Press Release

<u>**2010 results**</u>

Enagás' net profit rises 11.9% to €333.5Mn

- **The company invested €796.3Mn and brought €644.put worth of assets into operation in 2010, in line with the targets of the 2010-2014 Strategic Plan**
- **Average net finance expense fell to 2.7% from 3.31% in 2009**
- **The earnings growth was driven mainly by the Company's ongoing hard efforts to bring down operating and finance costs**
- **Conventional demand for natural gas rose 10% and returned to pre-crisis levels**
- **The Company surpassed all its guidance for the fourth year in a row**

<u>Results</u>

Enagás reported net profit in 2010 of €333.5Mn, an 11.9% increase on the €298Mn of 2009 and in line with the Company's target of achieving double-digit growth.

EBIT rose 9.5% to €530.9Mn from €484.7Mn.

EBITDA totalled €780.8Mn, 11.3% higher than the year-earlier figure of €701.3Mn.

Regulated revenue climbed 11.4% on the back of record assets put into operation in both 2009 and 2010 and thanks to the acquisition of 40% of the Bilbao regasification plant. Like-for-like operating expenses rose just 4%, demonstrating Enagas' tight grip over costs.

Financial position

Net debt at 31 December 2010 stood at €3,175Mn, compared to €2,904Mn at year-end 2009. The gearing ratio (net debt/total assets) ended the year at 46.5%, compared to 50.2% the year before.

In 2010, Enagás managed to lower its average cost of debt to 2.7% from 3.31%. Enagás currently boasts the sector's lowest cost of debt. In addition, 95% of its net debt is long term and 70% is at fixed rates.

In terms of untapped available financing, the Company had liquidity of €2,069Mn at 31 December 2010, giving it sufficient funds to cover planned investments through 2014, and under excellent payment and cost conditions.

In 2010, ratings agencies Moody's and Standard & Poor's affirmed their ratings for Enagás of A2 and AA-, respectively, confirming the company's position as one of Spain's most secure and solvent companies.

Investment

Enagás invested €796.3Mn in 2010 and commissioned €644.6Mn worth of assets, both in line with its annual guidance. The Company has invested some €3,000Mn over the last four years.

Assets put into operation include the Montesa compressor station, the duplication of the Castelnou-Tivissa gas pipeline and new storage tanks at the Barcelona, Cartagena and Huelva plants.

Also in 2010, the Company acquired the Gaviota underground storage facility and a 40% stake in the Bilbao regasification plant (BBG).

These investments fall under the umbrella of the Company's strategic target of investing in basic natural gas network infrastructure, provided the investments meet the stipulated return criteria and do not increase debt.

Operating highlights

Demand for natural gas in the conventional sector –domestic-commercial, industrial and co-generation consumption- rose 10% in 2010 to 265,117 GWh, marking a return to pre-financial crisis levels. The increase, due mainly to higher domestic consumption caused by the low temperatures and increased industrial consumption, led Enagás at times to reach maximum output. On 30 November, the Barcelona regasification plant registered its highest ever output, at 400 GWh.

Total demand for gas transported in the system in the year slipped 0.1% to 436,529 GWh, due to a 15.7% drop in natural gas deliveries for electricity generation on the back of high rainfall and the increase in electricity generation using renewable sources and nuclear power.

This figure for total demand includes the 35,788 GWh of exports made in the year.

2011 Guidance

Enagás has delivered all its targets in the last four years. In 2011, the Company aims to increase net profit by around 5%, in line with the CAGR included in the 2010-2014 Strategic Plan.

It also intends to invest €650Mn and put a similar volume of assets into operation according to the Strategic Plan.

As for demand for natural gas, the 2011 targets call for growth in conventional demand of between 2% and 4% and in total demand of around 3%.

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