



**PROPOSED RESOLUTIONS LAID BEFORE THE 2008 ORDINARY GENERAL
SHAREHOLDERS' MEETING**

**First call: 24 April 2008
Second call: 25 April 2008**

AGENDA

1. To review and approve, if applicable, the Annual Accounts (Balance, Profits and Loss Account and Report) and the Management Report for financial year 2007 for Enagás, S.A. and its Consolidated Group.
2. To approve, if applicable, the proposal for distribution of Enagás, S.A. profit for financial year 2007.
3. To approve, if applicable, the management of the Board of Directors of Enagás, S.A. for financial year 2007.
4. To re-appoint Deloitte S.L. as the Accounts Auditor of Enagás, S.A. and its Consolidated Group for 2008.
5. To modify Article 35 ("Composition of the Board") of the Company Bylaws to set the maximum number of members of the Board of Directors at seventeen.
6. To ratify, appoint, renew or re-elect members of the Board of Directors.
 - 6.1. To re-elect Peña Rueda S.L. Unipersonal as a controlling Director on the proposal of shareholder Cantábrica de Inversiones de Cartera S.L. (CAJASTUR) for a bylaw-stipulated period of four years.
 - 6.2. To ratify and appoint Bilbao Bizkaia Kutxa (BBK) as a controlling Director as proposed by company shareholder BBK itself for a bylaw-stipulated period of four years.
 - 6.3. To appoint the Spanish State Holding Company (SEPI) as a controlling Director on behalf of company shareholder SEPI itself for a bylaw-stipulated period of four years.
7. To approve Directors' compensation for 2008.
8. To hear the explanatory report on the items stipulated under article 116 bis of the Securities Market Act.
9. To delegate powers to supplement, implement, perform, rectify and formalise the resolutions adopted at the General Shareholders' Meeting.

PROPOSED RESOLUTION 1

To review and approve, if applicable, the Annual Accounts (Balance, Profits and Loss Account and Report) and the Management Report for financial year 2007 for Enagás S.A. and its Consolidated Group.

The following proposed resolution is laid before the Ordinary General Shareholders' Meeting:

- "To approve the Annual Accounts (Balance, Profits and Loss Account and Report) and the Management Report for the financial year between 1 January and 31 December 2007 for Enagás, S.A. and its Consolidated Group."

PROPOSED RESOLUTION 2

To approve, if applicable, the proposal for distribution of Enagás, S.A. profit for financial year 2007.

The following proposed resolution is laid before the Ordinary General Shareholders' Meeting:

- "To approve the distribution of Enagás, S.A. profit for financial year 2007, which included net profits of **€235,137,559.21**, in line with the following distribution proposal prepared by the Board of Directors:

<u>Distribution</u>	Euros
Legal Reserves	0.00
Voluntary Reserves	92,165,817.99
Dividend	142,971,741.22
Total Results	235,137,559.21

- To pay out an additional dividend to the value of **€85,675,518.22**. Said amount is the result of deducting from the financial year's total dividend, **€142,971,741.22**, the interim dividend of **€57,296,222.40** that was agreed by the Board of Directors on **19 December 2007**, and paid to shareholders on **10 January 2008**.

The additional dividend will be paid on **3 July 2008**.

The total gross dividend for the financial year, approval of which, in accordance with the previous paragraph, means payment of **€0.598874** per share.

Once the interim dividend already paid is deducted – **€0.24** gross per share, the remaining payment will be for **€0.358874** per share, before tax deductions."

PROPOSED RESOLUTION 3

To approve, if applicable, the management of the Board of Directors of Enagás, S.A. for financial year 2007.

The following proposed resolution is laid before the Ordinary General Shareholders' Meeting:

- "To approve the management of the Board of Directors of Enagás, S.A. during the financial year 2007."

PROPOSED RESOLUTION 4

To re-appoint Deloitte S.L. as the Accounts Auditor of Enagás, S.A. and its Consolidated Group for 2008.

Article 204 of the revised text of the Spanish Companies Act states that those persons who are to audit the Accounts shall be appointed by the General Shareholders' Meeting prior to the end of the year to be audited, for an initial period of time no less than three years nor in excess of nine, as of the date of commencement of the first year audited, who may be re-appointed by the General Shareholders' Meeting annually once the initial period has concluded.

