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## NOTEWORTHY DEVELOPMENTS DURING THE YEAR

- ✓ **Net profit** rose **11.9%** in 2010 to **€333.5Mn**, driven by the increase in regulated revenue, due to new assets put into operation in 2009 and 2010, and the cost-control policy implemented by the Company.
- ✓ **EBITDA** climbed to **11.3%** year-on-year to **€780.8Mn**, while **EBIT** advanced **9.5%** to **€530.9Mn**.
- ✓ **Investment** amounted to **€796.3Mn**, while **€644.6Mn** of assets were put into operation.
- ✓ **Net debt** at 31 December stood at **€3.18Bn**, equivalent to **4.1x EBITDA**. The Company's **average cost of debt** for the year was **2.7%** compared to 3.31% in 2009.
- ✓ Overall **demand for gas transported** in 2010 was **436,529 GWh**, **0.1% lower** than in 2009. **Conventional demand rose 10%** due to the effect of the low temperatures at the start of the year and higher industrial consumption.
- ✓ During 2010, the Company **acquired 15% of the BBG regasification plant** and **100%** of the **Gaviota** underground storage facility from Repsol, and signed an agreement with Iberdrola to acquire all its natural gas transport assets.
- ✓ In the fourth quarter of 2010, the ratings agencies, **Standard&Poor's** and **Moody's** **ratified** their credit ratings of Enagás (**AA-/A2**) and their stable outlooks.
- ✓ On 21 December, the Company paid a **gross interim dividend of €0.312** per share **out of** 2010 profit. The dividend was **10.1% higher** than the interim dividend distributed last year.

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## KEY HIGHLIGHTS

### Key indicators January-December (unaudited)

#### Income statement

(€ Mn)	January-December		
	2010	2009	% Chg
<b>Regulated revenue</b>	966.0	866.8	11.4%
<b>EBITDA</b>	780.8	701.3	11.3%
<b>EBIT</b>	530.9	484.7	9.5%
<b>Net profit</b>	333.5	298.0	11.9%

#### Balance sheet, financial ratios and average cost of debt

	January-December	
	2010	2009
<b>Total assets (€ Mn)</b>	6,829.1	5,779.9
<b>Net debt (€ Mn)</b>	3,175.3	2,904.0
<b>Equity (€ Mn)</b>	1,738.8	1,593.4
<b>Net debt/total assets (%)</b>	46.5%	50.2%
<b>Net debt/(net debt + equity) (%)</b>	64.6%	64.6%
<b>Net debt/EBITDA (times)</b>	4.1x	4.1x
<b>Average cost of debt (%)</b>	2.70%	3.31%

#### Other metrics

(€ Mn)	January-December		
	2010	2009	% Chg
<b>Investment</b>	796.3	901.6	-11.7%
<b>Assets put into operation</b>	644.6	965.3	-33.2%

#### Key quarterly indicators (unaudited)

(€ Mn)	Fourth quarter		
	2010	2009	% Chg
<b>Regulated revenue</b>	247.5	227.5	8.8%
<b>EBITDA</b>	192.7	185.8	3.7%
<b>EBIT</b>	124.6	127.7	-2.4%
<b>Net profit</b>	78.6	80.6	-2.5%

# EARNINGS PERFORMANCE

## FY10

**Net profit rose 11.9%** in 2010 to **€333.5Mn** from €298Mn in 2009. This sharp increase, above the 10% growth target established at the start of the year, was driven by the increase in regulated revenue brought on by the significant volume of assets put into operation in both 2009 and 2010, the positive impact of the consolidation of 40% of the BBG regasification plant, and the financial and operating cost efficiency strategy pursued by the Company.

**Net financial expense** (€58.6Mn) **declined 4.3%** year-on-year thanks to contained growth in net debt and the decline in the average cost of debt service from 3.31% to 2.70%.

The depreciation and amortisation charge for the year amounted to €249.9Mn, 15.4% higher than in 2009 and in line with the growth in asset volume. **EBIT** totalled **€530.9Mn**, **9.5%** higher than the year before.

**EBITDA increased 11.3%**, from €701.3Mn in 2009 to **€780.8Mn** in 2010, slightly outstripping the Company's target set at the beginning of the year.

Operating expenses rose 9.9% year-on-year. These expenses included a one-off €4.5Mn charge for early employee retirement and termination benefits. In addition, 40% of the operating expenses of the BBG regasification plant were consolidated, amounting to €6.4Mn.

