



CONTENTS

CONTENTS.....	1
NOTEWORTHY DEVELOPMENTS DURING THE YEAR .	1
KEY HIGHLIGHTS.....	2
EARNINGS PERFORMANCE	3
INVESTMENT.....	3
Assets put into operation	3
Investment	3
FINANCIAL STRUCTURE	3
OPERATING HIGHLIGHTS.....	4
SIGNIFICANT EVENTS IN 1Q11.....	5
CONSOLIDATED INCOME STATEMENT	6
CONSOLIDATED BALANCE SHEET	7
CONSOLIDATED CASH FLOW STATEMENT	8
APPENDIX I: COMPANY ASSETS.....	9
APPENDIX II: RELATED-PARTY TRANSACTIONS	10
APPENDIX III: CORPORATE RESPONSIBILITY AND SUSTAINABILITY	13
APPENDIX IV: Contact details.....	14

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NOTEWORTHY DEVELOPMENTS DURING THE QUARTER

- ✓ **Net Profit** rose **4.8%** in 1Q11 to **€86Mn**, in line with the **2011 target**.
- ✓ **Operating expenses** rose **1%** in the quarter, once again demonstrating the Company's commitment to cost control.
- ✓ **EBITDA** climbed **8.6%** year-on-year to **€205.9Mn**, EBIT advanced 6.2% to **€138.7Mn**.
- ✓ **Investment** amounted to **€130Mn**, while **€165Mn of assets** were put into operation.
- ✓ An **eighth LNG storage tank** was brought into operation at our **Barcelona regassification facility**. In addition, **the Villar de Arnedo compression station** also came on stream in the quarter.
- ✓ **Net debt** at 31 March stood at **€3.18Bn**, a gearing ratio of 65.2%. The Company's **average cost of debt** for the quarter was **2.76%** compared to 2.72% in the first quarter of 2010.
- ✓ **Demand for gas transported** in the first quarter of the year totalled **114,822 GWh**, **0.6% lower** than in the same period last year.
- ✓ All the motions included on the Agenda at the **General Shareholders' Meeting** held on 25 March were adopted. These included **payment on 5 July of a final gross dividend per share of €0.52612325** as a supplement to the dividend paid in December 2010, also charged to 2010 earnings. Accordingly, the total gross dividend charged to 2010 earnings was €0.84 per share, **11.9% higher** than in the previous year.

KEY HIGHLIGHTS

Key indicators January-March (unaudited)

Income statement

(€ Mn)	January-March		
	2011	2010	% Chg
Regulated revenue	242.1	232.3	4.2%
EBITDA	205.9	189.7	8.6%
EBIT	138.7	130.6	6.2%
Net profit	86.0	82.0	4.8%

Balance sheet, financial ratios and average cost of debt

	January-March	
	2011	2010
Total assets (€ Mn)	6,824	6,107
Net debt (€ Mn)	3,179	3,021
Equity (€ Mn)	1,695	1,676
Net debt/total assets (%)	46.6%	49.5%
Net debt/(net debt + equity) (%)	65.2%	64.3%
Average cost of debt (%)	2.76%	2.72%

Other metrics

(€ Mn)	January-March		
	2011	2010	% Chg
Investment	130.0	131.2	-0.9%
Assets put into operation	165.0	55.6	196.8%

EARNINGS PERFORMANCE

1Q11

Net profit for 1Q11 was **€86Mn**, a **4.8% increase** on the 1Q10 figure of €82Mn.

Net Finance Expense (-€15.9Mn) **increased by 17.7%** compared to the previous year due to an increase of debt compared to the first quarter of 2010 and a slight increase in the average cost of debt, which rose from 2.72% to 2.76%.

The depreciation and amortisation charge for the quarter amounted to €67.2Mn, 13.8% higher than in 2010 and in line with the growth in asset volume over the last year. **EBIT** totalled **€138.7Mn**, **6.2%** higher than the year before.