The company Deloitte was appointed Accounts Auditor of Enagás, S.A. and its Consolidated Group at the General Shareholders' Meeting held in 2004 for a period of three years. The Ordinary General Shareholders' Meeting held 11 May 2007 resolved to re-appoint the company for 2007. The renewal of its appointment for another year under the terms stipulated in the aforementioned provision is now proposed.

The following proposed resolution is laid before the Ordinary General Shareholders' Meeting:

- "To re-appoint the company "Deloitte S.L." as Accounts Auditor of Enagás, S.A. and its Consolidated Group for a legally established period of one year. The company shall also be placed in charge of providing any other auditing services required by law that are specified by the Company until the next Ordinary General Shareholders' Meeting is held."

PROPOSED RESOLUTION 5

To modify article 35 ("Composition of the Board") of the Company Bylaws to set the maximum number of members of the Board of Directors at seventeen.

In accordance with article 144(1)(a) of the revised text of the Spanish Companies Act, the Board of Directors has issued a written statement of the reasons for this proposed resolution. The statement is made available to shareholders on the day of the Notice of Meeting.

Once Law 34/1998 of 7 October on the Hydrocarbons Industry (and in compliance with Law 62/2003 of 30 December) introduced a ceiling of 5 percent on shareholdings of Enagás, as stated under art. 6a of the Company Bylaws, the Company has made it its practice to recognise the possibility of appointing all institutional shareholders who acquire said interest as controlling Directors. Therefore, the following shareholders are represented on the Board, each with one Director: Gas Natural SDG, S.A., SAGANE S.L, BANCAJA Inversiones S.L. (BANCAJA), Cantábrica de Inversiones de Cartera, S.L. (CAJASTUR); Incomed S.L. (Caja de Ahorros del Mediterráneo, CAM) and Bilbao Bizkaia Kutxa.

The last General Shareholders' Meeting held 31 October 2007 agreed to fulfil the number of Directors set at a maximum of sixteen under article 35 of the Company Bylaws. Subsequently, the Spanish State Holding Company (SEPI) announced, in

accordance with securities market legislation, a 5% acquisition in the share capital of Enagás, S.A. To allow the representation of SEPI on the Board of Directors, given the criterion stated, an amendment to the aforementioned article 35 of the bylaws increasing the maximum number of members of the Board of Directors to seventeen is considered appropriate. It is true that said maximum number exceeds the fifteen members recommended under the Unified Code of Good Governance. However, in doing so, given the special legal regime of Enagás, the Company is able to add stability to the share capital with the presence of institutional shareholders that will participate in the administration of the Company. It is also able to thereby avoid doing so at the expense of reducing the number of independent Directors on the Board, maintaining a high number of such Directors as is also recommended as a good governance practice.

The following proposed resolution is laid before the Ordinary General Shareholders' Meeting:

"To modify article 35 ("Composition of the Board") of the Company Bylaws to set the maximum number of members of the Board of Directors at seventeen. The full text of article 35 of the Company Bylaws is to read as follows:

ARTICLE 35. COMPOSITION OF THE BOARD.

The Company shall be governed and managed by the Board of Directors, which shall represent the Company collegiately, both in and out of court. Its representation shall extend, without any limitation of power, to all acts embodied in the corporate purpose.

The Board of Directors shall be composed of a minimum of six members and a maximum of seventeen, appointed by the General Shareholders' Meeting.

The Board Members shall be elected by means of a vote. For this purpose, the shares that are voluntarily pooled, up to a total in share capital that is equal to or greater than the result of dividing the latter by the number of Board Members, shall be entitled to appoint those who, exceeding whole fractions, are deducted from the corresponding proportion. If this power is exercised, the shares pooled in this fashion shall not take part in the appointment of the remaining members of the Board.

The post of Director, for those for which shareholder status is not required, may be waived, revoked and eligible for re-election for one or more terms.

An appointment as Director shall take effect upon acceptance thereof.

Any person found in any of the situations referred to under article 124 of the revised text of the Spanish Companies Act may not be a Director."

PROPOSED RESOLUTION 6

Given that the term of office stipulated by the bylaws have expired, the re-election of Director Peña Rueda S.L. Unipersonal as a controlling Director as proposed by shareholder Cantábrica de Inversiones de Cartera S.L. (CAJASTUR) is appropriate.

