credited to extraordinary results, partially due to exchange differences in the collection of transfers and partially as a result of the capital transfers received from the City of Barcelona's municipal agencies corresponding to revenue items in the statement of revenue and expenses. The remaining charges correspond to the disposal of subsidized fixed assets and, therefore, do not effect the statement of revenue and expenses.

Note 9 - Long-Term Provisions

The "Long-term Provisions" account is intended to cover possible future commitments whose maturities and amounts are yet unknown.

The movement under this caption was as follows:

	Thousands of Euros
Balance as of December 31, 2001	21,035
Reclassification of Accrued Expenses (Note 14)	4,808
Amount Charged to "Miscellaneous Expenses"	15,005
Balance as of December 31, 2002	40,848

This account is intended to cover those contingencies of a generic nature that might arise from activity itself, as well as the provisions for court cases and legal claims.

Note 10 - Long-Term Loans and Debentures

The outstanding capital as of December 31, 2002, corresponding to long-term loans and debentures subscribed by the City of Barcelona can be broken down as follows:

Long-term Loans and Debentures	
Description	Outstanding Capital as of December 31
European Union Market	
• Bank Loans	505,267
• Capital Market	604,444
Subtotal	1,109,711
Non-European Union Markets	
• Capital Market	155,402
Total	1,265,113

The movement registered under the caption "Long-term Loans and Debentures" during 2002 was as follows:

Balance as of December 31, 2001	1,152,302
Additions:	
• New Operations	200,102
Disposals:	
• Contractual Repayments	(27,046)
• Reductions for Debt Substitution	(60,245)
Balance as of December 31, 2002	1,265,113

As of December 31, 2002, there were unexecuted stand-by lines for a total of 204 million euros.

The debt profile by maturities as of December 31, 2002, was as follows:

Maturity Amount	
2003	90,674
2004	199,798
2005	218,288
2006	87,147
2007	133,725
2008	121,705
2009	123,523
2010	12,020
2011	3,720
2012	93,721
2013 and Subsequent	180,792
Total	1,265,113

The average interest rate during 2002 was 6.3%, with the following make-up:

Long-term Debt	6.3%
Short-term Debt	4.5%

As of December 31, 2002, 43.9% of the City of Barcelona's financial debt had a fixed interest rate, and 56.1% had a variable interest rate.

Upon completion of the fiscal year, the accrued and unmatured interest on these loans came to 19.518 million euros (see Note 14).

Note 11 - Other Off-budget Payables

The balances for this caption as of December 31, 2002, were as follows:

Deposits Received	6,069
Other Payables	15,765
Payables to Administrations for IAE and IBI	21,641
Other Short-term Off-budget Payables	43,475

Note 12 - Deferred Income

The movement registered under this caption over 2002 was as follows:

(in thousands of euros)	12/31/2001	Additions	Transfer to Deferred Income	12/31/2002
Grave Assignments	16,498	–	(426)	16,072
Net Present Value of SFB, SA, Assets	12,008	–	(565)	11,443
Hotel Operation Levies	–	5,770	(120)	5,650
Total	28,506	5,770	(1,111)	33,165

Grave assignments correspond to the portion pending long-term accrual of the amounts received as a result of the dissolution of the Institut Municipal de Serveis Funeraris de Barcelona (Funerary Service Agency) with accounting effects as of January 1, 1997, recorded as advance collection on two-year grave leases and fifty-year grave assignments. These amounts are recorded as revenue according to the straight-line method for a period of two years or over the course of the assignment (50 years), respectively.

As a result of the sale of 49% of the shares in Serveis Funeraris de Barcelona, SA, in 1998, the City of Barcelona incorporated the sum of 14.508 million euros into its balance as deferred income, a sum equal to the current net value (through application of a restatement rate of 4% to the depreciation flows) of the municipal assets, in accordance with the agreement regulating the operation and management of such assets. As of December 31, 2002, this value amounted to 11.433 million euros. Since fiscal 1998, the City of Barcelona has annually

transferred the accrued portion of this revenue to the caption "Concessions and Special Uses" and has transferred the amount to be applied to the results of the following year from long-term to short-term under the caption "Accrual Expenses" (see Note 14).

As payment on the contract for the administrative concession of public domain for the construction and operation of hotel facilities in the Miramar building in Montjuïc Park over a period of 50 years, the City of Barcelona has received the sum of 4.027 million euros; in 2003, it will receive 1.983 million euros for such payments. Out of the unaccrued income for this entry as of December 31, 2002, 5.650 million euros is recorded under "Deferred Income," and

120 thousand euros, the amount falling due within less than one year, is recorded under "Accrued Expenses" (see Note 14). The City of Barcelona annually transfers the accrued sum for this revenue to the caption "Concessions and Special Uses," applying the straight-line method over the course of the 50 year concession period.

Note 13 - Payable to Public Agencies

This account can be broken down as follows:

Personal Income Tax and VAT	6,309
Social Security	16,675
Balance as of December 31, 2002	22,984

Note 14 - Accrued Expenses

The account "Accrued Expenses", listed under liabilities on the attached balance sheet, reflects the City of Barcelona's definite liabilities as of December 31, 2002, in accordance with their accrual periods and regardless of the date of requirement or payment on demand, as well as the capital transfers given to the City pending allocation. It has the following composition:

Unmatured Accrued Interests as of December 31, 2002	19,518
Bonus Payments to Be Made to Personnel in 2003 for Attendance and Punctuality in 2002, as well as the June Holiday Bonus	14,822
Capital Transfers (see Note 8)	208
Results of Municipal Agencies and Companies	779
Accruals for Assignment of Graves	426
Accruals for Depreciation on Assets Operated by Serveis Funeraris de Barcelona, SA	565
Prepaid Income on Can Tunis Nou Housing Intervention	4,808
Hotel Miramar Levies	120
Total	41,246

In 2002, 4.808 million euros of provisions for court cases and legal claims were reclassified as long-term provisions in keeping with their nature, since it is impossible to know exactly when they will mature or their possible amount.

Note 15 - Other Information

As of December 31, 2002, the guarantees provided by the City of Barcelona to cover credit operations came to 16.027 million euros.

The fees received by PricewaterhouseCoopers Auditores, S.L., and Gabinete Técnico de Auditoría y Consultoría, SA, for auditing services and the expenses incurred for the provision thereof in fiscal 2002 came to 476 thousand euros. Pursuant to the terms of the adjudication of the audit tender, these fees, invoiced to the City of Barcelona, include those of the municipal agencies and companies forming a part of the City group, and the appropriate portions thereof will be duly charged to each of them.

Note 16 - Statement of Revenue and Expenses for Fiscal 2002

16.1. Personnel Expenses

This entry includes the wages and salaries of City of Barcelona personnel, social security and other welfare expenses.

16.2. Welfare Benefits

Welfare benefits include, among other things, the 1.724 million euros paid by the City in 2002 as transfers to class D and E employees, as well as to the cleaning staff, parking attendants and night watchmen. Likewise, this entry includes the expenses accrued over fiscal 2002 derived from the Early Retirement Incentive Plan approved by the City Council Plenum on September 27, 2002, which amount to 2.080 million euros.

16.3. Work, Supplies and Subcontracted Services

This entry corresponds to the purchase of goods and services needed for municipal activities to run smoothly, as well as for the conservation and maintenance of investments. It includes the service contracts signed by the City of Barcelona with different private companies to ensure the city's good working order, such as those for garbage collection and street cleaning.

16.4. Current Transfers (expenses)

For those activities carried out by municipal agencies and companies corresponding to the provision of public services that fall within the ambit of the City, through their direct management as delegated by the City, pursuant to the terms of current legislation (the Law regulating base law for local legislation and the Regulations for the works, activities and services of local entities), the City transfers the budgetary financing. This is reflected in the caption "Current Transfers," listed under expenses on the attached statement of revenue and expenses.

Said transfer is established bearing in mind the suppositions of a balanced budget set out in the Law governing local taxation.

16.5. Capital Transfers (expenses)

This entry includes the contributions made by the City of Barcelona, out of its budget or on behalf of third parties, to municipal agencies, municipal companies and other third parties to finance investment processes.

16.6. Extraordinary Results

The extraordinary results can be broken down as follows:

	Expenses	Revenue
Pluriannual Transfers to HOLSA (see Note 2.3)	–	33,078
Free Receipts of Assets and Lot Redefinition (see Note 3)	–	17,470
Receipt of Investment Projects (see Note 3)	–	13,556
Sale of Properties (see Note 3)	–	59,149
Demolition and Disposal of Assets (see Note 3)	21,245	–
Free Assignments (see Note 3)	3,163	–
Non-capital Expenses for Deliveries	5,823	–
Other Extraordinary Results (Net Amount)	–	6,013
Net Extraordinary Result		99,035

16.7. Sales and Operating Revenue

This entry mainly includes the charges and public prices earned for the provision of services, as well as property rentals.

16.8. Revenue from Property and Business

The revenue from property and business essentially comprises holdings and profit-sharing, public prices for the private use or special operation of municipal assets in the public domain (such as parking lots, newsstands, outdoor tables for bars and restaurants, etc.), fines and other penalties for offenses.

16.9. Production-related Taxes

These taxes include the following: property tax, levied on property; tax on economic activities, levied on business, professional and artistic activities, in accordance with the type of activity, the space occupied and the location; taxes on construction, installations and works, levied according to the cost of the project for which the license has been solicited.

16.10. Income and Wealth Taxes

This caption includes the tax on motor vehicles, which is levied on their ownership, regardless of class or category.

16.11. Current Transfers (Revenue)

The share corresponding to municipalities in the Central Government's tax revenue is received through an unconditional transfer, called the Share in Central Government Revenue (PIE), intended to supplement the tax revenue collected by the local tax authorities. This entry also includes the earmarked transfers received from the Central Government, the autonomous community and the municipal agencies and companies.

16.12. Capital Taxes

The tax on the increase in land value is a direct tax levied on the increase in value that land might experience, made evident upon its transfer.

Note 17 - Statements of Changes in Financial Position for the 2002 and 2001 Fiscal Years

(in thousands of euros)

Application of Funds	Fiscal 2002	Fiscal 2001	Source of Funds	Fiscal 2002	Fiscal 2001
Financial Expenses for New Operations and Debt Substitution	918	10,758	Funds from Operations	410,290	366,085
Acquisition of Fixed Assets:			Sale of Tangible Fixed Assets	102,270	19,265
• Net Tangible Fixed Assets	590,827	256,360	Disposal of Financial Fixed Assets	2,237	–
• Financial Fixed Assets	1,205	5,710	Reductions in Capital	–	1,641
Redemption of Long-term Loans, Debentures and Received Loans	87,291	208,437	Capital Transfers	60,992	25,044
Pluriannual Transfers to HOLSA	33,078	29,438	Net Change in Long-term Guarantees and Deposits	1,094	853
Allocation of Long-term Provisions	–	240	Deferred Income	5,770	–
Reclassification of Accrued Revenue	1,111	–	Long-term Debts	200,102	120,202
			Reclassification of Long-term Provisions	4,808	–
Total Funds Applied	714,430	510,943	Total Funds Obtained	787,563	533,090
Sources of Funds in Excess of Applications of Funds (Increase in Working Capital)	73,133	22,147			
Total	787,563	533,090	Total	787,563	533,090

Change in Working Capital	2002		2001	
	Increase	Decrease	Increase	Decrease
Accounts Receivable	5,469	–	–	19,805
Accounts Payable	–	112,952	10,850	–
Cash	176,960	–	–	535
Accrued Expenses	3,656	–	31,637	–
Total	186,085	112,952	42,487	20,340
Increase in Capital	–	73,133	–	22,147

The funds obtained from operations were as follows:

(in thousands of euros)	2002	2001
Net Surplus for the Fiscal Year	333,281	305,699
Provision for Depreciation	45,256	44,325
Deferred Expenses (see Note 5)	6,418	2,909
Provisions for Fixed Assets Pending Classification (see Note 3)	42,659	32,196
Long-term Provisions (see Note 9)	15,005	21,035
Result of Security Portfolio (see Note 4)	–	270
Result of the Change in Property Assigned by Third Parties	–	(1,869)
Effect of the Assignment of the Hospital de la Santa Creu	–	(1,737)
Net Result of Disposals of Tangible Fixed Assets (see Note 16.6)	(28,918)	(35,727)
Capital Transfers Transferred to Results	(3,411)	(1,016)
Funds from Operations	410,290	366,085

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The City of Barcelona Group 2002 consolidated annual accounts

Translation of a report and accounts originally issued in Catalan and prepared in accordance with generally accepted accounting principles and standards for government entities in Spain (see Note 2.1). In the event of a discrepancy, the Catalan-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

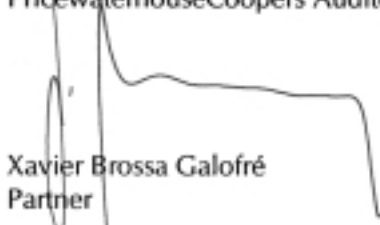
To the Mayor-President of
the Barcelona City Council:

We have audited the consolidated annual accounts of the BARCELONA CITY COUNCIL AND MUNICIPAL AGENCIES AND CITY-OWNED COMPANIES, which comprise the Consolidated Group, consisting of the consolidated balance sheet as of December 31, 2002, the consolidated statement of revenues and expenses, and the related notes to the consolidated annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Corporation. Our responsibility is to express an opinion on these consolidated annual accounts taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain which require the examination, on a test basis, of evidence supporting the consolidated annual accounts and evaluation of their overall presentation, the accounting principles used as applicable to governmental entities in Spain and the estimates made.

For comparative purposes only, the Directors of the Corporation have presented for each item of the consolidated balance sheet, the consolidated statement of revenues and expenses and the consolidated statement of changes in financial position, the corresponding amounts for the previous year as well as the amounts for 2002. Our opinion refers exclusively to the consolidated annual accounts for 2002. On April 18, 2002, Gabinete Técnico de Auditoría y Consultoría, S.A. jointly with another firm of auditors issued their audit report on the 2001 consolidated annual accounts in which they expressed an unqualified opinion.

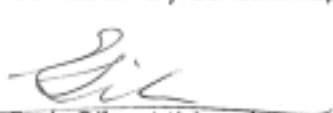
In our opinion, the consolidated accompanying annual accounts for the year 2002 give, in all material respects, a true and fair view of the net worth and financial position of the BARCELONA CITY COUNCIL AND MUNICIPAL AGENCIES AND CITY-OWNED COMPANIES (Consolidated Group) as of December 31, 2002, and of the results of its operations as reflected in the consolidated statement of revenues and expenses and its source and application of fund for the year then ended, and contain all the information necessary for their interpretation and comprehension, in conformity with generally accepted accounting principles and standards for governmental entities in Spain, applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers Auditores, S.L.


Xavier Brossa Galofré
Partner

April 9, 2003

PricewaterhouseCoopers Auditores, S.L. - R. M. Madrid, full
87-250-1, foli 75, tomo 9.267, llibre 8.054, secció 3ª
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Gabinete Técnico
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Enric Ribas Miràngels
Partner

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The City of Barcelona Group
Consolidated Balance Sheets as of December 31, 2002 and 2001

(in thousands of euros)

Assets		As of	
		December 31, 2002	December 31, 2001
	Note		
Intangible Fixed Assets	4 a)	44,193	30,715
Intangible Fixed Assets		54,404	38,055
Provisions and Depreciation		(10,211)	(7,340)
Tangible Fixed Assets and Infrastructures	4 b)	5,880,853	5,545,469
Tangible Fixed Assets		5,888,670	5,844,182
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties		(610,363)	(600,624)
Accumulated Depreciation and Provisions		(531,410)	(434,750)
Fixed Assets Pending Classification In Progress		929,701	499,328
Infrastructures and Assets for Public Use		4,424,549	4,319,112
Investments Assigned for Public Use		(4,424,549)	(4,319,112)
Investments for Public Use: HOLSA	3.3	204,255	237,333
Long-term Investments		73,069	82,337
Interests in Associated Companies	5	45,484	46,297
Other Financial Investments	6	27,585	36,040
Long-term Trade Receivable	3.6	35,805	37,678
Fixed Assets		6,033,920	5,696,199
Deferred Expenses	7	6,122	9,636
Inventories	3.5	38,727	40,033
Provisions		(2,512)	(3,133)
		36,215	36,900
Accounts Receivable	8	666,905	695,115
Provisions	8	(311,526)	(370,709)
		355,379	324,406
Short-term Financial Investments		14,478	33,495
Cash		254,945	65,510
Accrued Expenses		2,863	3,535
Current Assets		663,880	463,846
TOTAL ASSETS		6,703,922	6,169,681

Notes 1-20 of the attached annual report form an integral part of the consolidated balance sheet as of December 31, 2002.

The City of Barcelona Group

Consolidated Balance Sheets as of December 31, 2002 and 2001

(in thousands of euros)

Liabilities		As of December 31, 2002	As of December 31, 2001
	Note		
Capital		4,101,584	3,874,665
Net Worth	9.1	3,645,240	3,458,534
Net Worth		8,629,252	8,323,553
Property Assigned to Municipal Agencies and Third Parties		(610,363)	(600,624)
Property Delivered for Public Use		(4,424,549)	(4,319,112)
Property Assigned by Municipal Agencies and Third Parties		50,900	54,717
Income allocable to the City of Barcelona	9.2	346,119	296,867
Consolidated Income		351,502	303,022
Income Allocable to Minority Interests	11	(5,383)	(6,155)
Consolidation Reserves	10	110,225	119,264
Minority Interests	11	57,908	60,300
Capital Transfers	12	242,225	196,465
Deferred Income	13	85,137	75,433
Provisions for Contingencies and Expenses	14	61,101	58,311
Long-term Loans and Debentures	15	1,324,197	1,186,702
Long-term Guarantees and Deposits		9,174	7,407
Other Long-term Payables	3.6	40,094	43,709
Pluriannual Transfers to HOLSA	3.3	204,255	237,333
Long-term Liabilities		6,125,675	5,740,325
Bank Debt	15	3,154	6,038
Accounts Payable		355,047	233,701
Payable to Public Agencies	16	55,098	37,389
Other Non-trade Payables		121,503	111,395
Accrued Expenses	17	43,445	40,833
Current Liabilities		578,247	429,356
TOTAL LIABILITIES		6,703,922	6,169,681

Notes 1-20 of the attached annual report form an integral part of the consolidated balance sheet as of December 31, 2002.

The City of Barcelona Group

Consolidated Statement of Revenue and Expenses for the Year Ended December 31, 2002 and 2001

(in thousands of euros)

		2002	2001		2002	2001
Expenses	Note	1,426,494	1,311,031	Revenue	Note	1,809,051
Supplies and Other External Expenses		46,201	41,712	Production-related Taxes	19.4	488,873
Personnel Expenses	19.1	481,799	459,789	Income and Property Taxes	19.5	76,197
Work, Supplies and Services	19.2	443,648	386,420	Capital Taxes	19.6	77,840
Current and Capital Transfers	19.3	302,736	274,083	Revenue from Property and Business	19.7	189,874
Depreciation and Amortization	4	66,368	64,698	Sale of Services	19.8	246,354
Provision to Allowance for Bad Debts				Current Transfers	19.9	695,802
and Others	8	85,742	84,329	Change in Inventories		1,079
				Other Operating Revenue		33,032
Result (Before Financial Result)		382,557	374,180	Financial Revenue		17,115
Financial Expenses		87,871	101,627	Net Financial Result		70,756
Share in Operating Results of Companies						
Accounted for by the Equity Method	2.2	621	228			
Operating Result		311,180	291,162			
Extraordinary Expenses	19.10	94,776	79,411	Extraordinary Revenue	19.10	143,617
Net Extraordinary Income		48,841	19,003			98,414
Consolidated Surplus Before Tax		360,021	310,165			
Corporate Income Tax	16	8,519	7,143			
Consolidated Surplus For The Fiscal Year		351,502	303,022			
Resultats Surplus Allocated to Minority Interest	11	5,383	6,155			
Surplus For The Year Allocated To The City Of Barcelona		346,119	296,867			

Notes 1-20 of the attached annual report form an integral part of the statement of revenue and expenses as of December 31, 2002.

City of Barcelona and Its Municipal Agencies and Companies

Notes To The Consolidated Annual Statements for the Year Ended December 31, 2002

Note 1 - The Nature of The Consolidated Group

The City of Barcelona Group is comprised of the City of Barcelona, its municipal agencies and municipal companies that complement the City's activities through functional specialization and management improvement in order to offer maximum efficiency within public services.

Note 2 - Basis of Presentation and Consolidation Principles

2.1. Accounting Policies

The consolidated annual accounts are drawn up based on the audited individual annual accounts of each of the consolidated entities. The annual accounts of the City of Barcelona and its municipal agencies are prepared according to the accounting principles set out for public administrations in current spanish legislation, in particular:

- a) Law 7/1985, of April 2, regulating base law for local legislation.
- b) Royal Decree Law 781/1986, of April 18, approving the amendment to current provisions for local legislation.
- c) Law 8/1987, of April 15, on municipal and local legislation in Catalonia.

- d) Law 39/1988, of December 28, governing local taxation.
- e) Royal Decree 500/1990, implementing Law 39/1988.
- f) The Local Government Accounting Standards, of July 17, 1990.
- g) Documents on accounting principles issued by the Commission on Public Accounting Principles and Standards, created by Resolution of the State Secretariat for the Treasury on December 28, 1990.
- h) Order, of June 28, 1999, on the implementation of Decree 94/1995, of February 21, on the financial protection of local entities.

The annual accounts of the municipal companies are drawn up in accordance with the Corporations Law, as amended, and with the directives set out in the Spanish National Chart of Accounts, approved by Royal Decree 1643/90.

The figures contained in the documents comprising these annual statements and accounts are expressed in thousands of euros, save where otherwise specified.

The consolidated balance sheet has basically been drawn up according to the models established by the Local Government Accounting Standards, of July 17, 1990. By contrast, the statement of revenue and expenses has been drawn up in more detail than that required by said Standards, for the purpose of providing more thorough information on

revenue and expenses and, thereby, offering a faithful rendering of the net worth and financial position of the City of Barcelona and the results of its operations over the fiscal year, in accordance with the accounting principles and standards applied in the sphere of public administration accounting.

The budget settlements corresponding to the City of Barcelona and its municipal agencies were approved by the Decrees issued by the

Mayor's Office on February 28, 2003. The General Account of the City of Barcelona and its municipal agencies, as well as the annual accounts of the municipal companies, will be submitted to the City Council Plenum for approval within the established statutory period.