Like-for-like, recurrent operating expenses rose 4% from 2009, demonstrating Enagás' tight grip over operating expenses amid a period of significant growth in the Company's asset base.

**Regulated revenue climbed 11.4%** reflecting the growth in the remunerated asset base (RAB) in the last two years,

and the consolidation of Enagás' 40% investment in BBG.

2010 EPS was €1.40. EBITDA per share for the year was €3.27.

## 4Q10

**Net profit** in 4Q10 amounted to **€78.6Mn**, **down 2.5%** year-on-year (4Q09: €80.6Mn).

**EBIT fell 2.4%** year-on-year, to **€124.6Mn** from €127.7Mn.

**EBITDA increased by 3.7%** year-on-year, from €185.8Mn in 4Q09 to **€192.7Mn** in 4Q10.

Quarterly results are skewed by the recognition of a €4.5Mn charge early employee retirement and termination benefits under operating expenses. Also included, with effect from 1 January, was the proportionate consolidation of the 15% investment in the Bahía Bizkaia Gas regasification plant acquired from Repsol.

EPS for the quarter was €0.33.

## INVESTMENT

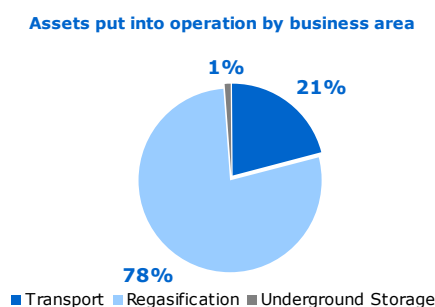
### Assets put into operation

In 2010, **€644.6Mn** of assets were commissioned, including the 40% investment in BBG. The Company's 100% interest in the Gaviota underground storage facility and the transportation assets acquired from Iberdrola will be recognised as part of the Company's remunerated asset base once the required authorisation is obtained.

The most important projects started up in 2010 were:

- The Montesa compressor station
- The duplication of the Castelnou–Tivissa gas pipeline
- The 7th LNG tank at the Barcelona plant
- The 5th LNG tank at the Huelva plant
- The 5th LNG tank at the Cartagena plant

As announced in October, the three 150,000m<sup>3</sup> LNG tanks at the Barcelona, Huelva and Cartagena plants were commissioned in 4Q10.



Note: Includes 40% of BBG

## Investment

Enagás invested a total of €796.3Mn in 2010, in line with its target for the year of €700Mn, excluding acquisitions.

This investment figure includes the acquisitions of 40% of BBG and the Gaviota underground storage facility.

It is worth highlighting 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).

### Acquisitions in 4Q10

In the fourth quarter of the year, the Company entered into an agreement to acquire all of Iberdrola's natural gas transport assets for approximately €12.5Mn.

The transaction includes 100% of Iberdrola Infraestructuras Gasistas, owner and operator of the 1.1 km gas pipeline at the Dársena de Escombreras dock in Cartagena (Murcia). Enagás has also acquired a 50% stake in Infraestructuras Gasistas de Navarra (IGN), owner and operator of the approximately 13 km gas pipeline connecting to the Castejón (Navarre) combined cycle thermal power plants.

The agreement includes the acquisition by Enagás of the approximately 6 km gas pipeline connecting to the Arcos de la Frontera (Cádiz) combined cycle thermal power plant.

This acquisition falls under the scope of Enagás' strategic objective of acquiring regulated assets in Spain that meet the established return and leverage criteria.

## FINANCIAL STRUCTURE

The Company's **net debt** at 31 December 2010 totalled **€3.18Bn**, compared to €2.90Bn at 2009 year end.

The **gearing ratio** (net debt/ net debt + equity) at the 2010 close was **64.6%**, unchanged from the 2009 year end. The **EBITDA/debt** ratio was **4.1x**, also in line with the year-earlier level.

Enagás arranged various interest-rate hedges in 2010, so that the percentage of **fixed-rate debt** at 31 December stood at **70.2%**, fully complying with the Company's strategic target for its optimal debt structure.

Furthermore, **95%** of debt at 31 December was **long-term**, with an **average maturity period of 5.6 years**.

