



Enagás estimates an impact of €120 million on average in its regulated revenues as a result of the gas reform announced by the Government

- **The Company is working in an Efficiency Plan 2014-2020 that will intensify the effort made in cost reduction since 2008**

Enagás has made a first calculation of the impact after the publication of the Royal Decree 8/2014, of July, 4th, of urgent measures for growth, competitiveness and efficiency, in which the gas reform is included. This RD comes into effect as of the date of publication and Enagás calculates an impact of €120 million on average in the revenues of the Company until 2020.

The Company considers that the announced reform will eliminate the existing gas tariff deficit and guarantees the regulatory stability of the sector, with the main objective of reducing the energy prices in Spain and increase the competitiveness of the Spanish companies. In addition, the new regulation guarantees an economically sustainable gas system for the future.

Enagás is already taking the necessary measures with the aim of offsetting the significant impact of the reform on its revenues. The company has been working on its new efficiency plan 2014-2020 since few months ago, and represents an intensification of the effort to reduce and rationalize costs that started in 2008.

In addition, Enagás maintains a solid financial position, recognised by the markets, and has initiated an international expansion plan that will allow the company to obtain additional profits from these investments in the next years.

Enagás considers that this reform responds to the necessity to adapt the regulatory framework to the current economic situation and the maturity of the Spanish gas system. The company is aware of the Government's priority to resolve the incipient gas tariff deficit and assumes that it has to make an additional effort to contribute to the gas sector's stability and competitiveness.

The new remuneration system establishes regulatory periods of 6 years and introduces factors that makes it more predictable and stable and also a variable remuneration with some exposure to gas demand.

Madrid, July, 7th, 2014