2.2. Consolidation Principles

The fully consolidated municipal agencies and municipal companies are as follows:

Name	Interest Held (%)	Net Worth as of 12/31/02, Before Results (1)	Fiscal 2002 Result (1)	Technical Book Value as of 12/31/02 (1)	Book Value of the Holding (*)
Municipal Agencies					
Patronat Municipal de l'Habitatge	100	35,437	473	35,910	19,086
Institut Municipal de Persones amb Disminució	100	763	56	819	698
Fundació Mies Van der Rohe	100	6,071	87	6,158	947
Institut Municipal d'Informàtica	100	(179)	279	100	-
Institut Municipal d'Urbanisme	100	1,441	113	1,554	562
Institut Municipal d'Hisenda	100	3	20	23	2
Institut Municipal de Mercats	100	5,094	49	5,143	-
Institut Municipal de Parcs i Jardins	100	1,269	171	1,440	-
Institut Municipal d'Educació	100	4,383	390	4,773	257
Institut de Cultura de Barcelona	100	1,732	89	1,821	182
Institut Municipal de Salut Pública	100	879	6	885	-
Institut Municipal del Paisatge Urbà i Qualitat de Vida	100	1,220	7	1,227	-
Subtotal Municipal Agencies		58,113	1,740	59,853	21,734
Municipal Companies					
Barcelona de Serveis Municipals, SA (2)	100	55,833	6,264	62,097	15,391
Parc Zoològic de Barcelona, SA	100	2,102	263	2,365	2,060
Informació i Comunicació de Barcelona, SA	100	1,440	12	1,452	1,415
Barcelona Promoció Instal·lacions Olímpiques, SA	100	4,453	83	4,536	1,837
Barcelona Activa, SA	100	2,131	86	2,217	2,012
Pro Nou Barris, SA	100	125	389	514	60
Infraestructures del Llevant de Barcelona, SA	100	91	38	129	61
22 Arroba Bcn, SA	100	62	100	162	61
Societat Municipal Barcelona Gestió Urbanística, SA	100	129	145	274	61
Promoció Ciutat Vella, SA	100	10,217	(150)	10,067	9,059
Tractament i Selecció de Residus, SA (3)	58.64	28,158	806	28,964	22,786
Serveis Funeraris de Barcelona, SA (4)	51.00	1,877	2,104	3,981	1,532
ProEixample, SA	51.00	3,454	168	3,622	3,065
Foment de Ciutat Vella, SA	51.00	3,121	96	3,218	3,065
Mercabarna, SA	50.68	26,847	1,042	27,889	11,954
Subtotal Municipal Companies		140,040	11,446	151,486	74,419
Total		198,153	13,186	211,349	96,155

(*) Included in the individual financial statements of the City of Barcelona as of December 31, 2002.

(1) Adjusted according to the proportion of the interest held.

(2) Consolidated data on the Barcelona de Serveis Municipals Group, which includes, in addition to the parent company, the companies Parc d'Atraccions Tibidabo, SA, and Tecnologies Urbanes de Barcelona, SA, fully-owned subsidiaries of the company.

(3) Includes the companies Selectives Metropolitanes, SA, and Solucions Integrals per als Residus, SA, fully-owned subsidiaries of the company.

(4) Attributable fiscal 2002 result after interim dividend.

Pursuant to article 289.2 of Decree 179/1995, of June 13, approving the Regulations for the works, activities and services of local entities, once the periods of life stipulated in the by-laws of the mixed-capital companies Mercabarna, SA, Proeixample, SA, and Foment de Ciutat Vella, SA, have expired, all of their assets in conditions of normal use, as well as their liabilities, will revert to the City of Barcelona. Likewise, the assets and liabilities for the provision of cemetery and cremation services will revert to the City of Barcelona once the term of management assigned to Serveis Funeraris de Barcelona, SA, has expired.

The changes in the values shown in the previous table produced over fiscal 2002 are due to the following:

- By resolution of the City Council Plenum on December 20, 2002, the entity theretofore known as Societat Municipal d'Aparcaments i Serveis, SA, is now called Barcelona de Serveis Municipals, SA. On March 19, 2002, this company acquired all of the shares in the company Parc d'Atraccions Tibidabo, SA, which manages the premises of the same name. The data given in this note correspond to the consolidated annual accounts of Barcelona de Serveis Municipals, SA, and its municipal subsidiaries, Parc d'Atraccions Tibidabo, SA, and Tecnologies Urbanes de Barcelona, SA. With regard to the previous fiscal year, the interest of Barcelona de Serveis Municipals,

SA, in the company Hotel Miramar, SA, is now 10%, rather than 100%. This is due to the increase in the capital of said company, mainly underwritten by the company that was awarded the concession contract to manage the facility.

- To culminate the process of liquidation of Promoció Ciutat Vella, SA, as set forth in its by-laws, the company acquired the final 25% of the class-B shares belonging to private shareholders in order to exercise their redemption and effect the ensuing reduction in capital. At the same time, the City of Barcelona purchased the shares belonging to the Diputació de Barcelona (Barcelona Provincial Council), thereby becoming the company's sole shareholder. In its session of October 25, 2002, the City Council Plenum, as sole company shareholder, approved the full assignment of the company's assets and liabilities to the City of Barcelona and the initiation of company liquidation proceedings.
- The company Infraestructures 2004, SA, changed its name to Infraestructures del Llevant de Barcelona, SA.

The entities consolidated by the equity method (as the City of Barcelona holds more than 20% of their share capital but is not a majority or controlling shareholder) include the following mixed-capital companies:

Name	Interest Held %	Net Worth as of 12/31/02 Before Results (1)	Fiscal 2002 Result (1)	Technical Book Value as of 12/31/02 (1)	Book Value of the Holding (*)
Barcelona Holding Olímpic, SA (HOLSA) (2)	49.00	43,864	(573)	43,291	44,170
Barcelona Emprèn, SCR, SA (2) (3)	29.27	1,879	(52)	1,827	1,503
Barcelona Regional, AMDUI, SA (2) (4)	20.63	362	4	366	270
Total		46,105	(621)	45,484	45,943

(*) Included in the individual financial statements of the City of Barcelona as of December 31, 2002.

(1) Adjusted according to the proportion of the interest held.

(2) Audited annual accounts for fiscal 2002.

(3) The City of Barcelona holds a direct interest of 24.39% and an indirect interest, through the Institut de Cultura de Barcelona (Barcelona Culture Agency), of 4.88%.

(4) The City of Barcelona holds a direct interest of 17.65% and an indirect interest, through Mercabarna, SA, of 2.98%.

With regard to the previous fiscal year, Barcelona Holding Olímpic, SA, has fully absorbed what until then had been its partially-owned subsidiary, Nisa Hol, SA.

The remaining interests of less than 20% held by the City of Barcelona in corporations, as well as its interests in metropolitan entities, associations of municipalities, consortia and foundations, are not subject to consolidation as there exist no long-term financial investments that give rise to a fixed and established degree of dependence. Instead, they are assessed as explained in Note 3.4.

When applying consolidation methods, the following principles are borne in mind:

- a) Third parties holding interests in the Group (mixed companies) are considered minority interests.
- b) All significant balances and transactions between consolidated entities are eliminated in the process of consolidation.
- c) All significant aspects of the entries included in the individual annual accounts of the

entities comprising the consolidated group are subject to prior homogenization, both with regard to temporary provisions, where applicable, and to the assessment criteria applied.

Note 3 - Valuation Criteria

The most significant accounting criteria applied in the preparation of the annual accounts are the following:

3.1. Tangible and Intangible Fixed Assets

a) Intangible Fixed Assets

Intangible fixed assets basically included:

- Administrative concessions. These mainly correspond to the concessions granted by third parties to Barcelona de Serveis Municipals, SA, and refer to the five parking lots currently in use, the Barcelona Nord bus station and the shopping center at the Hospital del Mar. Concession periods range from 30 to 50 years. These rights are recorded at the purchasing value of the

assets to which they correspond, which primarily includes the cost of constructing the aforementioned parking lots and facilities.

- Data-processing programs. These are recorded at their purchasing price. Maintenance expenses are recorded as they occur through debits to the results.

The annual provision for the depreciation of administrative concessions is calculated by applying the straight-line method to the useful life of the corresponding assets, beginning one month from when the asset in question is put into use, as shown in the following chart:

	Estimated Years of Useful Life
Civil Works	49
Machinery, Installations, Tools and Furniture	12-15

For those assets operated under concession whose useful life is greater than the concession period, the corresponding provisions are made for reversion funds, for the purpose of covering the net book value of the revertible assets on the date of reversion (see Note 14).

The annual provision for the depreciation of data-processing applications is calculated applying the straight-line method to their useful life, which is estimated at 4 years.

b) Tangible Fixed Assets

These include the city’s assets and those in the public domain directly assigned for the provision

of public services, which together comprise the City Group’s long-term investments.

Attention should be drawn to the following assessment criteria for tangible fixed assets:

City of Barcelona

- Lands and Buildings. Additions made prior to January 1, 1992, are assessed according to an expert estimate of the current real market value made by an independent appraisal company. For properties of historic-artistic interest, this value is equivalent to the cost of replacement. To this end, with regard to non-financial fixed assets, the document on accounting principles issued by the Commission on Public Accounting Principles and Standards defines replacement value as “the sum of the expenses necessary for the construction of an asset of identical nature and characteristics. In the case of buildings declared to be of historic-artistic interest, this value shall be that of reconstruction.” Subsequent additions are assessed at their purchasing price or, in case of buildings received free of charge, at their appraised values.
- Machinery, Installations, Data-processing Equipment and Vehicles. These are listed at their purchasing price.
- Fixed Assets Pending Classification. Additions are assessed at their purchasing price or cost of construction and are transferred to the “Property Delivered for Public Use” caption under tangible fixed assets upon completion of the investments they require.

Municipal Agencies and Companies

- Tangible fixed assets are valued at their purchasing price, except for those corresponding to Mercabarna, SA, and Promoció Ciutat Vella, SA. With regard to the former, these values are restated pursuant to the terms of State Budget Laws 50/1979, 74/1980 and 9/1983 and Royal Decree Law 7/1996, which, in 1996, signified an impact of 24.281 million euros. As of December 31, 2002, the net effect was 18.226 million euros, entailing a charge to the caption "Provision for Depreciation of Fixed Assets" on the 2002 statement of revenue and expenses for the amount of 635 thousand euros; the charge to this caption for 2003 is estimated at 626 thousand euros. With regard to the latter, the value recorded for the caption "Lands and Buildings" corresponds to the appraisal made by an independent expert in preparation of the company's liquidation balance sheet and the assignment of its assets and liabilities to the City of Barcelona (see Note 2.2).

Repairs not contributing to an extension of the useful life, as well as maintenance costs are charged directly to the statement of revenue and expenses. The cost of any enlargements or improvements extending the useful life of an asset is capitalized as an increase in its value.

The annual provision for the depreciation of tangible fixed assets is calculated by applying the straight-line method to each asset's estimated useful life, basically beginning one month upon its incorporation into the inventory. The annual provision for the depreciation of

movable assets is calculated beginning January 1, the year following their addition.

	Estimated Years of Useful Life
Buildings	33-65
Technical Installations and Machinery	8-16
Vehicles	5-10
Fittings	6-13
Data-processing Equipment	4-6
Other	8-10

The City of Barcelona's process of economic depreciation began in 1992. The estimated years of useful life corresponding to the caption "Buildings" are determined according to the criteria of the aforementioned independent appraisal company.

For properties with historic-artistic value, depreciation is calculated based on the cost of the fixed assets that would be required to replace them in terms of their capacity and usefulness. Therefore, the portion of the book value corresponding to the historic-artistic component of these structures, which amounts to 215.081 million euros, has been excluded from the calculation, in accordance with the aforementioned independent appraisal. This treatment is justified by the fact that the said historic-artistic component is subject to maintenance, which guarantees its permanent value.

3.2. Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties

The caption "Tangible Fixed Assets Assigned by Municipal Agencies and Third Parties" shows

the book value of those assets freely assigned by the City of Barcelona to its municipal agencies and companies or to third parties for their operation or use, respectively.

When an asset is assigned, the retirement is recorded through a charge to the heading "Property Assigned to Municipal Agencies and Third Parties" on the balance sheet (see Note 9.1) and, thus, it ceases to be amortized.

3.3. Investments in Infrastructure and Assets for Public Use

The property delivered for public use includes the thoroughfare infrastructure (roads, pavement, sidewalks, public lighting, signs), large facilities for public services (sewers and utility supplies), green spaces, trees, gardens and, in general, all assets constituting public property delivered for the public use of citizens.

Those additions made prior to January 1, 1992, are assessed according to the criteria described in Note 3.1.b. Subsequent additions are assessed at their purchasing price.

