



## SIGNIFICANT EVENT

# AMENDMENT TO PRELIMINARY 2006 RESULTS AND DIVIDEND PROPOSAL

In its meeting of today, and following a report by its Audit and Compliance Committee, the Board of Directors of Enagás, S.A. prepared the 2006 audited financial statements for Enagás, S.A. and its Consolidated Group as well as the proposal for distribution of profit. Both will be submitted for approval at the General Shareholders' Meeting, which is set to be held at second call on 11 May 2007.

### **Amendment to preliminary 2006 results.**

Ministerial Order ITC 3995/2006 of 29 December, published on 30 December 2006, established the remuneration regime for underground storage facilities in the basic network. The Second Additional Provision and Appendix IV to the Order defined for the first time the investments in research and exploration in underground storage facilities at 31 December 2006, their useful life and the net outstanding remuneration as from 1 January 2007. The remuneration calculation criteria laid out in the Order were difficult to interpret and this gave rise to a correction published in the BOE (Spanish Official State Gazette) of 22 February 2007. This change occurred after the preliminary results had been published on 24 January 2007.

Once the Order error correction was published, Enagás carried out a detailed analysis of the regulatory amendments and of any possible effects they could have on the company's accounts. We concluded that the depreciation charge in this connection that the Company had been making pursuant to the general criteria of Order ECO 31/2004, does not correspond to the useful life parameters as defined by Ministerial Order ITC 3995/2006. The Company has therefore decided to adjust the net values of its underground storage research and exploration assets that were recorded in its accounts, to bring them in line with the values that appear in Appendix IV of Ministerial Order ITC 3995/2006. These assets consist of studies and research into structures which might be suitable as underground storage facilities.

This adjustment in the Enagás financial statements for 2006 has given rise to €13.7Mn higher depreciation charge and, therefore, a €8.9Mn lower net profit for the year than in the preliminary results released on 24 January. Enagás publishes this announcement to coincide with the preparation of the financial statements by the Board of Directors, following the report by the Audit and Compliance Committee. The announcement document is attached, together with the information covering the adjustments made to the financial statements for the year ended 31 December 2006 as described above.



While this amendment does not affect the year's operating cash flow (EBITDA), it takes 2006 net profit to €216.4Mn, i.e. a 13.3% year-on-year increase. The result is 3.9% below the preliminary figure of €225.3Mn published on 24 January. The adjustment affects studies and research started from 2001 and accounts for less than 1% of accumulated net profit 2001-2006.

Following these changes, 2006 results are as follows:

	<i>Preliminary 24 January (not audited)</i>	<i>Final results (audited)</i>
Revenue	€779.9Mn	€778.0Mn(*)
Operating expenses	€216.2Mn	€214.3Mn(*)
Operating cash flow (EBITDA)	€563.6Mn	€563.6Mn
EBIT	€392.4Mn	€378.7Mn
Net profit	€225.3Mn	€216.4Mn

(\*) Solely for the purposes of presenting accounts under IFRS, the sum of €1.9Mn has been deducted simultaneously from "Other operating income" and "Other operating expenses". This amount refers to expenses passed on to third parties and therefore has no impact on final profit.

### **Dividend proposal**

The Board of Directors has resolved to propose to the General Shareholders' Meeting the distribution of a total dividend for 2006 of €0.471809 gross per share, which represents an 18% increase on the previous year's dividend.

This dividend represents a payout of 52.05% of 2006 net profit, compared to the 50% payout that the Company has made since its IPO. The reason for the improvement is so that the adjustment in the result described above is not passed on to the dividend paid to the shareholders.

**Madrid, 29 March 2007**  
**Secretary of the Board of Directors**  
**Enagás, S.A.**