At its meeting of 28 November 2007, the Board of Directors agreed to appoint by virtue of co-optation Bilbao Bizkaia Kutxa, a body corporate, until the first General Shareholders' Meeting, to fill the directorship left by Mr. De Irala, a natural person. Mr. De Irala was appointed by Bilbao Bizkaia Kutxa as a representative to perform the office. Applicable regulations call for the ratification by the General Shareholders' Meeting of the appointment made by the Board until its next meeting, as well as the appointment of Bilbao Bizkaia Kutxa as Director for a bylaw-stipulated period of four years.

Following the last General Shareholders' Meeting, the Spanish State Holding Company (SEPI) announced, in accordance with securities market legislation, a 5% acquisition in the share capital of Enagás, S.A. Given the criterion that institutional shareholders that enjoy a significant shareholding in the Company should have representation on the Board of Directors, the appointment of SEPI as a member of the Board is proposed. SEPI is a state company in line with article 6.1(b) of the revised text of the General Budget Act and is governed by Law 5/1996 of 10 January and provisions underway.

The following proposed resolution is laid before the Ordinary General Shareholders' Meeting:

- 6.1. To re-elect Peña Rueda S.L. Unipersonal, whose particulars are already recorded in the Commercial Registry, as a member of the Board of Directors for an additional period of four years. Peña Rueda S.L. Unipersonal shall retain its status as a controlling Director on the proposal of Cantábrica de Inversiones de Cartera, S.L., an Enagás, S.A. shareholder.
- 6.2. To ratify the appointment made by virtue of co-optation by the Board of Directors until the date of this Meeting and appoint Bilbao Bizkaia Kutxa (BBK), whose particulars are already recorded in the Commercial Registry, as a member of the Board of Directors for a bylaw-stipulated period of four years. Bilbao Bizkaia Kutxa (BBK) shall maintain its status as a controlling Director on the proposal of Bilbao Bizkaia Kutxa (BBK) itself, an Enagás S.A. shareholder.
- 6.3. To appoint the Spanish State Holding Company (SEPI) as a member of the Board of Directors for a bylaw-stipulated period of four years. SEPI shall have the status of a controlling Director on the proposal of SEPI itself, a Company shareholder. The number of Directors is thus set at seventeen.

PROPOSED RESOLUTION 7

To approve Directors' compensation for 2008.

The compensation due to Directors for 2008 is updated, taking into account the effect of the increase in the number of Directors to seventeen on such as well.

The following proposed resolution is laid before the General Shareholders' Meeting:

- "The General Shareholders' Meeting, in accordance with the second paragraph of article 36 of the Company Bylaws, agrees to set the figure of €1,249,733 as the maximum payment level for members of the Board of Directors for 2008, to be paid in accordance with the following method and criteria:
 - Each Board member attending a minimum of two sessions during the year will be entitled to a payment of €22,050.
 - In addition, effective attendance at sessions will entitle him/her to a maximum Director's payment of €42,446. The Board of Directors will decide the exact payment amount for attendance, whether personally or by means of a delegated representative, at each session.
 - Likewise, Board committee members will be entitled to the sum of €11,025 per annum, with chairmanship of the same entitling them to an additional €5,513 per annum.
 - The performance of the office of Vice Chair of the Board of Directors shall be remunerated in the further amount of €32,025 per annum.

The aforementioned sums are separate from rewards and salary payments which may be additionally paid for work done or services provided by Board members, and also from the right to payment or reimbursement of expenses incurred in the course of their duties."

ITEM 8

Presentation of the explanatory report on the items stipulated under article 116 bis of the Securities Market Act.

PROPOSED RESOLUTION 9

To delegate powers to supplement, implement, perform, rectify and formalise the resolutions adopted at the General Shareholders' Meeting.

The following resolution is laid before the General Shareholders' Meeting:

- 1. To delegate to the Board of Directors, with the broadest scope possible, the powers required to supplement, implement, perform and rectify the resolutions adopted at the General Shareholders' Meeting. The power to rectify shall encompass the power to make any required or advisable modifications, amendments and additions arising from any objections or remarks made by the regulatory bodies of securities markets, stock markets, the Commercial Registry or any other public authority with competencies relating to the resolutions adopted.
- 2. To delegate indistinctly to the Chairman of the Board of Directors, Mr. Antonio Llardén Carratalá, and the Secretary, Mr. Rafael Piqueras Bautista, the powers required to formalise the resolutions adopted by the General Shareholders' Meeting and record those so required, in full or in part, thus

allowing public or private documents of any kind to be signed, even those supplementing or rectifying such resolutions.”