Upon completion of the investments in infrastructures and property for public use, their retirement is registered on the balance sheet with a charge to the "Property Delivered for Public Use" caption (see Note 9.1).

For the purposes of presentation, the assets caption on the balance sheet shows the assets assigned to municipal agencies or third parties for public use, as well as the corresponding compensatory sums to reflect their retirement. Likewise, Note 4.b) reflects the movements registered under these captions over the year.

Rule 220.2 of the Local Administration Accounting Standards states that, exceptionally, investments may be retained in the balance sheet even though they have been completed and assigned for public use. On December 31, 1994, in light of the extraordinary nature of the Olympic investments received from HOLSA, the City of Barcelona invoked this exception. Consequently, the assignment of these investments for public use, for an initial cost of 353.533 million euros, will be debited to the caption "Property Delivered for Public Use" and credited to the caption "Investments Assigned for Public Use" over a period of time similar to that which would have applied had they been ordinary investments. This period reflects the rate of reduction in associated liability, which is recorded under the caption "Pluriannual Transfers to HOLSA" on the attached balance sheet.

The balance of the caption "Pluriannual Transfers to HOLSA" was reduced by 33.078 million euros in 2002 with a credit to extraordinary results (see Note 19.10). This corresponds to the amount of HOLSA debts as of December 31, 2002. In addition, the accounts "Property Delivered for Public Use" and "Investments Assigned for Public Use" were debited and credited, respectively, for the aforementioned costs (see Note 4.b)).

3.4. Investments and Short-term Financial Investments

Equity securities representing more than 20% of the share capital in dependent companies that are not fully consolidated are assessed by applying the equity method criteria mentioned in Note 2.2 to the audited annual accounts.

All other securities are recorded on the balance sheet at their purchasing price. The differences between the book values and technical book values of those shareholdings to experience substantial losses as of December 31, 2002, are provided for in the attached statements and accounts.

Short-term financial investments are registered at their purchasing price.

3.5. Inventories

Inventories as of December 31, 2002, mainly correspond to lands to be used for construction activities and real estate promotions, both currently underway and completed, which are recorded at their purchasing price or production cost, depending on the direct costs incurred.

Where appropriate, the necessary provision for depreciation is used to reduce these values to their real market value.

3.6. Accounts Receivable

These are recorded at their nominal value. An allowance has been established to cover bad debts, based on the following criteria:

- In the case of the City of Barcelona, the provision for bad debt is determined by applying the collectibility ratio estimated by the City based on its past experience to the tax receivables currently under forcible collection and the receivables for fines in both the voluntary and enforced collection periods.
- In the case of municipal agencies and companies, this allowance is made for those

receivables whose recovery is deemed uncertain.

- The caption "Long-term Trade Receivables" on the attached consolidated balance sheet includes the debts to be collected. They are recorded at their nominal value, due to their correlation to the caption "Other Long-term Accounts Payable" under liabilities on the balance sheet. The maximum maturity date of these debts is 2035.

3.7. Capital Transfers

The following criteria are applied to record received capital transfers, in accordance with the applicable legislation:

- Upon their concession, transfers are temporarily credited to accrual accounts until the investments to which they corresponded are made (see Note 17).
- As these investments are made, the transfers are shifted to the caption "Capital Transfers" under liabilities on the balance sheet. For appraisals of the Group's net worth, these transfers should be considered to be additional net worth as of December 31, 2002.
- Moreover, the City of Barcelona's dependent entities annually shift a portion of the transfers received to extraordinary results, depending on the depreciation rate of the assets they finance.

3.8. Deferred Income

Early collection on amounts deferred to years subsequent to the year of collection is recorded

under the caption "Deferred Revenue" (see Note 13), save for the portion of such amounts that have been deferred to the immediately following year, which are recorded under the caption "Accrual Accounts" (see Note 17) under liabilities on the balance sheet prior to being credited to results.

3.9. Classification of Long- and Short-term Debts

On the attached balance sheet, debts maturing in over 12 months are classified as long-term debts, and debts maturing in less than 12 months are classified as short-term debts.

3.10. Foreign Loans and Debentures

As of December 31, 2002, the foreign currency risk for those operations initially taken out in foreign currencies has been hedged through swaps for the entire duration of each operation. As a result, they have no future effects for the Group's statement of revenue and expenses.

3.11. Revenue and Expenses

Revenue and expenses are primarily recorded in the statement of revenue and expenses in the fiscal year in which they occur, depending on the real flow of assets and services they represent and independently of the timing of the monetary or financial flow from which they are derived, except for those capital grants and transfers derived from agreements or conventions requiring the treatment described in sections 3.7 and 3.12, respectively.

3.12. Transfers Derived from Agreements and Conventions

To record the expenses for transfers stemming from agreements subscribed by different parties, be they collaborative agreements, cooperative agreements, contract-programs, or other similar agreements signed to co-finance or develop specific projects or activities (including capital transfers to offset accumulated negative results), the grantor's obligation to pay arises at the moment when the debt matures and is liquid and payable on demand, in other words, when the requirements for payment have been met. The recognition of the grantor's payment obligation is recorded upon passage of the resolution by which the beneficiary's right to collect is recognized and quantified (approval of the budget for the fiscal year).

3.13. Provisions for Contingencies and Expenses

The balance of this caption reflects the provisions established to cover the economic costs of contingent or probable debts, as well as provisions recorded by dependent companies to cover their pension commitments.

3.14. Employee Termination Indemnities

Incentives for voluntary retirement are recorded under the caption "Social Services" on the statement of revenue and expenses.

3.15. Corporate Tax

Pursuant to article 9 of Law 43/1995, on the corporate tax, the City of Barcelona and its municipal agencies are exempt from this tax.

Moreover, article 146 of said law prohibits the withholding of profits obtained by such entities.

For municipal companies, the corporate tax is calculated based on their book result, which need not necessarily be the same as their fiscal result, the latter being construed as the taxable income for the tax, given that the corresponding long-term differences are taken into account. Pursuant to article 32 of Law 43/1995, on the corporate tax, and article 25 of the Law on local taxation, private municipal companies are eligible for a 99% rebate on the taxes paid on their earnings from activities classified as public service under this legislation.

3.16. Environment

Expenses derived from actions intended to protect and improve the environment are recorded, where applicable, as expenses in the year they are incurred. This notwithstanding, should they entail incorporations to tangible fixed assets as a result of actions to minimize impacts on the environment or to protect and improve it, they are recorded as increased value of the fixed asset in question.

3.17. Consolidated Goodwill

The attached consolidated balance sheet includes goodwill less amortization for the amount of 1.982 million euros. These funds stem from the positive consolidation difference arising between the amount paid for the acquisition of the shares in the company Parc d'Atraccions Tibidabo, SA, and this company's net worth on the date of its acquisition (see Note 2.2).

Goodwill is amortized linearly over a period of 20 years, as this is the period for which it is estimated that it will contribute to the obtaining of profits for the group.

Note 4 - Intangible Fixed Assets, Tangible Fixed Assets and Infrastructures

Intangible Fixed Assets

The movement registered in the different accounts under intangible fixed assets was as follows:

	12/31/01	Additions	Retirements	Transfers	12/31/02
Start-up Expenses	240	5	(193)	(3)	49
Research and Development Expenses	313	608	–	–	921
Concessions, Patents, Licenses and Trademarks	32,651	1,373	(7,794)	18,623	44,853
Transfer Rights	–	–	–	–	118
Data-Processing Applications	3,600	1,524	–	325	5,449
Rights on Goods under Financial Leasing	830	2,297	–	(1,297)	1,830
Other	421	19,850	(341)	(18,628)	1,184
Intangible Fixed Assets	38,055	25,657	(8,328)	(980)	54,404
Accumulated Depreciation	(7,340)	(5,170)	1,951	348	(10,211)
Net Intangible Fixed Assets	30,715	20,487	(6,377)	(632)	44,193

The main entry under the caption “Concessions” (20.679 million euros) corresponds to the parking lots managed by Barcelona de Serveis Municipals, SA, (see Note 3.1.a)), the cumulative depreciation of which came to 5.504 million euros.

The following items had been completely written off as of December 31, 2002:

	Thousands of Euros
Research and Development Expenses	858
Data-Processing Applications	812
Concessions, Patents and Trademarks	2,255
Total	3,925

b) Tangible Fixed Assets and Infrastructures

The movement registered in the different accounts for tangible fixed assets and infrastructures was as follows:

	12/31/01	Additions	Retirements	Transfers	12/31/02
Lands and Buildings (*)	5,046,136	32,681	(105,977)	40,562	5,013,402
Fixed Assets Assigned to Municipal Agencies and Third Parties	600,624	4,565	–	5,174	610,363
Lands and Properties	5,646,760	37,246	(105,977)	45,736	5,623,765
Vehicles	10,487	1,691	–	(542)	11,636
Machinery, Equipment, Installations and Tools	103,019	45,520	(5,459)	10,650	153,730
Data-processing Equipment	40,531	1,316	(3,289)	8,401	46,959
Office Furniture and Equipment	39,445	6,360	(834)	2,239	47,210
Other	3,940	2,814	(2,584)	1,200	5,370
Other Fixed Assets	197,422	57,701	(12,166)	21,948	264,905
Total Tangible Fixed Assets	5,844,182	94,947	(118,143)	67,684	5,888,670
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties	(600,624)	(4,565)	–	(5,174)	(610,363)
Fixed Assets Pending Classification	499,328	646,224	(76,444)	(139,407)	929,701
Infrastructures and Assets for Public Use	4,319,112	245	(3,569)	108,761	4,424,549
Investments Assigned for Public Use	(4,319,112)	(245)	3,569	(108,761)	(4,424,549)
Investments for Public Use: HOLSA	237,333	–	–	(33,078)	204,255
Gross Tangible Fixed Assets and Infrastructures	5,980,219	736,606	(194,587)	(109,975)	6,412,263
Accumulated Depreciation and Provisions	(434,750)	(107,457)	11,145	(348)	(531,410)
Net Tangible Fixed Assets and Infrastructures	5,545,469	629,149	(183,442)	(110,323)	5,880,853

(*) In accordance with applicable legislation, group entities record the value of lands containing any type of building under the caption "Buildings." This caption includes 2,626,171,000 euros, as of December 31, 2002, and 2,644,640,000 euros, as of December 31, 2001, corresponding to the value of lands containing buildings.

The additions made over the fiscal year include, among others:

- Assets received through free assignment or the redefinition of lots, for an amount of 17.470 million euros, credited as revenue under the caption "Extraordinary Results" on the attached statement of revenue and expenses (see Note 19.10).
- Movables assigned to the City of Barcelona by the Institut Municipal d'Educació

(Municipal Education Agency) and the Institut Municipal d'Informàtica (Municipal Agency of Information Technology), for the amounts of 328 thousand euros and 337 thousand euros, respectively (see Note 9.1).

- Investments in the process of being incorporated into the City's Asset Inventory, investments in movables and actions carried out by decentralized entities pursuant to the terms of the Decree issued by the Mayor's Office on April 3, 1997. Out of the

investments made by municipal agencies and companies, the sum of 13.556 million euros has been credited to the attached statement of revenue and expenses under positive extraordinary results (see Note 19.10).

- Investments in lands and facilities, for the respective amounts of 11.133 and 14.322 million euros, made by Parc d'Atraccions Tibidabo, SA, which has been fully incorporated into Barcelona de Serveis Municipals, SA, since March 2002.
- TERSA investments in the execution of optimization work at the waste treatment plant with energy recovery facilities in Sant Adrià de Besòs, the completion of the plant's new offices and the renovation of different elements, for a total of 23.259 million euros.