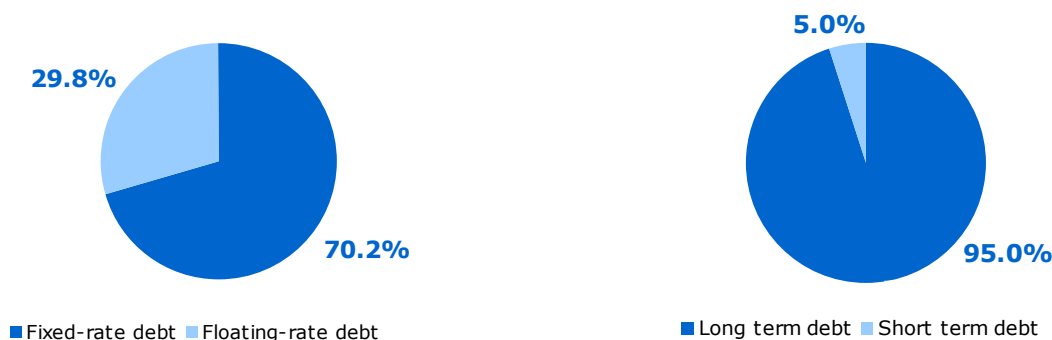
The Company's **average cost of debt** in 2010 was **2.70%**, compared to 3.31% in 2009.

**Net cash flow** in 2010, totalling **€628.9Mn**, was largely used to finance investments and pay dividends.

**Reported net finance expense**, including capitalised borrowing costs (€25.3Mn) amounted to **€58.6Mn**, an improvement on the net expense of €61.2Mn recognised in 2009 (including €29.6Mn of capitalised borrowing costs).

**EBITDA interest cover ratio** at 31 December 2010 was **9.9x** compared to 9.6x a year earlier.

In terms of untapped available financing, the Company had **liquidity of €2.07Bn** at the 2010 close, giving it sufficient funds to cover planned investments through 2014 under excellent payment and cost conditions.



## OPERATING HIGHLIGHTS

### Demand

Transported gas demand in 2010 totalled 436,529 GWh, 0.1% lower than in 2009.

This figure includes 35,788 GWh of exports.

Conventional demand recovered during the year, growing 10% to 265,117 GWh owing to the low temperatures at the start of the year, while demand from industrial users also picked up.

In contrast, gas consumption for electricity generation by conventional and combined cycle thermal power plants fell 15.7% from 2009, due to higher wind, solar and hydro output.

Installed capacity of combined cycle plants grew by 4,000 MW in 2010, thanks to the commissioning of 11 new combined cycle plants, taking the total for this type of facility to 66 by the year-end.

### Demand 4Q10

Demand for gas transported in the system amounted to 119,764 GWh in 4Q10, 3.7%

higher than in 4Q09.

### Demand peaks

Amid low temperatures, a new record in conventional demand in Spain of 1,166 GWh was set on 16 December, 1.4% above the previous peak set on 12 January 2010.

### Supplies

A total of 414,239 GWh of natural gas was supplied in 2010, a year-on-year increase of 0.4%.

Noteworthy were the increase in LNG from Nigeria and Qatar and the decline in LNG from Oman and Egypt. By adding two new supply sources, Peru and the US, the Company supply mix has become more diversified.

Of total supplies, 76% comprised liquid natural gas (LNG), the highest level reached since the Maghreb-Europe pipeline was opened in October 1996. The remaining 24% entered the System as NG through the Larrau, Tarifa and Badajoz international connections.

(GWh)	2010	2009	% Chg
<b>Conventional demand</b>	265,117	241,062	10.0%
<b>Electricity generation</b>	135,624	160,793	-15.7%
<b>Exports</b>	35,788	34,992	2.3%
<b>Total gas demand transported</b>	436,529	436,847	-0.1%

## **SUMMARY OF SIGNIFICANT EVENTS 2010**

### **8 April Enagás acquires Repsol's stake in the Gaviota underground storage facility off the coast of Bermeo in Vizcaya**

Enagás signed an agreement with Repsol through which Repsol sold Enagás its 82% stake in the Gaviota underground natural gas storage facility for €86.9Mn. Of that amount, €16.4Mn are subject to the approval by the Ministry for Industry, Tourism and Trade of the expansion project.

### **30 April 2010 General Meeting**

In their General Meeting, shareholders resolved to pay a total gross dividend from 2009 profit of €0.749 per share, an increase of 15.1% on the 2008 dividend.

All resolutions on the agenda were ratified, including the appointment of a new independent director, Isabel Sánchez García.