**REPORT OF THE BOARD OF DIRECTORS ON THE RATIONALE FOR THE
PROPOSED RESOLUTION TO AMEND ARTICLE 35 OF THE COMPANY'S
BYLAWS**

At its meeting of 25 February 2008 and in compliance with article 144(1)(a) of the Spanish Companies Act, the Board of Directors prepared the following rationale for the proposed resolution to amend article 35 of the Company Bylaws, to be laid before its shareholders at the next General Shareholders' Meeting as item 1 of the agenda.

In its original wording, the Hydrocarbons Industry Act, Law 34/1998 of 7 October, established the concept of "technical system operator," but did not assign that role to any specific operator. It was Royal Decree Law 6/2000 of 23 June which amended the Hydrocarbons Industry Act to create the role of "technical manager" and vest in Enagás, S.A. the capacity of "technical system operator," the party responsible for the technical running of the basic and secondary transport network and tasked to ensure a continuous and safe supply of natural gas and proper coordination among points of access, storage facilities, transport and distribution. To assure Enagás' independence as technical system operator, the amendment provided that no natural person or body corporate could hold a direct or indirect ownership interest in excess of 35 percent of the share capital or of voting rights in the Company.

Law 62/2003 of 30 December governing Tax, Administrative and Social Order Measures brought the ceiling on shareholdings in Enagás down to 5%. Holders of larger interests were given until 31 December 2006 to reduce their holdings, and any voting rights in excess of the new ceiling were suspended as from the coming into force of the amending statute.

In order further to strengthen Enagás' independence as technical system operator, Law 12/2007 of 2 July, amending the Hydrocarbons Industry Act in accordance with Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas, provides new wording for additional provision 20 of the Hydrocarbons Industry Act, which vests in Enagás, S.A. the capacity of "technical system operator" and sets ceilings on shareholdings in the Company. It also stipulated a period of time within which Enagás was to amend its bylaws in accordance with the new wording of the Act. Enagás, as agreed by its shareholders at an extraordinary general shareholders' meeting held on 31 October 2007, adopted the new wording of article 6a of the Company Bylaws:

ARTICLE 6a. LIMITATION OF INTERESTS IN SHARE CAPITAL AND OF THE EXERCISE OF VOTING RIGHTS

"No natural person or body corporate may directly or indirectly hold an interest in the Company greater than 5 percent of share capital, nor exercise voting rights above 3 percent. Such shares may in no event be syndicated. A party operating in the gas industry or a natural person or body corporate directly or indirectly holding over 5 percent of the share capital of such party may not exercise voting rights above 1 percent. These restrictions shall not apply to direct or indirect interests held by public-sector enterprises. Holdings in share capital may in no event be syndicated.

In addition, the sum of direct and indirect shares held by parties operating in the natural gas industry may not exceed 40 percent.

For the purposes of computing holdings in the share capital of the Company, there shall apply additional provision 20 of the Hydrocarbons Industry Act.”

Once the limitation of interest in share capital of 5 percent was introduced, the Company has made it its practice to recognise the possibility of appointing all institutional shareholders who acquire said interest as controlling Directors. Therefore, the following shareholders are represented on the Board, each with one Director: Gas Natural SDG, S.A., SAGANE S.L, BANCAJA Inversiones S.L. (BANCAJA), Cantábrica de Inversiones de Cartera, S.L. (CAJASTUR); Incomed S.L. (Caja de Ahorros del Mediterráneo, CAM) and Bilbao Bizkaia Kutxa.

The last General Shareholders’ Meeting held 31 October 2007 agreed to fulfil the number of Directors set at a maximum of sixteen under article 35 of the Company Bylaws. Subsequently, the Spanish State Holding Company (SEPI) announced, in accordance with securities market legislation, a 5% acquisition in the share capital of Enagás, S.A. To allow the representation of SEPI on the Board of Directors, given the criterion stated, an amendment to the aforementioned article 35 of the bylaws increasing the maximum number of members of the Board of Directors to seventeen is considered appropriate. It is true that said maximum number exceeds the fifteen members recommended under the Unified Code of Good Governance. However, in doing so, given the special legal regime of Enagás, the Company is able to add stability to the share capital via an interest therein on the part of institutional shareholders that will participate in the administration of the Company. It is also able to thereby avoid doing so at the expense of reducing the number of independent Directors on the Board, maintaining a high number of such Directors as is also recommended as a good governance practice.