The disposals carried out over the fiscal year primarily include:

- The demolition and disposal of assets for restatements for the amount of 26.265 million euros, producing a negative extraordinary result of 21.245 million euros (see Note 19.10). Likewise, the sale of different municipal buildings, valued at 45.037 million euros, giving rise to a positive extraordinary result of 59.149 million euros (see Note 19.10).
- Disposal of property received in assignment, for the amount of 4.482 million euros (see Note 9.1).
- The free assignments of the Garraf Dump and of a lot for the enlargement of the Palau de la Música Catalana (Catalan Music Hall).

- The retirement of completely written-off elements affected by the optimization project at the waste treatment plant with energy recovery facilities in Sant Adrià de Besòs, the disposal of investments belonging to this plant and the sale of an oven belonging to the Montcada i Reixac plant for a total of 5.173 million euros.
- Retirement derived from the restatement of the value of the lands and buildings belonging to Promoció Ciutat Vella, SA, carried out by an independent expert, as part of the initiation of the company's liquidation process (see Note 2.2).

The net balance of the transfers made over the fiscal year is basically offset by the net worth accounts (see Note 9.1), primarily as a result of the deliveries for public use, for the amount of 108.761 million euros, of the thoroughfare infrastructure and of the large facilities for public services, green spaces, etc.

As of December 31, 2002, the following items had been completely written off:

	Thousands of Euros
Buildings	98
Vehicles	4,712
Machinery, Equipment, Installations and Tools	20,142
Data-processing Equipment	7,741
Office Furniture and Equipment	4,397
Other	2,532
Total	39,622

As of December 31, 2002, the caption "Fixed Assets Pending Classification" included 56

million euros corresponding to investments made up to that date in the construction of infrastructures for the marina in the area where the events of the Barcelona Universal Forum of Cultures 2004 will be held. Said marina is an assignment from the Directorate General of Ports and Transports of the Generalitat of Catalonia; therefore, any investments made for its construction will be classified as "Intangible Fixed Assets" once the project has been completed. Upon conclusion of the assignment period in 2031, those buildings, facilities and other elements affecting port services will revert to the port authority.

The additions registered under accumulated depreciation correspond to the provision for the depreciation of tangible fixed assets in 2002, for the amount of 61.198 million euros. The disposals registered under accumulated depreciation correspond to the sale, transfer and demolition of assets, for the amount of 11.145 million euros, and to the restatement of the value of the buildings belonging to Promoció Ciutat Vella, SA, for the amount of 4.640 million euros, a fact which moreover entails the elimination of the provision made by the company for the sum of 5.623 million euros.

The provision for the depreciation of fixed assets pending classification, for the amount of 42.659 million euros, corresponds to the estimated amount invested in property to be delivered for public use that cannot be

inventoried by the City of Barcelona, specifically, the investments being made in the area where the events of the Barcelona Universal Forum of Cultures 2004 will be held.

Note 5 - Interests in Associated Companies

This heading reflects the investments made in dependent companies that could not be fully consolidated, but, rather, were consolidated by the equity method, as shown in the following chart:

Barcelona Holding Olímpic, SA (HOLSA)	43,291
Barcelona Emprèn, SCR, SA	1,827
Barcelona Regional, AMDUI, SA	366
Total	45,484

Note 6 - Other Financial Investments

The balance of this caption reflects the interests of less than 20% held in different companies by the City of Barcelona and the entities belonging to its Group, as well as other credits and long-term deposits and guarantees, as shown in the following chart:

Investment Portfolio	20,811
Deposits and Guarantees	1,152
Other Long-term Loans	5,622
Total	27,585

The securities portfolio can be broken down as follows:

	Net Book Value of the Holding as of 12/31/01	Additions	Retirements	Transfers	Net Book Value of the Holding as of 12/31/02	% of Interest held by the City of Barcelona as of 12/31/02
Fira 2000, SA	6,010	–	–	–	6,010	8.33
Catalana d'Iniciatives, CR, SA	4,131	–	–	–	4,131	10.45
Túnels i Accessos de Barcelona, SA	3,568	–	–	–	3,568	2.82
Nexus Capital, SA	1,613	–	–	–	1,613	10.45
Ecoparc de Barcelona, SA	1,202	270	–	–	1,472	11.73
Ecoparc del Besòs, SA	771	–	–	–	771	5.86
Ecoparc del Mediterrani, SA	–	960	–	–	960	11.73
Clavegueram de Barcelona, SA	631	–	–	–	631	17.50
Hotel Miramar, SA	65	603	–	–	668	10.00
Barcelona Tecnologia, SA	174	–	–	–	174	10.74
Other	767	60	(14)	–	813	–
Total Investment Portfolio	18,932	1,893	(14)	–	20,811	

The interests in the companies Ecoparc de Barcelona, SA, Ecoparc del Besòs, SA, and Ecoparc del Mediterrani, SA, are held through Tractament i Selecció de Residus, SA, in which the City of Barcelona holds a majority interest. The interest in Hotel Miramar, SA, is held

through Barcelona de Serveis Municipals, SA, a member company of the City group.

Other long-term credits can be broken down as follows:

Public Treasury Receivable for Early Corporate Tax	2,891
Long-term Accounts and Receivables from Mercabarna, SA	2,482
Promoció Ciutat Vella, SA, receivables maturing in 2019	249
Total	5,622

Note 7 - Deferred Expenses

The balance of this caption corresponds, on the one hand, to note and bond issue and loan arrangement expenses, which registered the following movements:

Loan Arrangement Expenses	
Balance as of December 31, 2001	9,574
Expenses for the Execution of New Operations (Note 15)	918
Allocation to Results as Financial Expenses	(6,418)
Balance as of December 31, 2002	4,074

On the other hand, it includes the goodwill stemming from the acquisition, on March 19, 2002, of 100% of the share capital of Parc d'Atraccions Tibidabo, SA, by Barcelona de Serveis Municipals, SA, (see Note 2.2). This goodwill stems from the positive consolidation difference arising between the amount paid for

the acquisition of the shares and the net worth of the acquired company, and it will be amortized linearly over a period of 20 years, as this is the period for which it is estimated that it will contribute to the obtaining of profits for the group. The movement registered under this caption in 2002 was as follows:

Goodwill	
Balance as of December 31, 2001	-
Goodwill Obtained from the First Consolidation	2,068
Amortization for the Year	(86)
Balance as of December 31, 2002	1,982

The remainder of the balance for this caption, 66 thousand euros as of December 31, 2002,

corresponds to the financial expenses of financial leasing operations.

Note 8 - Accounts Receivable

Accounts receivable are classified as follows:

a) By the City of Barcelona	565,674
Direct Taxes	267,798
Indirect Taxes	3,802
Charges and Other Revenue	183,150
Current Transfers	60,915
Capital Gains	11,738
Disposal of Real Investments	5,374
Capital Transfers	30,165
Other	2,732
b) By Municipal Agencies and Companies	101,231
Total Receivable	666,905

The amounts and movements registered in the account for the provision for bad debts were as follows:

Balance as of December 31, 2001	370,709
Amount Charged to Statement of Revenue and Expenses	81,019
Bad Debts Written Off	(140,202)
Balance as of December 31, 2002	311,526

The provision for bad debt is determined by applying the collectibility ratios estimated by the City of Barcelona based on its past experience to the receivables for taxes and charges in the enforced collection period (264.939 million euros) and to the receivables for fines, both in the voluntary and enforced collection periods (128.656 million euros).

The provision for the fiscal year, 81.019 million euros, is shown under liabilities on the consolidated statement of revenue and expenses, along with other provisions for sundry items amounting to 4.723 million euros.

Over the course of fiscal 2002, the City of Barcelona wrote off a total of 139.342 million euros in bad debt, comprised of accounts for taxes and fines, as well as other debts pertaining to individuals declared to be insolvent. The remaining write-offs correspond to those recorded by the City's dependent entities.

Note 9 - Net Worth and Results

9.1. Net Worth

The amounts and movements registered in the net worth accounts during the fiscal year were as follows:

	Net Worth	Property Assigned to Municipal Agencies and Third Parties (see Note 3.2)	Property Delivered for Public Use (see Notes 3.3 and 4.b)	Property Assigned by Municipal Agencies and Third Parties (see Note 3.2)	Total
Initial Balance	8,323,553	(600,624)	(4,319,112)	54,717	3,458,534
Allocation of City of Barcelona Results, Fiscal 2001	305,699	–	–	–	305,699
Change in Net Worth of Municipal Agencies and Companies	–	–	–	665	665
Land Assignment	–	(9,162)	–	–	(9,162)
Change in Property Assigned to Third Parties	–	(577)	–	–	(577)
Property Delivered for Public Use	–	–	(105,437)	–	(105,437)
Change in Property Assigned by Third Parties	–	–	–	(4,482)	(4,482)
Closing Balance	8,629,252	(610,363)	(4,424,549)	50,900	3,645,240

Property assigned by municipal agencies and third parties reflects the value of those assets assigned to the City of Barcelona by other entities for operation or use.

The change in the net worth of municipal agencies and companies wholly corresponds to

the incorporation, as property assigned to the City of Barcelona, of assets freely assigned to the City by the Institut Municipal d'Informàtica (Municipal Agency of Information Technology) and the Institut Municipal d'Educació (Municipal Agency of Education).

9.2. Results

The consolidated result allocable to the City of Barcelona can be broken down as follows:

Results of City of Barcelona	333,281
Aggregate Result of Municipal Agencies and Companies	20,157
Share in Results by Equity Method	(621)
Elimination of Dividends	(5,113)
Consolidation Adjustments	3,798
Consolidated Results	351,502
Results Allocable to Minority Interests Before Interim Dividends	(5,383)
Results Allocable to the City of Barcelona	346,119

Note 10 - Consolidation Reserves

The consolidation reserves and their movement can be broken down as follows:

	Balance as of 12/31/01	2001 Result (a)	Dividends, Transfers, and Other	Balance as of 12/31/02
Fully Consolidated	118,870	9,882	(18,299)	110,453
PM de l'Habitatge	18,496	(1,187)	(621)	16,688
IM de Persones amb Disminució	162	(73)	(3)	86
Fundació Mies van der Rohe	(75)	74	–	(1)
IM d'Informàtica	686	1	(741)	(54)
IM d'Urbanisme	1,196	120	52	1,368
IM d'Hisenda	(45)	28	301	284
IM de Mercats	13,602	(77)	(6,183)	7,342
IM de Parcs i Jardins	1,250	18	3	1,271
IM d'Educació	4,555	471	(883)	4,143
Institut de Cultura de Barcelona	2,286	24	233	2,543
IM de Salut Pública	1,025	2	(162)	865
IM del Paisatge Urbà i Qualitat de Vida	1,158	64	(2)	1,220
Barcelona de Serveis Municipals, SA	32,883	3,381	133	36,397
Parc Zoològic de Barcelona, SA	2,087	42	240	2,369
Informac. i Comunicac. de Barcelona, SA	714	24	(285)	453
Barcelona Promoc., Instal., Olímp., SA	2,857	179	(301)	2,735
Barcelona Activa, SA	5,138	204	1,639	6,981
Pro Nou Barris, SA	58	6	1	65
Infrastruct. del Llevant de Barcelona, SA	2,168	5	(2,143)	30
22 Arroba Bcn, SA	112	1	(112)	1
SM Barcelona Gestió Urbanística, SA	–	69	–	69
Tractament i Selecció de Residus, SA	3,582	1,706	–	5,288
Promoció Ciutat Vella, SA	5,812	(348)	(4,305)	1,159
Foment de Ciutat Vella, SA	–	56	–	56
Serveis Funeraris de Barcelona, SA	3,038	4,497	(4,281)	3,254
ProEixample, SA	238	151	–	389
Mercabarna, SA	15,887	444	(879)	15,452
By the Equity Method	394	(232)	(390)	(228)
Barcelona Holding Olímpic, SA	408	(236)	(478)	(306)
Barcelona Emprèn, SCR, SA	(11)	–	88	77
Barcelona Regional, AMDUI, SA	(3)	4	–	1
Total	119,264	9,650	(18,689)	110,225

(a) Adjusted according to the proportion of the interest held.