### **28 June The Company moves ahead with its commitment to good governance**

The Board of Directors of Enagás approved the appointment of Independent Director José Riva Francos as a member of the Audit and Compliance Committee. This addition maintains the Committee's balance between the number of independent and proprietary directors.

The Board also approved the delegation of powers to the Chairman of the Appointments, Remunerations and Corporate Responsibility Committee, currently independent director Dionisio Martínez Martínez, to call board meetings or include new items on the agenda in order to coordinate and convey the concerns of Directors and to lead the Board's evaluation of its chairman.

### **20 July Presentation of updated 2010-2014 Strategic Plan**

The Company unveiled its updated 2010-2014 Strategic Plan to the market. The strategic review was prompted by the prevailing circumstances in the economy in general and the energy sector in particular which have changed significantly since the 2007-2012 Business Plan was drawn up. The key targets are:

- Average annual investment between 2010 and 2014 of €700Mn, in line with the 2007-2009 spend.
- Average annual assets put into operation of €680Mn, above the pace registered in 2007-2009.
- Unchanged debt ratios from current levels.
- Sufficient financial resources to carry out planned investment to 2014.
- CAGRs for EBITDA and net profit of 10% and 7%, respectively.
- Continuation of dividend policy.

### **27 July Enagás acquires 18% of Gaviota from Murphy Oil, giving the Company 100% ownership of the underground storage facility**

Enagás signed an agreement to acquire Murphy Spain Oil Company's 18% stake in the Gaviota natural gas storage facility for €19.2Mn. The deal includes the current infrastructure and the extension project.

### **28 July Enagás acquires 15% of Bahía de Bizkaia Gas from Repsol**

Enagás signed a purchase agreement with Repsol for the acquisition of 15% of the Bahía de Bizkaia Gas (BBG) regasification plant for €40Mn, including debt. Once the transaction closed and all pertinent authorisations were obtained, Enagás became BBG's majority shareholder, with a 40% interest.

## 2010 Results

### **9 September**

#### **Enagás retains place in Dow Jones Sustainability Index for third year running**

Enagás kept its place in the Dow Jones Sustainability Index World (DJSI World) for the third year running. This index comprises international examples of the best practices in sustainability and CSR.

### **3 November**

#### **Moody's affirms its long-term rating for Enagás**

Ratings agency Moody's affirmed its long-term A2 rating of Enagás, its short-term Prime 1 credit rating and its stable future outlook.

### **24 November**

#### **Enagás acquires natural gas transport assets from Iberdrola**

Enagás entered into an agreement to acquire all of Iberdrola's natural gas transport assets for approximately €12.5Mn.

### **22 December**

#### **Standard & Poor's affirms its long-term rating for Enagás**

Ratings agency Standard & Poor's affirmed its long-term AA- rating of Enagás, its short-term A-1+ credit rating and its stable future outlook.

### **22 December**

#### **2010 interim dividend**

The Company paid a gross dividend of €0.312 per share out of 2010 profit. The dividend paid was 10.1% higher than the 2009 interim dividend.



## **CONSOLIDATED INCOME STATEMENT**

### **FY10**

<b>€ Mn (unaudited)</b>	<b>2010</b>	<b>2009</b>	<b>% Chg</b>
Revenue from regulated activities	966.0	866.8	11.4%
Other operating revenue	34.8	34.7	0.3%
<b>Total revenue</b>	<b>1,000.8</b>	<b>901.5</b>	<b>11.0%</b>
Personnel expenses	-67.2	-60.7	10.7%
Other operating expenses	-152.8	-139.5	9.5%
<b>EBITDA</b>	<b>780.8</b>	<b>701.3</b>	<b>11.3%</b>
Depreciation/amortisation charge	-249.9	-216.6	15.4%
<b>Operating profit (EBIT)</b>	<b>530.9</b>	<b>484.7</b>	<b>9.5%</b>
Net finance expense	-58.6	-61.2	-4.2%
<b>Profit before tax</b>	<b>472.3</b>	<b>423.5</b>	<b>11.5%</b>
Income tax	-138.8	-125.4	10.7%
<b>Net profit for the period</b>	<b>333.5</b>	<b>298.1</b>	<b>11.9%</b>

Note: 2010 results include 40% of the BBG regasification plant using proportionate consolidation