Therefore, the following resolution is laid before the General Shareholders’ Meeting:

“To modify article 35 (“Composition of the Board”) of the Company Bylaws to set the maximum number of members of the Board of Directors at seventeen. The full text of article 35 of the Company Bylaws is to read as follows:

ARTICLE 35. COMPOSITION OF THE BOARD.

The Company shall be governed and managed by the Board of Directors, which shall represent the Company collegiately, both in and out of court. Its representation shall extend, without any limitation of power, to all acts embodied in the corporate purpose.

The Board of Directors shall be composed of a minimum of six members and a maximum of seventeen, appointed by the General Shareholders’ Meeting.

The Board Members shall be elected by means of a vote. For this purpose, the shares that are voluntarily pooled, up to a total in share capital that is equal to or greater than the result of dividing the latter by the number of Board Members, shall be entitled to appoint those who, exceeding whole fractions, are deducted from the corresponding proportion. If this power is exercised, the shares pooled in this fashion shall not take part in the appointment of the remaining members of the Board.

The post of Director, for those for which shareholder status is not required, may be waived, revoked and eligible for re-election to one or more terms.

An appointment as Director shall take effect upon acceptance thereof.

Any person found in any of the situations referred to under article 124 of the revised text of the Spanish Companies Act may not be a Director.”

25 February 2008

Report presented by the Board of Directors to the General Shareholders' Meeting for the purposes stipulated under article 116 bis of Law 24/1988 of 28 July on the Securities Market.

Article 116 bis of the Securities Market Act states that the Board of Directors of listed corporations must furnish an annual explanatory report to the General Shareholders' Meeting on the following aspects:

a) The capital structure, including securities that are not traded on a EU-regulated market, noting, if applicable, the various share classes held and the rights and obligations conferred, in addition to the percentage of share capital represented, by each.

Share capital:

Latest date of any change	Share capital (€)	Number of shares	Number of voting rights
03-May-2002	358,101,390.00	238,734,260	238,734,260

All shares belong to a single class.

b) Any restrictions on the transferability of shares.

No restrictions on the transferability of shares exist.

c) Significant shareholdings, both direct and indirect.

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
GAS NATURAL SDG, S.A.	11,936,703	0	5.000
ATALAYA INVERSIONES, SRL	0	11,936,714	5.000
CAJASTUR (CAJA DE AHORROS DE ASTURIAS)	0	11,937,395	5.000
SEPI (SPANISH STATE HOLDING COMPANY)	11,936,703	0	5.000

(*) Through:

Name or company name of direct shareholder	Number of direct voting rights	% of total voting rights
SAGANE INVERSIONES S.L.	11,936,714	5.000
CANTÁBRICA DE INVERSIONES DE CARTERA, S.L.	11,937,395	5.000
Total:	23,874,109	10.000

Name or company name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MR. ANTONIO LLARDÉN CARRATALÁ	16,700	0	0.007
BANCAJA (CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y	0	11,936,713	5.000

ALICANTE)			
BBK (BILBAO BIZKAIA KUTXA)	11,936,713	0	5.000
CAM (CAJA DE AHORROS DEL MEDITERRÁNEO)	0	11,936,713	5.000
MR. SALVADOR GABARRÓ SERRA	10	0	0.000
MS. TERESA GARCÍA-MILÁ LLOVERAS	200	0	0.000
MR. DIONISIO MARTÍNEZ MARTÍNEZ	2,010	0	0.001
MR. LUIS JAVIER NAVARRO VIGIL	10	0	0.000
MR. MARTÍ PARELLADA SABATA	910	0	0.000
MR. RAMÓN PÉREZ SIMARRO	100	0	0.000
MR. ANTONIO TÉLLEZ DE PERALTA	400	0	0.000

(*) Through:

Name or company name of direct shareholder	Number of direct voting rights	% of total voting rights
BANCAJA INVERSIONES, S.A.	11,936,713	5.000
INCOMED, S.L. (INVERSIONES COTIZADAS DEL MEDITERRÁNEO, S.L.)	11,936,713	5.000
Total:	23,873,426	10.000

d) Any restriction on voting rights.