To calculate the consolidation reserves, the book and technical book values of the interests held, the dividends collected over fiscal 2002 and other consolidation adjustments were used to homogenize the receivables and payables

between the City of Barcelona and some of its municipal agencies and companies.

The main components of the "Dividends, Transfers and Other" column correspond to the

dividends from previous fiscal years on the dependent companies Serveis Funeraris de Barcelona, SA, and Mercabarna, SA, and to the correction in the existing temporary difference between the provision for capital transfers and the execution of the works and services they are intended to finance. In the case of the Institut Municipal d'Informàtica (Municipal Agency of Information Technology) and the Institut Municipal d'Educació (Municipal Agency of Education), the decrease in the consolidation reserve is due to the assignment to the City of Barcelona during the fiscal year of data-processing and scholastic applications and equipment valued at 337 and 328 million euros respectively, financed with their surpluses.

Note 11 - Minority Interests

This caption reflects the portion of the net worth and results for the fiscal year of those municipal companies included in the consolidation belonging to shareholders or associates who are not members of the consolidated Group. It can be broken down as follows:

	Balance as of 12/31/01	Dividends Fiscal 2001	Result Fiscal 2002	Interim Dividends Fiscal 2002	Other Items	Balance as of 12/31/02
Tractament i Selecció de Residus, SA	19,791	–	568	–	–	20,359
Promoció Ciutat Vella, SA	2,855	–	–	–	(2,855)	–
Foment de Ciutat Vella, SA	2,999	–	93	–	–	3,092
Serveis Funeraris de Barcelona, SA	4,610	(2,795)	3,547	(1,526)	–	3,836
ProEixample, SA	3,318	–	161	–	–	3,479
Mercabarna, SA	26,727	(599)	1,014	–	–	27,142
Total	60,300	(3,394)	5,383	(1,526)	(2,855)	57,908

The company Promoció Ciutat Vella, SA, was made wholly municipal as a prior step to its dissolution, statutorily projected for fiscal 2002 (see Note 2.2).

Note 12 - Capital Transfers

The amounts and movements registered under this caption on the attached balance sheet for the fiscal year ended December 31, 2002, were as follows:

Balance as of December 31, 2001	196,465
Additions	5,228
Transfer of Accruals to Short-term	60,992
Transfer to Extraordinary Revenue by Correlation with Depreciation (see Note 19.10)	(1,787)
Transfer to Result for the Year (see Note 19.10)	(3,411)
Retirements for Delivery of Assets	(15,262)
Balance as of December 31, 2002	242,225

Note 13 - Deferred Income

As of December 31, 2002, this caption had the following composition (see Note 3.8):

	Balance as of 12/31/01	Additions	Allocation to Income for Year	Transfers to Short-term	Delivery of Assets to the City	Balance as of 12/31/02
Grave Assignments	28,837	3,979	(588)	(1,061)	–	31,167
Urban Planning Fees	17,093	18,461	–	(2,122)	(17,259)	16,173
Cemetery and Cremation Service Management Concession	12,008	–	(565)	–	–	11,443
Initial Concession of Commercial Spaces at Mercabarna	10,950	97	(606)	–	–	10,441
Levies Received for Usage Rights	6,365	5,872	(120)	(120)	–	11,997
Other	180	3,736	–	–	–	3,916
Total	75,433	32,145	(1,879)	(3,303)	(17,259)	85,137

Grave assignments correspond to the portion pending long-term accrual of the amounts received as a result of the dissolution of the Institut Municipal de Serveis Funeraris de Barcelona (Funerary Services Agency), with accounting effects as of January 1, 1997, recorded as advance collection on two-year grave leases and fifty-year grave assignments. These amounts are recorded as revenue

according to the straight-line method for a period of two years or over the course of the assignment (50 years), respectively.

The urban planning fees correspond to the amounts to be liquidated or that have already been liquidated by the owners of the lots included in the urban planning cooperation actions promoted by the Municipal Companies

Barcelona Gestió Urbanística, SA, and 22 Arroba Bcn, SA. This caption is credited by the entities once payment of the fees can be demanded, and it is debited upon delivery of the actions they finance to the City of Barcelona. The corresponding fixed asset is activated by the City of Barcelona through a credit to extraordinary results only in the case of public works.

Due to the sale of 49% of the shares in Serveis Funeraris de Barcelona, SA, in fiscal 1998, and in accordance with the agreement regulating the management and operation of municipal assets, the City of Barcelona incorporated the current net value of those shares held by the municipality, amounting to 14.508 million euros, into its balance as deferred income (through application of a restatement rate of 4% to the depreciation flows). As of December 31, 2002, this value amounted to 11.433 million euros (see Note 3.8). Since fiscal 1998, the City of Barcelona has annually transferred the earnings on this revenue to the caption "Concessions and Special Uses" and has transferred the amount to be applied to the results of the

following year from long-term to short-term under the caption "Accrual Adjustments" (see Note 17).

Entrance fees charged in the initial assignment of sales outlets and commercial spaces at Mercabarna, SA, are recorded as revenue in accordance with the straight-line method over the period of assignment.

Levies for surface rights collected in advance are transferred to results in accordance with the straight-line method over the valid term of said rights.

The amount transferred to short-term is that projected to be applied to the statement of revenue and expenses for fiscal 2003 and is included in the caption "Accrued Expenses" under liabilities on the balance sheet for the fiscal year ended December 31, 2002 (see Note 17).

The retirements for delivery correspond to the cooperative actions transferred to the City of Barcelona by the group's managerial bodies.

Note 14 - Provisions for Contingencies and Expenses

The composition and movement of this caption during fiscal 2002 was as follows:

	Balance as of 12/31/01	Provisions and Transfers	Allocation	Balance as of 12/31/02
Ongoing Court Cases and Legal Claims	23,487	22,589	(449)	45,627
Pensions	21,342	1,100	(21,866)	576
Major Overhauls	11,972	1,248	(2,058)	11,162
Unappropriated Earnings	1,197	215	–	1,412
Other	313	2,048	(37)	2,324
Total	58,311	27,200	(24,410)	61,101

Serveis Funeraris de Barcelona, SA, and Parc Zoològic de Barcelona, SA, the two companies with provisions for pensions, have externalized their commitments pursuant to Law 14/2000, on tax, administrative and social policy measures, through a collective life insurance policy for inactive employees and a pension plan for current employees. This externalization accounts for the majority of the amount allocated to pensions in the table above.

The provisions for major overhauls include funds created by Barcelona de Serveis Municipals, SA, and the Patronat Municipal de l'Habitatge (Municipal Housing Agency) in order to cover pluriannual repair expenses and the partial replacement of certain fixed asset items.

The balances for the provision for court cases and legal claims and for other provisions are intended to cover a variety of possible future commitments, whose maturity dates and amounts cannot yet be known.

Note 15 - Issue of Notes and Other Negotiable Securities and Bank Debts

The outstanding capital as of December 31, 2002, corresponding to long-term loans and debentures subscribed by the City of Barcelona group can be broken down as follows:

Description	Outstanding Capital
European Union Market	
Bank Loans	564,351
Capital Market	604,444
Subtotal	1,168,795
Non-European Union Markets	
Capital Market	155,402
Subtotal	155,402
Total Long-term Debt	1,324,197

The movement registered under the caption "Long-term Loans and Debentures" during 2002 was as follows:

Balance as of December 31, 2001	1,186,702
Additions:	
• New Operations	242,120
Disposals:	
• Contractual Repayments	(44,380)
• Reduction for Debt Substitution	(60,245)
Balance as of December 31, 2002	1,324,197

The debt profile by maturities as of December 31, 2002, was as follows:

Maturity	Amount
2003	91,788
2004	204,584
2005	223,189
2006	92,205
2007	138,561
2008	126,312
2009	127,918
2010	15,688
2011	7,438
2012	94,653
2013 and Subsequent	201,861
Total	1,324,197

The account "Bank Debt" under current liability, for the amount of 3.154 million euros, reflects the outstanding capital as of December 31, corresponding to loans and credits maturing in less than twelve months.

As of December 31, 2002, there existed unexecuted stand-by lines for a total of 231.148 million euros.

The average interest rate over fiscal 2002 was 6.2% and had the following composition:

Long-term Debt	6.2%
Short-term Debt	4.5%

As of December 31, 2002, 43.9% of the long-term consolidated financial debt had a fixed interest rate, and 56.1% a variable one.

At the close of the fiscal year, the accrued and unmatured interests for these loans came to 20.220 million euros, included in the caption "Accrued Expenses" under liabilities (see Note 17).

Note 16 - Payable to Public Agencies

This account can be broken down as follows:

Item	Accounts Payable
Social Security	25,843
Value Added Tax	13,739
Personal Income Tax	11,773
Corporate Tax	2,007
Other	1,736
Total	55,098

The amounts included in the caption "Corporate Tax" on the consolidated statement of revenue and expenses correspond to the companies and amounts shown below:

Serveis Funeraris de Barcelona, SA	6,608
Mercabarna, SA	605
Barcelona de Serveis Municipals, SA	595
Pro Nou Barris, SA	210
ProEixample, SA	173
Tractament i Selecció de Residus, SA	140
Foment de Ciutat Vella, SA	102
Barcelona Promoció d'Instal·lacions Olímpiques, SA	45
22 Arroba Bcn, SA	23
Barcelona Activa, SA	17
SM Barcelona Gestió Urbanística, SA	1
Total	8,519

Inspection is pending for Group companies of those fiscal years not prescribed for all applicable taxes. No significant additional liabilities are expected to be accrued by the companies as a result of possible inspections.

Note 17 - Accrued Expenses

The account "Accrued Expenses", listed under liabilities on the attached balance sheet, reflects the City of Barcelona's definite liabilities as of December 31, 2002, in accordance with their accrual periods and regardless of the date of requirement or payment on demand, as well as the capital transfers given to the Group pending allocation. It has the following composition:

Funds Granted to Barcelona Activa, SA, for Programs to Be Executed in the Coming Fiscal Year	5,686
Current Transfers	1,264
Grave Assignments	1,061
Urban Planning Fees for Infrastructure Actions of 22 Arroba Bcn, SA	2,077
Capital Transfers	2,301
Prepaid Income on Can Tunis Nou Housing Intervention	4,808
Other Revenue	3,263
Accredited Unmatured Interest as of December 31, 2002	20,220
Depreciation on Assets Operated by Serveis Funeraris de Barcelona, SA	565
Current Transfers	532
Other Deferred Expenses	1,668
Total	43,445

In 2002, 4.808 million euros of provisions for court cases and legal claims were reclassified as long-term provisions in keeping with their nature, since it is impossible to know exactly when they will mature or their possible amount.

Accredited and unmatured payments to personnel are shown under the caption "Other Non-trade Payables" and amount to 29.277 million euros.

Auditoría y Consultoría, SA, for auditing services and the expenses incurred for the provision thereof in fiscal 2002 came to 476 thousand euros. Pursuant to the terms of the adjudication of the audit tender, these fees, invoiced to the City of Barcelona, include those of the municipal agencies and companies forming a part of the City group, and the appropriate portions thereof will be duly charged to each of them.

Note 18 - Other Information

As of December 31, 2002, the guarantees provided by the Group to cover credit operations came to 19.298 million euros.

The fees received by PricewaterhouseCoopers Auditores, SL, and Gabinete Técnico de

Note 19 - Statement of Revenue and Expenses

19.1. Personnel Expenses

This caption includes the wages and salaries of Group employees, as well as insurance policies, social security and other welfare expenses.

Welfare expenses include, among others, the amounts paid by the City of Barcelona in 2002 as transfers to class D and E employees, as well as to the cleaning staff, parking attendants and night watchmen, for the amount of 1.724 million euros. Likewise, this entry includes the expenses accrued over fiscal 2002 derived from the Early Retirement Incentive Plan approved by the City Council Plenum on September 27, 2002, which amount to 2.080 million euros.