EBITDA increased from €189.7Mn to **€205.9Mn** at the end of the first quarter of 2011, an **increase of 8.6%**.

Operating expenses increased by 1% on the first quarter of 2010, demonstrating Enagás' commitment to tight control of operating costs at a time of significant growth in its asset base.

Regulated income increased by 4.2% and this will become more noticeable over the coming quarters as new assets come on stream and as the Gaviota underground storage facility is integrated.

The figures for 1Q11 included the consolidation of 40% of the BBG regasification plant, which was not included in the first quarter of 2010.

EPS in the period was €0.36 while EBITDA per share over the same period was €0.86.

INVESTMENT

Assets put into operation

Projects worth **€165Mn** came on stream in the first quarter of the year.

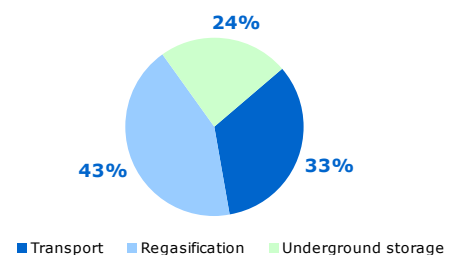
The most important projects for which commissioning certificates have been obtained were the eighth LNG tank, with a capacity of 150,000m³ at the Barcelona regasification plant and the Villar de Arnedo compression station.

Investment

Enagás invested a total of **€130Mn** in the first quarter of the year, in line with its target for the year of €650Mn.

It is worth noting that 70% of the planned investment earmarked in the 2010-2014 investment plan is now operational, under construction or at an advanced stage in the planning permission process, having already obtained the related EIS (environmental impact statement).

Investment by activity



FINANCIAL STRUCTURE

The Company's **net debt** at 31 March 2011 totalled **€3.18Bn**, compared to €3.17Bn at 2010 year end and slightly higher than the €3.02Bn at 31 March 2010.

The **gearing ratio** (net debt / net debt + equity) at the end of the first quarter of 2011 was **65.2%**, compared to 64.3% at the same point in 2010.

The **percentage of fixed-rate debt** at 31 March stood at **70%**, in line with the strategic target set by the Company as the optimum structure for its debt.

Furthermore, **95%** of debt at 31 March was **long-term**, with an **average maturity period of 5 years**.

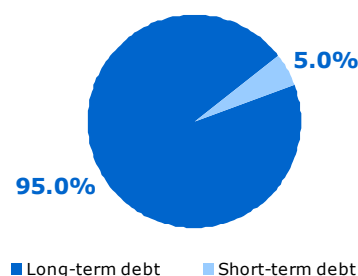
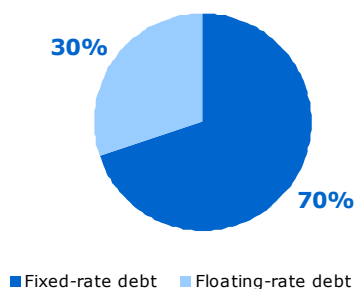
The **average cost of debt** at the end of the first quarter was **2.76%**, compared to 2.72% for the same period in 2010.

Net **cash flow** at 31 March totalled **€100.7Mn** and was largely used to finance investments.

The company reported a 1Q11 **net financial expense** including capitalised borrowing costs (€6.4Mn) of **€15.9Mn**, compared with the net expense of €13.5Mn recognised in 2010 (including €6.5Mn of capitalised borrowing costs).

In terms of untapped available financing, the Company had **liquidity of €2.06Bn** at the end of the first quarter of 2011, giving it sufficient funds to cover planned investments through 2014 under excellent payment and cost conditions.

On **1 April**, **bank guarantees were signed** for a **tranche of the €1Bn loan granted to Enagás in 2008 by the European Investment Bank**. Enagás can now draw down €350Mn of this which it will use to continue implementing its development plan. This loan has excellent payment and cost conditions.