Article 6a ("Limitation of interest in share capital and of the exercise of voting rights") of the Company Bylaws was amended at the Extraordinary General Shareholders' Meeting held 31 October 2007 to bring it in line with provisions of Law 12/2007 of 2 July.

Law 12/2007 of 2 July, amending the Hydrocarbons Industry Act (Law 34/1998 of 7 October) in accordance with Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas, provides new wording for additional provision 20 of the Hydrocarbons Industry Act, which vests in Enagás, S.A. the capacity of "technical system operator" and sets ceilings on shareholdings in the Company. The wording of additional provision 20 now stands as follows:

"Additional provision twenty. Technical System Operator.

The company ENAGÁS, Sociedad Anónima, shall undertake the duties, rights and obligations of technical system operator. (...)

No natural person or body corporate may directly or indirectly hold an interest in the company responsible for technical management of the system

representing more than 5 percent of the share capital, or exercise more than 3 percent of its voting rights. Such shares may in no event be syndicated. A party operating in the gas industry or a natural person or body corporate directly or indirectly holding over 5 percent of the share capital of such party may not exercise voting rights above 1 percent. These restrictions shall not apply to direct or indirect interests held by public-sector enterprises. Holdings in share capital may in no event be syndicated.

In addition, the sum of direct and indirect shares held by parties operating in the natural gas industry may not exceed 40 percent.

For the purposes of computing holdings in share capital, one and the same natural person or body corporate shall be deemed to hold the shares and other securities held or acquired by entities of its same "group," within the meaning of article 4 of Law 24/1988 of 28 July, the Securities Market Act, in addition to those shares held by:

(a) any person acting on his own behalf but on account of the aforesaid, in a concerted manner or forming with the aforesaid a single decision-making unit. Unless proved otherwise, the directors of a body corporate shall be presumed to act on account of or in concert with that body corporate; and

(b) any partner with whom the aforesaid exercises control over a subsidiary entity, pursuant to article 4 of the Securities Market Act.

At all events, regard shall be had to the controlling ownership of shares and other securities and to any voting rights enjoyed by virtue of any title.

Breach of the restrictions on interests in share capital prescribed by this article shall be treated as a very serious infringement for the purposes of article 109 of this Act, and liability shall attach to any natural person or body corporate found to be holders of the securities or to any person to whom there may be attributed the excess interest in share capital or voting rights pursuant to the above sub-paragraphs. At all events, there shall apply the regime of penalties laid down in the Act."

Transitional provision 6 of Law 12/2007 of 2 July provides that within four months of its coming into force Enagás, S.A. shall bring its bylaws in line with additional provision 20 of the Hydrocarbons Industry Act. Transitional provision 2 of Law 12/2007 of 2 July, further prescribes:

"Transitional provision two. Technical system operator.

Any voting rights attaching to shares and other securities held by persons with an ownership interest in the share capital of ENAGÁS, Sociedad Anónima, in excess of the ceilings set forth in additional provision 20 of the Hydrocarbons Industry Act shall be suspended as from the coming into force of this provision.

The National Energy Commission (CNE) shall have the standing to bring legal action to give effect to the restrictions imposed in this provision."

In accordance with the aforementioned legal provision, article 6a ("Limitation of interest in share capital and of the exercise of voting rights") of Enagás, S.A.'s bylaw sets forth the following:

"No natural person or body corporate may directly or indirectly hold an interest in the Company greater than 5 percent of share capital, nor exercise voting rights above 3 percent. Such shares may in no event be syndicated. A party operating in the gas industry or a natural person or body corporate directly or indirectly holding over 5 percent of the share capital of such party may not exercise voting rights above 1 percent. These restrictions shall not

apply to direct or indirect interests held by public-sector enterprises. Holdings in share capital may in no event be syndicated.

In addition, the sum of direct and indirect shares held by parties operating in the natural gas industry may not exceed 40 percent.

For the purposes of computing holdings in the share capital of the Company, there shall apply additional provision 20 of the Hydrocarbons Industry Act.”

e) Shareholders’ agreements.