### **4Q10**

<b>€ Mn (unaudited)</b>	<b>4Q 2010</b>	<b>4Q 2009</b>	<b>% Chg</b>
Revenue from regulated activities	247.5	227.4	8.8%
Other operating revenue	9.4	8.5	10.6%
<b>Total revenue</b>	<b>256.9</b>	<b>235.9</b>	<b>8.9%</b>
Personnel expenses	-21.2	-14.8	42.8%
Other operating expenses	-43.1	-35.3	22.0%
<b>EBITDA</b>	<b>192.7</b>	<b>185.8</b>	<b>3.7%</b>
Depreciation/amortisation charge	-68.0	-58.1	17.0%
<b>Operating profit (EBIT)</b>	<b>124.6</b>	<b>127.7</b>	<b>-2.4%</b>
Net finance expense	-14.4	-14.7	-2.0%
<b>Profit before tax</b>	<b>110.2</b>	<b>113.0</b>	<b>-2.5%</b>
Income tax	-31.6	-32.4	-2.5%
<b>Net profit for the period</b>	<b>78.6</b>	<b>80.6</b>	<b>-2.5%</b>

Note: In the fourth quarter, with effect from 1 January, the 15% investment in BBG acquired from Repsol has been included in the scope of the consolidation

## **CONSOLIDATED BALANCE SHEET**

<b>€ Mn (unaudited)</b>	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
Intangible assets	36.6	41.4
Investment property	0.0	0.0
Property, plant and equipment	5,123.7	4,655.0
Non-current investments in group companies and associates	0.9	8.1
Other non-current financial investments	31.9	2.9
Deferred tax assets	35.4	57.5
<b>Non-current assets</b>	<b>5,228.6</b>	<b>4,764.9</b>
Non-current assets held for sale	21.7	0.0
Inventories	5.3	4.7
Receivables	366.5	359.7
Other current financial assets	117.6	8.1
Other current assets	2.3	2.1
Cash and cash equivalents	1,087.1	640.5
<b>Current assets</b>	<b>1,600.5</b>	<b>1,015.1</b>
<b>TOTAL ASSETS</b>	<b>6,829.1</b>	<b>5,779.9</b>
<i>Capital</i>	<i>358.1</i>	<i>358.1</i>
Legal reserve	71.6	71.6
Other reserves	1,041.4	923.4
Reserves at consolidated companies	8.7	9.8
<i>Reserves</i>	<i>1,121.7</i>	<i>1,004.9</i>
Retained earnings	0.0	0.0
Profit for the period attributable to equity holders of the parent	333.5	298.0
Interim dividend capitalised	-74.5	-67.6
<b>Capital and reserves</b>	<b>1,738.8</b>	<b>1,593.4</b>
Hedges	-2.6	-12.2
<b>Changes in fair value recognised in equity</b>	<b>-2.6</b>	<b>-12.2</b>
<b>Equity</b>	<b>1,736.2</b>	<b>1,581.3</b>
Provisions	34.4	31.5
Non-current financial liabilities	3,678.1	3,090.0
Non-current liabilities payable to group companies and associates	0.0	0.0
Deferred tax liabilities	214.7	166.6
Other non-current liabilities	79.1	84.5
<b>Non-current liabilities</b>	<b>4,006.2</b>	<b>3,372.6</b>
Liabilities linked with assets held for sale	5.9	0.0
Current provisions	3.3	0.0
Current financial liabilities	730.8	503.8
Current liabilities payable to group companies and associates	0.0	0.0
Trade and other payables	346.7	322.0
Other current liabilities	0.0	0.4
<b>Current liabilities</b>	<b>1,086.7</b>	<b>826.1</b>
<b>EQUITY AND LIABILITIES</b>	<b>6,829.1</b>	<b>5,779.9</b>