OPERATING HIGHLIGHTS

Demand

Demand for gas transported in the first quarter of the year totalled 114,822 GWh, 0.6% lower than in the first quarter in 2010.

This figure includes 4,098 GWh of exports.

Conventional demand in the first quarter of 2011 was similar to that in the same period last year even though we did not experience such low temperatures as in the winter of 2009-2010.

The conventional segment increased by 5%, once corrected by the weather and working days effects

Gas deliveries for electricity generation in conventional and combined cycle thermal plants fell by 3.1% in the first quarter compared to 2010.

There were 66 combined-cycle generators at 31 March 2011.

Demand peaks

Conventional demand for natural gas (domestic, commercial, industrial and co-generation consumption) set a new all-time record on 24 January of 1,179 GWh mainly because of the low temperatures in Spain. This was 2.5% higher than the record set the previous winter of 1,150 GWh.

(GWh)	1Q11	1Q10	% change
Conventional demand	80,785	81,127	-0.4%
Electricity sector demand	29,939	30,895	-3.1%
Exports	4,098	3,128	31.0%
Exits - Guadalquivir Valley	0	346	-
Total demand transported	114,822	115,496	-0.6%

SUMMARY OF SIGNIFICANT EVENTS

1Q11

2011 General Shareholders' Meeting

Enagás S.A. held its ordinary General Shareholders' Meeting on 25 March 2011, at second call. The meeting was validly called to order with a quorum of 57%.

All the motions included on the agenda by the Board of Directors for submission to the Company's shareholders were adopted.

These included payment on 5 July of a final gross dividend per share of €0.52612325 as a supplement to the dividend paid in December 2010, also charged to 2010 earnings. Accordingly, the total gross dividend charged to 2010 earnings was €0.84 per share, i.e. 11.9% higher than in the previous year.

CONSOLIDATED INCOME STATEMENT

1Q11

€ Mn (unaudited)	1Q 2011	1Q 2010	% Chg
Revenue from regulated activities	242.1	232.3	4.2%
Other operating revenue	14.5	7.6	90.6%
Total revenue	256.6	239.9	7.0%
Personnel expenses	-16.4	-14.9	9.7%
Other operating expenses	-34.4	-35.3	-2.7%
EBITDA	205.9	189.7	8.6%
Depreciation/amortisation charge	-67.2	-59.1	13.8%
Operating profit (EBIT)	138.7	130.6	6.2%
Net finance expense	-15.9	-13.5	17.7%
Profit before tax	122.7	117.1	4.8%
Income tax	-36.8	-35.1	4.9%
Net profit for the period	86.0	82.0	4.8%

Note: 2011 results include 40% of the BBG regassification plant using proportionate consolidation

CONSOLIDATED BALANCE SHEET

€ Mn (unaudited)	31-Mar 2011	31-Dec 2010
Intangible assets	40.3	36.6
Property, plant and equipment	5,183.4	5,123.7
Non-current investments in group companies and associates	0.0	0.9
Other non-current financial investments	36.0	31.9
Deferred tax assets	33.3	35.4
Non-current assets	5,293.1	5,228.6
Non-current assets held for sale	0.0	31.3
Inventories	5.0	5.3
Receivables	395.1	366.5
Other current financial assets	107.4	108.0
Other current assets	1.5	2.3
Cash and cash equivalents	1,022.3	1,087.1
Current assets	1,531.4	1,600.5
TOTAL ASSETS	6,824.4	6,829.1
Capital	358.1	358.1
Legal and statutory reserve	71.6	71.6
Other reserves	1,168.4	1,041.4
Reserves at consolidated companies	10.8	8.7
Reserves	1,250.8	1,121.7
Retained earnings	0.0	0.0
Profit for the period attributable to equity holders of the parent	86.0	333.5
Interim dividend capitalised	0.0	-74.5
Capital and reserves	1,694.9	1,738.8
Hedges	8.0	-2.6
Changes in fair value recognised in equity	8.0	-2.6
Equity	1,702.8	1,736.2
Provisions	34.6	34.4
Non-current financial liabilities	3,662.8	3,678.1
Non-current liabilities payable to group companies and associates	0.0	0.0
Deferred tax liabilities	217.3	214.7
Other non-current liabilities	77.9	79.1
Non-current liabilities	3,992.7	4,006.2
Liabilities related to assets held for sale	0.0	5.9
Current provisions	3.3	3.3
Current financial liabilities	796.9	730.8
Current liabilities payable to group companies and associates	0.0	0.0
Trade and other payables	328.7	346.7
Other current liabilities	0.0	0.0
Current liabilities	1,128.9	1,086.7
EQUITY AND LIABILITIES	6,824.4	6,829.1