There are no records of any shareholders’ agreements among the Company’s shareholders.

f) Regulations governing the appointment and replacement of members of the administrative body and the modification of the Company Bylaws.

Bylaw provisions affecting the appointment and replacement of members of the administrative body:

ARTICLE 35. COMPOSITION OF THE BOARD.

The Company shall be governed and managed by the Board of Directors, which shall represent the Company collegiately, both in and out of court. Its representation shall extend, without any limitation of power, to all acts embodied in the corporate purpose.

The Board of Directors shall be composed of a minimum of six members and a maximum of sixteen, appointed by the General Shareholders’ Meeting.

The Board Members shall be elected by means of a vote. For this purpose, the shares that are voluntarily pooled, up to a total in share capital that is equal to or greater than the result of dividing the latter by the number of Board Members, shall be entitled to appoint those who, exceeding whole fractions, are deducted from the corresponding proportion. If this power is exercised, the shares pooled in this fashion shall not take part in the appointment of the remaining members of the Board.

The post of Director, for those for which shareholder status is not required, may be waived, revoked and eligible for re-election to one or more terms.

An appointment as Director shall take effect upon acceptance thereof.

Any person found in any of the situations referred to under article 124 of the revised text of the Spanish Companies Act may not be a Director.”

ARTICLE 37. POSTS.

The Board of Directors shall appoint a Chairman, and if applicable, a Deputy Chairman, who in the Chairman’s absence shall act as Chairman. In lieu of a Deputy Chairman, the most senior Director in age shall substitute the Chairman.

The appointment of a Secretary is also incumbent on the Board of Directors, which may appoint, in addition to a Deputy Secretary, who in the Secretary’s absence shall act as Secretary, persons who are not Directors. In

lieu of a Deputy Secretary, the most senior Director in age shall substitute the Secretary.

Provisions of the organisational and operational Regulations of the Board of Directors (adopted by the Board of Directors on 29 March 2007)

ARTICLE 3. QUANTITATIVE AND QUALITATIVE COMPOSITION.

- 1.- Within the minimum and maximum limits set forth under article 35 of the Company's current bylaws, notwithstanding the powers of proposal enjoyed by shareholders, the Board of Directors shall propose to the General Shareholders' Meeting the number of Directors that at each stage it deems appropriate in the interest of the Company. The General Shareholders' Meeting shall decide on the final number.
- 2.- The Board of Directors shall be composed of Directors that belong to the categories stated below:
 - a) Internal or Executive Directors: These Directors perform senior management functions or are employed by the Company or its Group. If a Director performs senior management functions and, at the same time, is or represents a significant shareholder or one that is represented on the Board of Directors, he/she shall be considered internal or executive for purposes of the present Regulations.

No more than 20 percent of the total number of members of the Board of Directors may belong to this category.
 - b) External Directors: These Directors shall in turn fall into three categories:
 - b1) Controlling Directors: These Directors hold a shareholding interest equal to or greater than that which is considered as significant under the law or have been appointed on account of their status as shareholders, even if their shareholding interest is less than said amount, as well as those who represent said shareholders.
 - b2) Independent Directors: These Directors of acknowledged professional prestige are able to contribute their experience and knowledge to corporate governance and, since they do not belong to either of the two preceding categories, meet the conditions set forth under article 9 of the present Regulations. The number of independent Directors shall represent at least one third of the total number of Directors.
 - b3) Other External Directors: As these external Directors are not controlling Directors, they cannot be classified as independent Directors in accordance with article 9 of the present Regulations.

In exercising its powers of co-option and proposal to the General Shareholders' Meeting to fill vacancies, the Board of Directors shall endeavour to ensure that, within the composition of the body, independent Directors represent a broad majority over executive Directors and that among external Directors, the ratio of controlling to independent Directors reflect the current ratio of share capital held by controlling Directors to all other capital.

ARTICLE 8. APPOINTMENT OF DIRECTORS.

1. Directors shall be appointed by the General Shareholders' Meeting or by the Board of Directors in conformity with the provisions contained in the Spanish Companies Act and the Company Bylaws.
2. Those appointed to Directorship must be people who, in addition to meeting the legal and statutory requirements, have acknowledged prestige and the appropriate professional knowledge and experience to suitably hold the post.