## CONSOLIDATED CASH FLOW STATEMENT

€ Mn (unaudited)	Jan-Dec 2010	Jan-Dec 2009
<b>CONSOLIDATED PROFIT BEFORE TAX</b>	<b>472.3</b>	<b>423.5</b>
<b>Adjustments to profit</b>	<b>307.9</b>	<b>278.6</b>
Depreciation of PP&E	249.9	216.6
Other adjustments to profit	58.0	62.0
<b>Changes in working capital</b>	<b>-25.2</b>	<b>-17.5</b>
Inventories	1.1	-0.8
Trade and other receivables	-41.8	118.1
Other current assets	-3.3	-4.1
Trade and other payables	18.7	-130.8
<b>Other cash flows from operating activities</b>	<b>-126.1</b>	<b>-150.3</b>
Interest paid	-104.7	-89.5
Interest collected	13.7	11.6
Income tax received /(paid)	-29.1	-65.6
Other inflows/(outflows)	-5.9	-6.9
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>628.9</b>	<b>534.3</b>
<b>Capital expenditure</b>	<b>-763.4</b>	<b>-872.0</b>
Group companies and associates	<b>-33.6</b>	<b>0.0</b>
Intangible assets, PP&E and investment property	-629.5	-872.0
Other financial assets	-100.3	0.0
<b>Proceeds from disposals</b>	<b>1.2</b>	<b>22.0</b>
Group companies and associates	<b>1.0</b>	<b>8.6</b>
Intangible assets, PP&E and investment property	0.2	7.0
Other financial assets	0.0	6.4
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>-762.1</b>	<b>-850.0</b>
<b>Proceeds from/(payments on) financial liabilities</b>	<b>765.5</b>	<b>964.5</b>
Issuance	880.5	2,119.0
Repayment	-115.0	-1,154.5
<b>Dividends paid</b>	<b>-185.7</b>	<b>-222.9</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>579.8</b>	<b>741.6</b>
<b>TOTAL NET CASH FLOWS</b>	<b>446.5</b>	<b>426.0</b>
Cash and cash equivalents - opening balance	640.5	214.5
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>1,087.1</b>	<b>640.5</b>
Cash and bank deposits	19.0	7.6
Other financial assets	1,068.1	632.9

## APPENDIX I: COMPANY ASSETS

Enagás' Gas System Assets 31/12/10		
<b>REGASIFICATION ASSETS</b>	<b>Units</b>	<b>m<sup>3</sup> or m<sup>3</sup>/h</b>
LNG tankers (number and capacity)	17	1,887,000
Nominal regasification capacity		4,650,000
Tank loaders	9	
<b>TRANSPORT ASSETS</b>	<b>Units</b>	<b>Km</b>
Km. of operational gas pipeline		8,981
Compressor stations	15	
Gas regulation and metering stations	424	
<b>UNDERGROUND STORAGE ASSETS</b>	<b>Units</b>	<b>Mm<sup>3</sup>/day</b>
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 m<sup>3</sup> LNG storage tanks and a nominal regasification capacity of 800,000 m<sup>3</sup>(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.

Gasoducto Al Andalus S.A. has paid Enagás S.A. €6.1Mn in dividends in respect of 2009 results.

Also, Enagás S.A. has incurred expenses of €16.4Mn relating to transport rights and long-term contracts arranged between the two companies and received revenues of €5.6Mn from franchise royalties and pipeline maintenance services.

#### **Transactions with "Gasoducto Extremadura"**

Enagás S.A. has granted this company a €0.04Mn loan.

Gasoducto Extremadura S.A. has paid Enagás S.A. €3.9Mn in dividends in respect of 2009 results.

Also, Enagás S.A. has incurred expenses of €8.6Mn relating to transport rights and long-term contracts arranged between the two companies and received revenues of €5Mn from franchise royalties and pipeline maintenance services.

#### **Transactions with "Gasoducto Campo Maior-Leiria-Braga"**

Enagás S.A. has granted the company a €4.6Mn loan.

Also, Enagás S.A. has incurred expenses of €3.3Mn relating to transport rights and long-term contracts arranged between the two companies.

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### Transactions with "Gasoducto Braga-Tuy"

Enagás S.A. has granted this company an €11.9Mn loan.

Also, Enagás S.A. has incurred expenses of €3.3Mn relating to transport rights and long-term agreements arranged between the two companies.

### 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) On 5 July 2010, Enagás S.A. paid Bancaja a final dividend, as approved at its Shareholders' Meeting, of €5.6Mn. Adding this to the interim dividend paid on 21 December 2010, the total dividend was €9.3Mn.

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

3) Enagás S.A. has an interest rate collar contract worth €50Mn with Bancaja for the period from October 2008 to January 2010.

The terms governing interest, commissions, expenses and guarantees in all financial agreements with Bancaja are at market rates.

#### Transactions with Caja de Ahorros de Asturias (Cajastur)

1) On 5 July 2010, Enagás S.A. paid Cantábrica de Inversiones de Cartera (Cajastur), a final dividend of €5.6Mn, as approved at its Shareholders' Meeting. Adding this to the interim dividend paid on 21 December 2010, the total dividend was €9.3Mn.