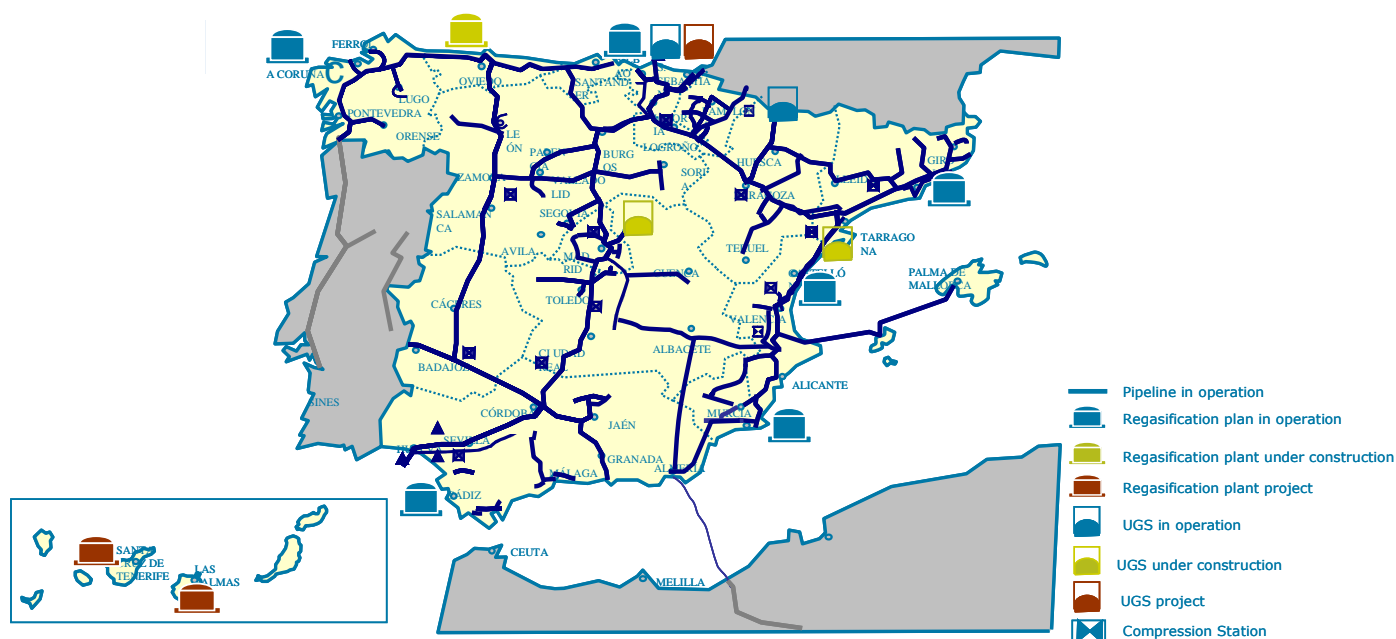
CONSOLIDATED CASH FLOW STATEMENT

€ Mn (unaudited)	Jan-Mar 2011	Jan-Mar 2010
CONSOLIDATED PROFIT BEFORE TAX	122.7	117.1
Adjustments to profit	74.7	72.4
Depreciation of PP&E	67.2	59.1
Other adjustments to profit	7.5	13.3
Changes in working capital	-81.1	-60.4
Inventories	0.3	1.6
Trade and other receivables	-32.9	-28.8
Other current assets	-0.1	0.0
Trade and other payables	-48.4	-33.2
Other cash flows from operating activities	-15.6	-23.4
Interest paid	-18.5	-25.4
Interest collected	10.1	2.6
Income tax received /(paid)	-7.2	2.1
Other inflows/(outflows)	0.0	-2.8
NET CASH FLOWS FROM OPERATING ACTIVITIES	100.7	105.7
Capital expenditure	-123.7	-224.7
Group and associated companies	0.0	0.0
Intangible assets, PP&E and investment property	-123.6	-124.7
Other financial assets	-0.1	-100.0
Proceeds from disposals	32.1	0.0
Group and associated companies	22.0	0.0
Intangible assets, PP&E and investment property	10.1	0.0
Other financial assets	0.0	0.0
NET CASH FLOWS USED IN INVESTING ACTIVITIES	-91.7	-224.7
Proceeds from/(payments on) financial liabilities	-73.8	285.7
Issuance	71.0	300.0
Repayment	-144.8	-14.3
Dividends paid	0.0	0.0
NET CASH FLOWS FROM FINANCING ACTIVITIES	-73.8	285.7
TOTAL NET CASH FLOWS	-64.7	166.6
Cash and cash equivalents - opening balance	1,087.1	640.5
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	1,022.3	807.2
Cash and bank deposits	28.5	4.5
Other financial assets	993.8	802.7

APPENDIX I: COMPANY ASSETS

Enagás' Gas System Assets 31/03/11		
REGASIFICATION ASSETS		
	Units	m ³ or m ³ /h
LNG tanks (number and capacity)	18	2,037,000
Nominal regasification capacity		4,650,000
Tank loaders	9	
TRANSPORT ASSETS		
	Units	Km
Km. of operational gas pipeline		8,981
Compression stations	16	
Gas regulation and metering stations	424	
UNDERGROUND STORAGE ASSETS		
	Units	Mm ³ /day
No. of storage facilities	1	
Max. injection		4.4
Max. output		6.7