19.2. Work, Supplies and Subcontracted Services

This entry corresponds to the purchase of goods and services needed for municipal activities to run smoothly, as well as for the

conservation and maintenance of investments. It includes the service provision contracts subscribed by the Group with different private companies in order to enhance the functioning of the city, such as, for example, those for waste collection and street cleaning.

19.3. Current and Capital Transfers (Expenses)

This entry includes the current and capital transfers made by the Group, from its own budget or on behalf of third parties, to external companies in order to finance their operating expenses or investments. The following entities were the main recipients:

Current Transfers	201,895
Municipal Association of the Barcelona Metropolitan Area	60,550
Non-profit Organizations	48,495
Consortia	26,407
Water Services and Waste Treatment Metropolitan Entity	27,401
Metropolitan Transportation Authority	24,255
Companies	8,411
Other	6,376
Capital Transfers	100,841
Barcelona Holding Olímpic, SA	53,817
Metropolitan Transportation Authority	24,179
Consortia	12,323
Other	10,522
Total	302,736

19.4 Production-related Taxes

These taxes include the following: property tax, levied on property; tax on economic activities, levied on business, professional and artistic activities, in accordance with the type of activity, the space occupied and the location; taxes on construction activities, installations and works, levied according to the cost of the project for which the license is solicited. This caption can be broken down as follows:

Property Tax (IBI)	303,460
Tax on Economic Activities (IAE)	164,277
Tax on Construction, Installations and Works, and Other Replaced Taxes	21,136
Total	488,873

19.5 Income and Wealth Taxes

This caption includes the tax on motor vehicles, which is levied on their ownership, regardless of the class or category.

19.6 Capital Taxes

This tax incorporates the 74.114 million euros corresponding to the tax on the increase in urban land values, a direct tax levied on the increases registered in the value of these lands made evident upon their transfer. The rest of this caption's balance corresponds to special contributions for the amount of 3.726 million euros.

19.7 Revenue from Property and Business

The revenue from property and business basically includes fines and penalties for

offenses, interest and late payment surcharges, income from concessions and special uses and profit shares. The caption can be broken down as follows:

Fines	87,539
Charges for Use of Public Domain	55,994
Concessions and Special Uses	27,739
Interest and Surcharges	18,602
Total	189,874

19.8 Sale of Services

This caption includes the charges and public prices invoiced for the provision of services and the revenue obtained by the entities within the sphere of their regular activities.

19.9 Current Transfers (Revenue)

The municipality receives its share of the Central Government's tax revenue through an unconditional transfer called the Share in Central Government Revenue (PIE), intended to supplement the tax revenue collected by local tax authorities. This caption likewise includes the earmarked transfers from the European Union, Central Government, autonomous community and local entities, as shown below:

Central Government	567,304
Central Government (for the Municipal Association of the Barcelona Metropolitan Area)	46,105
Generalitat of Catalonia	48,124
Local Entities	29,485
Other Entities	4,784
Total	695,802

19.10 Extraordinary Results

Extraordinary results can be broken down as follows:

	Note	Expenses	Revenue
Pluriannual Transfers to HOLSA	3.3	–	33,078
Sale of Properties	4.b)	–	59,149
Allocation of Long-term Provisions	–	–	2,181
Capital Transfers Transferred to Results	12	–	5,198
Demolition and Retirement of Assets	4.b)	21,245	–
Provisions for Fixed Assets Pending Classification	4.b)	42,659	–
Fixed Asset Results	–	13,836	6,460
Receipt of Investment Projects	4.b)	5,823	13,556
Free Assignment and Receipt of Assets and Lot Redefinition	4.b)	3,163	17,470
Results from Previous Fiscal Years	–	1,138	2,724
Other Extraordinary Results	–	6,912	3,801
Total Total		94,776	143,617
Net Extraordinary Result			48,841

Note 20 - Statements of Changes in Financial Position for the 2002 and 2001 Fiscal Years

Application of Funds	Fiscal 2002	Fiscal 2002	Source of Funds	Fiscal 2002	Fiscal 2001
			Funds from Operations	422,216	406,887
Financial Expenses for New Operations and Debt Substitution	922	10,758			
Goodwill Obtained from First Consolidation	2,068	–			
Acquisition of Fixed Assets:			Sale of Fixed Assets:		
• Tangible and Intangible	524,521	273,110			
• Financial	–	4,127	Financial	9,268	–
Minority Interests	2,392	–	Minority Interests	–	2,741
Amortization Private Capital	–	1,653			
Allocation of Capital Transfers for Delivery of Assets	15,262	–	Capital Transfers	66,220	32,762
Transfer of Deferred Income to Short-term	3,303	1,794	Deferred Income	32,145	24,236
Allocation of Long-term Provisions	22,229	3,167			
Redemption of Long-term Loans, Debentures and Received Loans	104,625	213,944	Loans and Other Long-term Debts	242,120	125,551
Long-term Guarantees and Deposits	–	2,662	Long-term Guarantees and Deposits	1,767	–
Allocation of Deferred Income for Delivery of Assets	17,259	–	Cancellation of Long-term Receivables	1,873	318
Other Long-term Payables	3,615	3,597	Provisions for Contingencies and Expenses	4,808	–
Pluriannual Transfers to HOLSA	33,078	29,438			
Total Funds Applied	729,274	544,250	Total Funds Obtained	780,417	592,495
Sources Of Funds In Excess Of Applications Of Funds (Increase In Working Capital)	51,143	48,245			
Total	780,417	592,495	Total	780,417	592,495

Change in Working Capital	2002		2001	
	Increase	Decrease	Increase	Decrease
Inventories	–	685	8,701	–
Accounts Receivable	30,973	–	–	9,103
Accounts Payable	–	146,279	10,060	–
Short-term Financial Investments	–	19,017	4,797	–
Cash	189,435	–	–	3,636
Accrued Expenses	–	3,284	37,426	–
Total	220,408	169,265	60,984	12,739
Increase In Working Capital	51,143	–	48,245	–

The funds obtained from operations were as follows:

	Note	2002	2001
Net Surplus for the Fiscal Year		346,119	296,867
Net Results on Tangible Fixed Assets	19.10	(52,568)	(8,072)
Provision for Depreciation		66,368	64,698
Provisions for Fixed Assets Pending Classification		42,659	32,196
Result of Change in Property Assigned by Third Parties	19.10	–	(1,869)
Effect of Assignment of Hospital de la Santa Creu for Use	19.10	–	(1,737)
Provisions for Contingencies and Expenses	14	22,392	24,978
Deferred Expenses	7	6,504	2,909
Allocation of Long-term Provisions	19.10	(2,181)	(841)
Deferred Income Transferred to Statement of Revenue and Expenses	13	(1,879)	(1,304)
Capital Transfers Transferred to Results	12, 19.10	(5,198)	(938)
Funds from Operations		422,216	406,887

7

Five-year data

City of Barcelona (1998-2002)

	1998	1999	2000	2001	2002	Annual Growth (%)
Personnel	7,086	6,943	6,753	6,683	6,638	-1.6%

Economic Position (thousands of euros)

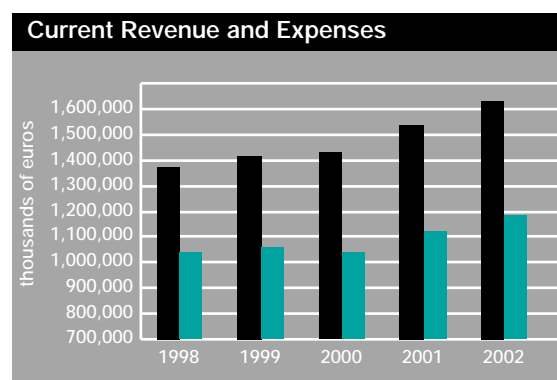
Current Revenue	1,373,210	1,417,595	1,431,725	1,534,756	1,631,204	4.5%
Current Expenses	1,037,912	1,057,258	1,039,288	1,118,378	1,187,549	3.2%
Gross Saving	335,299	360,337	392,437	416,378	443,655	8.6%
Net Investments	225,866	283,251	236,847	330,756	517,074	22.4%
Cash Surplus (Deficit)	98,470	42,756	152,916	88,235	-112,810	-202.9%

Total Debt as of 12/31	1,388,879	1,364,152	1,240,537	1,152,303	1,265,113	-2.6%
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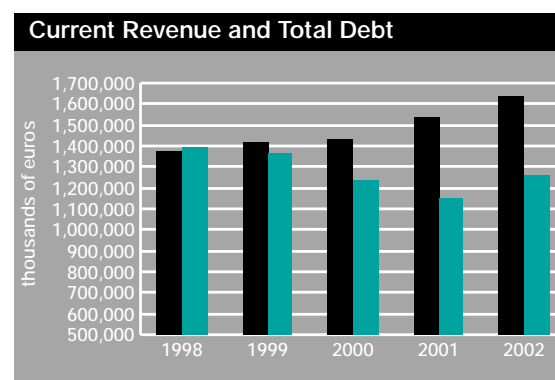
Ratios

Gross Saving / Current Revenue (%)	24.4	25.4	27.4	27.1	27.2
Interest Coverage (x)	3.6	4.2	5.1	5.6	6.7
Capital Expenditure Coverage (x)	1.5	1.3	1.7	1.3	0.9
Capital Expenditure / Total Expenses (%)	23.7	24.5	19.4	25.1	36.5

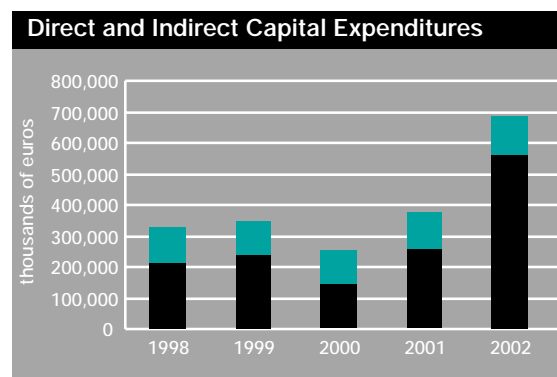
Debt / Current Revenue (%)	101.1	96.2	86.6	75.1	77.6
Debt / Primary Saving (x)	3.0	2.9	2.5	2.3	2.4
Average Life of Long-term Debt (years)	5.1	5.2	4.7	4.8	5.6



■ Current Revenue ■ Current Expenses



■ Current Revenue ■ Total Debt as of 12/31



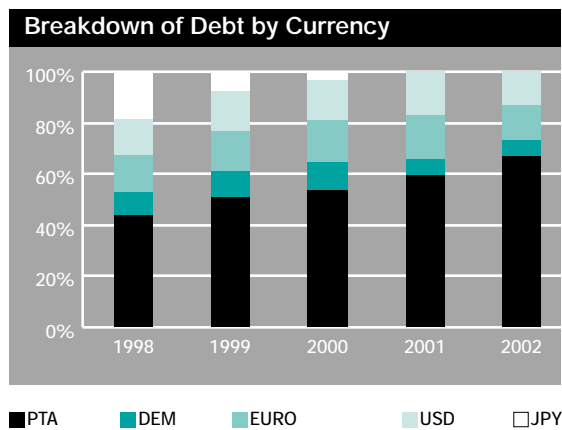
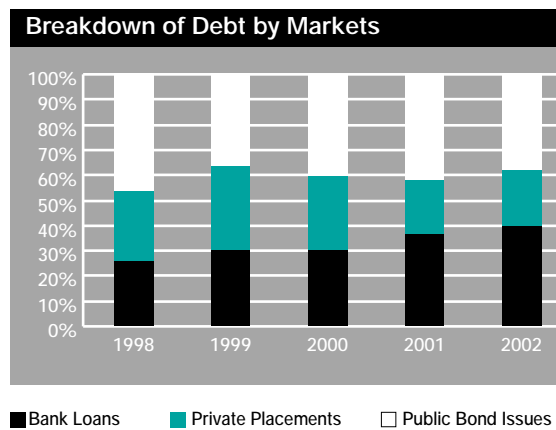
■ Direct Capital Expenditure ■ Indirect Capital Expenditure