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

3) Enagás S.A. has an interest rate collar contract worth €50Mn with Cajastur for the

period running from October 2008 to January 2010.

4) 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 on an arm's length basis.

#### Transactions with Bilbao Bizkaia Kutxa (BBK)

1) On 5 July 2010, Enagás S.A. paid Kartera 1 S.L. (BBK) a final dividend of €5.6Mn, as approved at its Shareholders' Meeting. Adding this to the interim dividend paid on 21 December 2010, the total dividend was €9.3Mn.

2) Enagás S.A. has renewed and extended a €25Mn credit line with BBK, with which it also has a bank guarantee line for €6Mn.

3) It has also renewed a loan from BBK and extended it to €100Mn, with a one-year maturity.

4) Enagás S.A. has an interest rate collar contract worth €30Mn with BBK for the period running from October 2008 to January 2010.

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 Spanish State Holding Company (SEPI)

On 5 July 2010, Enagás S.A. paid SEPI a final dividend, as approved at its Shareholders' Meeting, of €5.6Mn. Adding this to the interim dividend paid on 21 December 2010, the total dividend was €9.3Mn.

#### Transactions with Oman Oil Holdings Spain S.L.U.

On 5 July 2010, Enagás S.A. paid Oman Oil Holdings Spain S.L.U. a final dividend of €5.6Mn, as approved at its Shareholders' Meeting. Adding this to the interim

## 2010 Results

dividend paid on 21 December 2010, the total dividend was €9.3Mn.

### **Transactions with Sagane Inversiones S.L.**

On 5 July 2010, Enagás S.A. paid Sagane Inversiones a final dividend of €5.6Mn, as approved at its Shareholders' Meeting. Adding this to the interim dividend paid on 21 December 2010, the total dividend was €9.3Mn.

### **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 through 31 December 2010 totalled €1.2Mn.

Remuneration paid to the Company's senior management in the year totalled €7.1Mn. Fixed remuneration was unchanged from 2009, while performance and target-based pay, included in this amount, reflects the Multi-year Incentives Plan corresponding to previous years. In addition to the above, the aforementioned amount includes sums paid to senior management for labour-related compensation.

### **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, 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 loan for €100Mn corresponding to the tranche C of the €1Bn loan granted by the EIB.

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 on an arm's length basis.

#### **Transactions with Grupo Eulen**

In 2010, Enagás incurred €2.3Mn in expenses for building and facility maintenance services rendered to it.

#### **Transactions with Grupo Intermoney**

Enagás incurred an expense of €0.2Mn for advisory services received from this company.

#### **Transactions with Iberdrola**

1) In 2010, Enagás S.A. paid Iberdrola S.A. €5.1Mn for own gas consumption.

2) Enagás also incurred costs of 1Mn and €0.3Mn for electricity services and office rental, respectively.

3) Enagás S.A. has a total of 16 third-party access (TPA) agreements in force with

## 2010 Results

Iberdrola S.A., of which one is short-term and 15 are long-term.

Between 1 January and 31 December 2010 the following services were provided: regasification of 12,334.5 GWh (billings for these services, including cistern loading, offloading tankers and LNG storage, totalled €12.5Mn); transportation of 15,143.4 GWh (billings for these services, including the transportation component of tolls, were €18.1Mn); storage of a daily average of 3,349 GWh (billings for these services were €22.9Mn).

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 14 TPA contracts in force with Naturgas Comercializadora, of which 13 are long-term and one is short-term. Six TPA agreements were signed in 4Q10, of which one remained in force at 31 December 2010.

Between 1 January and 31 December 2010 the following services were provided: regasification of 2,835.6 GWh (billings for

these services, including cistern loading, offloading tankers and LNG storage, totalled €3.5Mn); transportation of 2,821.4 GWh (billings for these services, including the transportation component of tolls, were €2.6Mn); and storage of 1,122.5 GWh (billings for these services were €7.5Mn).

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 Energía S.A.**

Enagás incurred costs of €1.7Mn for electricity services provided by Hidrocarbónico.

Enagás, S.A. has a total of four long-term TPA contracts in force with Hidrocarbónico Energía. In 4Q10, four TPA agreements were signed, none of which remain in force. Some 2,957.7 GWh were transported for Hidrocarbónico. Billing for this service came to €1.2Mn.



## 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**

### **Corporate website:**

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