Note: Enagás holds a 40% stake in the BBG regasification plant, which currently has two 150,000 m³ LNG storage tanks and a nominal regasification capacity of 800,000 m³(n)/h. The Company is also awaiting receipt of the required permits to include the Gaviota underground storage facility among its assets.



APPENDIX II: RELATED-PARTY TRANSACTIONS

Introduction

Every quarter since 2003, Enagás has disclosed information on dealings with related parties. Since Spanish Ministerial Order EHA/2050/2004 of 15 September came into effect, the format for these disclosures has changed to accommodate the new rules.

Key points to note regarding related party disclosures:

a) Any related party transactions of material size and which exceed volumes handled in the normal business of Enagás are approved by the Company's Board of Directors, following a report by the Appointments and Remuneration Committee.

b) Under Ministerial Order EHA/3050/2004, there is no need to disclose transactions that form part of the company's ordinary course of business, are carried out on an arm's length basis or are immaterial in size. Therefore, given the scale of Enagás' financial statements, any transactions whose cumulative volume is less than €3Mn are not disclosed, although the Company may still on occasion decide to disclose transactions that fall below this threshold.

c) Unless otherwise stated, transactions refer to contracts signed before the period referred to. Where figures refer to new relationships deriving from contracts agreed or commitments undertaken during the year, this is explicitly stated.

Transactions carried out by Enagás S.A. with other group companies, significant shareholders or companies exercising significant influence over Enagás S.A. (Article 4.1,

Paragraph a, of Ministerial Order EHA 3050/2004)

Enagás S.A. subsidiaries

Transactions with "Gasoducto Al Andalus"

Enagás S.A. has granted this company a €19Mn loan.