Debt Ratings:

Standard & Poor's: AA (April 2003)
 Fitch: AA (November 2001)
 Moody's Investors Service: Aa3 (February 1998)
 Rating & Investment Information: AA+ (July 1988)

City of Barcelona (1998-2002)

	1998	1999	2000	2001	2002	Annual Growth (%)
Balance Summary (thousands of euros)						
Fixed Assets	5,567,770	5,367,242	5,254,348	5,250,240	5,556,938	0.2%
Long-term Financial Investments	140,697	148,083	157,135	160,934	159,902	2.0%
Deferred Expenses	2,933	2,380	1,725	9,574	4,074	-0.6%
Long-term Accounts Receivable	0	0	0	0	0	0.0%
Fixed Assets	5,711,400	5,517,706	5,413,208	5,420,748	5,720,914	0.3%
Accounts Receivable	347,679	327,005	282,981	263,176	268,645	-5.7%
Cash	28,698	21,228	32,887	32,352	209,312	52.1%
Current Assets	376,378	348,232	315,868	295,528	477,957	4.4%
Total Assets	6,087,778	5,865,938	5,729,076	5,716,276	6,198,871	0.6%
Net Worth	3,732,856	3,598,446	3,652,134	3,764,221	3,978,509	2.3%
Capital Transfers Received	116,735	144,489	150,998	165,639	219,351	22.1%
Long-term Loans and Debentures	1,388,879	1,364,153	1,240,537	1,152,302	1,265,113	-2.6%
Pluriannual Transfers to HOLSA	325,755	302,303	266,771	237,333	204,255	-10.4%
Other Long-term Liabilities	71,977	50,106	39,282	59,914	85,480	-2.8%
Long-term Liabilities	5,636,201	5,459,498	5,349,723	5,379,409	5,752,708	0.8%
Accounts Payable	451,576	406,440	379,353	336,867	446,163	-2.5%
Short-term Loans	0	0	0	0	0	0.0%
Current Liabilities	451,576	406,440	379,353	336,867	446,163	-2.5%
Total Liabilities	6,087,778	5,865,938	5,729,076	5,716,276	6,198,871	0.6%



Public administration debt (1998-2002)

	1998	1999	2000	2001	2002	Annual Growth (%)
Debt (millions of euros)						
Central Government	285,008	299,004	308,724	307,910	310,030	2.4%
Regional Government	34,838	36,442	38,328	40,752	41,527	4.6%
Local Authorities	19,301	19,669	20,220	20,794	21,992	3.6%
Spanish Municipalities	14,649	14,845	15,207	15,819	16,782	3.8%
City of Barcelona	1,389	1,417	1,241	1,152	1,265	-2.6%

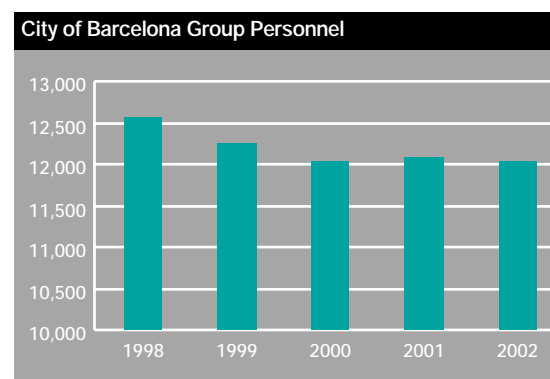
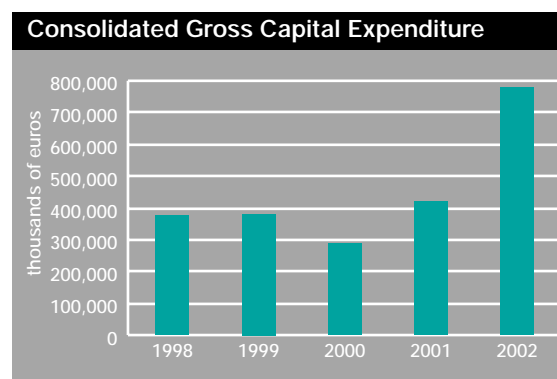
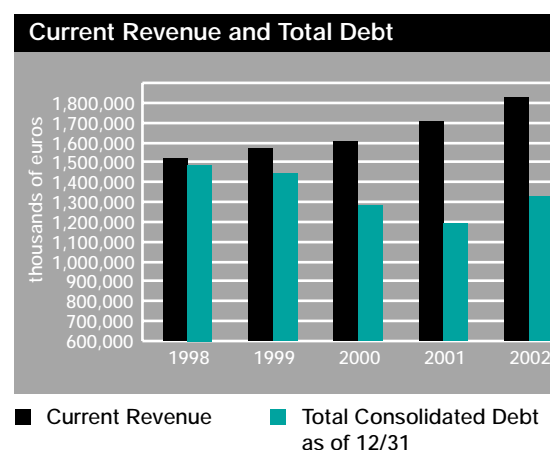
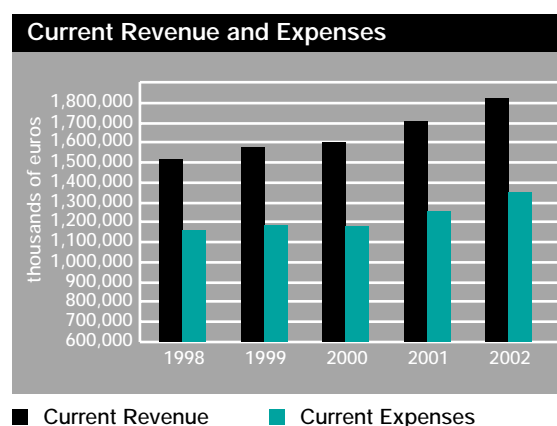
Source: Bank of Spain: www.bde.es/infoest and City of Barcelona

City of Barcelona Group (1998-2002)

	1998	1999	2000	2001	2002	Annual Growth (%)
Personnel	12,560	12,249	12,044	12,073	12,045	-1.0%
Economic Position (thousands of euros)						
Current Revenue	1,518,241	1,575,127	1,603,476	1,704,048	1,826,166	4.9%
Current Expenses	1,157,718	1,182,870	1,179,961	1,251,575	1,347,156	3.5%
Gross Saving	360,523	392,257	423,515	452,473	479,010	9.7%
Net Investment	233,325	289,057	251,962	344,362	579,104	27.7%
Cash Surplus (Deficit)	102,731	43,411	158,607	89,532	-135,743	-204.7%
Total Consolidated Debt as of 12/31	1,490,847	1,444,177	1,284,074	1,192,740	1,327,351	-3.6%

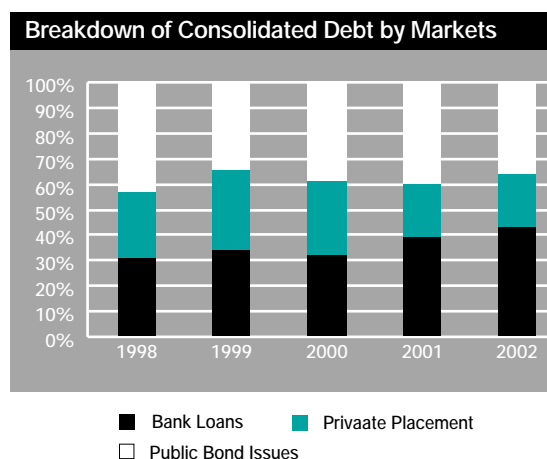
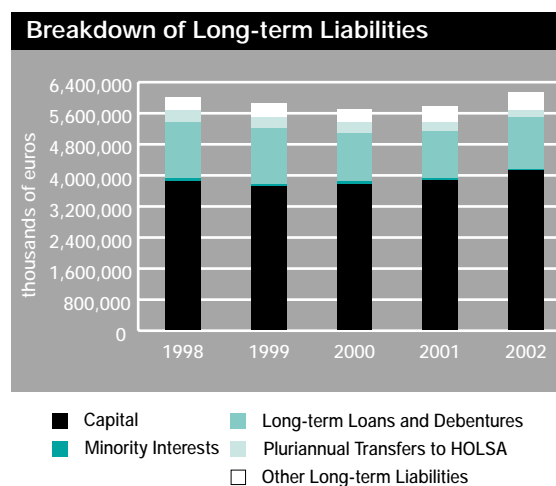
Ratios

Gross Saving / Current Revenue (%)	23.7	24.9	26.4	26.6	26.2
Interest Coverage (x)	3.7	4.5	5.6	6.5	7.8
Capital Expenditure Coverage (x)	1.5	1.4	1.7	1.3	0.8
Capital Expenditures / Total Expenditures (%)	24.4	24.2	19.7	25.2	36.6
Debt / Current Revenue (%)	98.2	91.7	80.1	70.0	72.7
Debt / Primary Saving (x)	3.0	2.9	2.5	2.2	2.4
Average Life of Long-term Debt (years)	5.2	5.3	4.8	5.0	5.8



City of Barcelona Group (1998-2002)

	1998	1999	2000	2001	2002	Annual Growth (%)
Balance Summary (thousands of euros)						
Intangible Fixed Assets	17,628	22,237	26,306	30,715	44,193	21.1%
Tangible Fixed Assets and Infrastructures	5,880,909	5,680,466	5,547,004	5,545,469	5,880,853	0.4%
Financial Intangible Assets	60,540	69,543	78,210	82,337	73,069	5.3%
Accounts Receivable for Long-term Trade Operations	51,495	48,466	37,996	37,678	35,805	-3.9%
Deferred Expenses	2,975	2,398	1,731	9,636	6,122	7.2%
Fixed Assets	6,013,547	5,823,110	5,691,247	5,705,835	6,040,042	0.5%
Inventories	40,562	30,279	28,199	36,900	36,215	-12.6%
Accounts Receivable	441,990	407,739	337,282	327,941	358,242	-3.8%
Cash	78,090	69,501	97,845	99,005	269,423	33.8%
Current Assets	560,642	507,519	463,326	463,846	663,880	3.1%
Total Assets	6,574,189	6,330,629	6,154,573	6,169,681	6,703,922	0.7%
Capital	3,831,031	3,703,088	3,764,415	3,874,665	4,101,585	2.6%
Minority Interests	57,986	59,098	57,559	60,300	57,908	1.2%
Long-term Loans and Debentures	1,480,539	1,430,553	1,275,095	1,186,702	1,324,197	-3.1%
Pluriannual Transfers to HOLSA	325,755	302,303	266,771	237,333	204,255	-10.4%
Other Long-term Liabilities	309,353	326,927	313,650	381,325	437,730	11.3%
Long-term Liabilities	6,004,664	5,821,968	5,677,491	5,740,325	6,125,675	1.0%
Accounts Payable	559,218	495,036	468,102	423,318	575,093	-0.5%
Short-term Loans	10,307	13,625	8,979	6,038	3,154	-40.2%
Current Liabilities	569,525	508,661	477,081	429,356	578,247	-1.7%
Total Liabilities	6,574,189	6,330,629	6,154,573	6,169,681	6,703,922	0.7%



Consolidated debt of the City of Barcelona: Public Administration and Commercial entities (1998-2002)

	1998	1999	2000	2001	2002	Creixement anual (%)
(millions of euros)						
Public Administration	1,474	1,426	1,262	1,168	1,265	-4.3%
Commercial Entities	17	18	22	25	62	21.9%
Total Debt	1,491	1,444	1,284	1,193	1,327	-3.6%