Enagás S.A. has incurred expenses of €4.2Mn relating to transport rights and long-term contracts arranged between the two companies and received revenues of €1.3Mn from franchise royalties and pipeline maintenance services.

Transactions with "Gasoducto Extremadura"

Enagás S.A. has granted this company a €41,000 loan.

Enagás S.A. also incurred expenses of €2.2Mn relating to transport rights and long-term contracts arranged between the two companies and received revenues of €1.3Mn from franchise royalties and pipeline maintenance services.

Companies with significant influence over Enagás and companies over which Enagás has significant influence

Transactions with Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja)

1) Enagás S.A. had an open credit line with Bancaja for €6Mn and a bank guarantee line for a further €6Mn.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with Bancaja are all arranged on an arm's length basis.

1Q11 results

Transactions with Caja de Ahorros de Asturias (Cajastur)

1) Enagás S.A. has a loan agreement and bank guarantee line with Cajastur for €2Mn and €12Mn, respectively.

2) It also arranged a €30Mn loan maturing in 2011 with Cajastur.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with Cajastur are all arranged on an arm's length basis.

Transactions with Bilbao Bizkaia Kutxa (BBK)

1) Enagás S.A. has a €25Mn credit line with BBK and also a bank guarantee line of €6Mn.

2) It has also arranged a €100Mn loan with BBK.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with BBK are all arranged on an arm's length basis.

Transactions with directors, managers and their immediate relatives (Article 4.1, Paragraph b, of Ministerial Order EHA/3050/2004)

Attendance fees paid to the members of the Board of Directors to 31 March 2011 totalled €300,000.

Remuneration paid to the company's senior management totalled €1,775 thousand at 31 March 2011.

Other related-party transactions (Article 4.1, paragraph d, of Ministerial Order 3050/2004)

Transactions with Caja Murcia

Enagás S.A. has a €35Mn credit line and a €6Mn bank guarantee line with Caja Murcia.

The terms governing interest, fees and commissions, expenses and guarantees in

all financial agreements with Caja Murcia are all arranged on an arm's length basis.

Transactions with Caixa Catalunya

Enagás S.A. has a €10Mn credit policy with Caixa Catalunya and a bank guarantee line of €12Mn.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with Caixa Catalunya are all arranged on an arm's length basis.

Transactions with Banco Sabadell

1) Banco Sabadell and Enagás have an agreement under which the bank will broker a €100Mn loan corresponding to tranche C of the €1Bn loan granted by the European Investment Bank.

2) Enagás, S.A. also has a three-year €6Mn credit line and a €6Mn bank guarantee line with Banco Sabadell.

3) In addition, Enagás has a three-year €150Mn loan with Banco Sabadell maturing in 2012.

4) Lastly, Enagás has arranged an interest rate swap with Banco Sabadell for €50Mn for the period running from November 2009 to November 2012.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with Banco Sabadell are all on an arm's length basis.

Transactions with Grupo Eulen

In the quarter, Enagás incurred €613,000 in expenses for building and facility maintenance services rendered to it.

Transactions with Iberdrola

1) Enagás incurred expenses of €2.95Mn and €73,000 for electricity services and office rental, respectively.

2) Enagás S.A. has a total of 16 third-party access (TPA) agreements in force with Iberdrola S.A., of which one is short-term

1Q11 results

and 15 are long-term. In 1Q11, 13 TPA agreements were signed which remain in force.

Between 1 January and 31 March 2011 the following services were rendered: regasification of 3,018.9 GWh (billings for these services, including cistern loading, offloading tankers and LNG storage, totalled €4.6Mn); transportation of 3,558.7 GWh (billings for these services, including the transportation component of tolls, were €3.6Mn); storage of an average of 1,764.9 GWh (billings for these services were €4.9Mn). TPA contracts are standard form agreements approved by the Ministry for Industry, Trade and Tourism. The tolls billed by Enagás are also set by the Ministry.

Transactions with Naturgas Comercializadora S.A.

Enagás, S.A. has total of 17 TPA contracts in force with Naturgas Comercializadora, of which 16 are long-term and one is short-term. Nine TPA agreements were signed in

1Q11, of which one remained in force at 31 March 2011.

Between 1 January and 31 March 2011 the following services were rendered: regasification of 1,528.8 GWh (billings for these services, including cistern loading, offloading tankers and LNG storage, totalled €2.2Mn); transportation of 1,331.8 GWh (billings for these services, including the transportation component of tolls, were €748,000); storage of a daily average of 859.7 GWh (billings for these services were €1.2Mn). TPA contracts are standard form agreements approved by the Ministry for Industry, Trade and Tourism. The tolls billed by Enagás are also set by the Ministry.

Transactions with Hidrocarbónico

Enagás, S.A. has a total of six long-term TPA contracts in force with Hidrocarbónico Energía. In 1Q11, two TPA agreements were signed, neither of which remain in force. Some 878.9 GWh were transported for Hidrocarbónico. Billing for this service came to €285.5 thousand.

APPENDIX III: CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Indexes, certifications and assessment agencies



Enagás has renewed its **membership of the United Nations Global Compact**, of which it has been a member since 2003. Membership implies an ethical commitment to ten universal principles governing conduct and action on matters concerning human rights, work, the environment and the fight against corruption.



Enagás has been included in the **Dow Jones Sustainability Index World (DJSI)** for the third year running. This index is the global benchmark for sustainable investing and analyses the world's 2,500 largest companies, selecting those with the best records on sustainability.



FTSE4Good

Enagás' inclusion in the **FTSE4Good**, index, of which it has been a member since September 2006, has been reaffirmed. This index tracks companies' performance on internationally recognised corporate citizenship criteria in order to facilitate socially responsible investing.



Enagás was evaluated for the first time in 2009 by Forum Ethibel subsequent to which it was included in the **Ethibel Excellence Investment Register**. This Forum provides investors with specific instruments to help them identify socially responsible products by analysing companies' financial, social and environmental performance records worldwide.



In 2010, Enagás was evaluated for the first time by **oekom** which awarded it a "**B Prime**" rating. Oekom is one of the world's top sustainability rating agencies, publishing sustainable investing specific research reports.



AA1000

Enagás' 2009 annual report was verified for the first time in accordance with the leading international accountability standards, the **AA1000**, having obtained, for the second consecutive year, the top score awarded by the **Global Reporting Initiative - GRI (A+)**. These standards reflect Enagás' commitment to transparency.

CARBON DISCLOSURE PROJECT

In 2010, Enagás participated in the **Carbon Disclosure Project (CDP)**, for the second year running. This initiative, which dates back to 2000, compiles information about climate change from over 2,500 of the world's largest companies, enabling it to create the world's largest database on corporate greenhouse gas emissions.



In 2010, Enagás renewed its certification as a **Family- Responsible Company** granted by the Fundación +Familia to the Company in 2007. Enagás was rated "B – Proactive". This is a private, non-profit, independent charity set up and run to provide innovative and highly professional solutions to support and protect the family.



In 2010, Enagás was recognised for its equal opportunities and treatment policy, receiving the Equality at Work award by the Ministry for Health, Social Policy and Equality.



Enagás was named one of Spain's **Top Employers 2010** based on an independent analysis conducted by the CRF Institute, which identified the Company as one of the best places to work.



In 2010 Enagás was awarded **EFQM + 400 certification** (European Foundation for Quality Management) for its management model. The EFQM model is the European standard bearer for excellence in organisational management.



Enagás' **system operator (TSO) and third party network access (TPA) management processes** have been certified under **ISO 9001:2008** since 2009, and in **2010 its information management systems were certified**.

APPENDIX IV: Contact data

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