Before the Board can exercise its co-opting powers, a new Director must be nominated by the Appointments and Remunerations Committee. Board decisions to co-opt new Directors are then submitted to the General Shareholders' Meeting for approval. When the Board of Directors does not agree with the Committee's recommendations, it must explain the reasons for this and duly record its reasons in the Minutes.

- 3.- Selection procedures shall not contain any implicit bias that will encumber the selection of female directors. The Company shall seek out and include among potential candidates women who possess the professional profile sought.

ARTICLE 9. APPOINTMENT OF INDEPENDENT DIRECTORS.

Independent Directors shall be defined as those who, appointed based on their personal and professional attributes, may perform their duties without being affected by dealings with the Company, its significant shareholders or its executives. Under no circumstances may the following persons be classified as independent Directors:

- a) Those who have been employed by or served as executive Directors of companies of the Group, unless 3 or 5 years, respectively, have lapsed since the termination of said relationship.
- b) Those who receive any sum or benefit other than Director's compensation from the Company or its Group, unless such is not significant. Dividends and pension supplements received by a director on account of his/her prior professional or employment relationship shall not be taken into account for purposes of this section provided that such supplements are unconditional and, consequently, the company providing such may not, on a discretionary basis, suspend, modify or revoke any disbursement thereof, without incurring a breach of obligations.
- c) Those who are, or have been during the past 3 years, a partner of the external auditor or party responsible for the auditor's report reviewing the accounts of Enagás, S.A. or any other Group company for said period.
- d) Those who are executive directors or senior managers of another company where an executive Director or Senior Manager of Enagás, S.A. is an external director.
- e) Those who maintain, or have maintained in the last year, a significant business relationship with Enagás, S.A. or any other Group company, whether on his/her own behalf or as a significant shareholder, director or senior manager of any company that maintains or has maintained said relationship. Business relationships shall be defined as those whereby a company serves as a provider of goods or services, including those of a financial nature, or as an advisor or consultant.
- f) Those who are significant shareholders, executive directors or senior managers of any entity that receives, or has received during the past 3 years, significant donations from Enagás, S.A. or its Group. Those who are mere patrons of a Foundation that receives donations shall not be considered included under this letter.
- g) Those who are spouses, partners or relatives within the second degree of an executive Director or Senior Manager of the Company.
- h) Those who have not been nominated, whether for appointment or renewal, by the Appointments and Remunerations Committee.

- i) Those who are found, in respect of a significant shareholder or one represented on the Board, in any of the circumstances described under a), e), f) or g). In the event of kinship as described under letter g), this limitation shall apply not only in respect of the shareholder, but also in respect of its controlling directors in the investee. Those controlling Directors who lose their status as such as a result of the sale of their interest by the shareholder that they represented may only be re-elected as independent directors if the shareholder that they represented until that time has sold all of its shares in the Company.

Any Directors who hold a shareholding interest in the Company may hold the status of an independent director provided that he/she meets all of the conditions established under this article and, further, that his/her interest is not significant.

ARTICLE 10. DURATION OF POST AND CO-OPTATION.

Directors may hold their post for a period of four years, and may be re-elected. Directors who are co-opted shall hold their post until the date of the first subsequent General Shareholders' Meeting.

ARTICLE 11. RE-ELECTION OF DIRECTORS.

The Appointments and Remunerations Committee, responsible for evaluating the quality of work and dedication to the post of the Directors proposed during the previous term of office, shall provide information required to assess proposal for re-election of Directors presented by the Board of Directors to the General Shareholders' Meeting.

As a general rule, appropriate rotation of independent Directors should be endeavoured. For this reason, when one is proposed for re-election, the circumstances making his/her continuity in the post advisable must be justified. Independent Directors shall not remain as such for a period in excess of twelve consecutive years.

ARTICLE 12. DISMISSAL OF DIRECTORS.

1.- Directors shall leave their post after the first General Shareholders' Meeting following the end of their term of appointment and in all other cases in accordance with the Law, Company Bylaws and the present Regulations.

2.- Directors must place their offices at the Board of Directors' disposal, and tender, if the Board deems this appropriate, their resignation in the following cases:

- a) When they are involved in any of the legally stipulated circumstances of incompatibility or prohibition.
- b) When they are in serious breach of their obligations as Directors.
- c) When they may put the interests of the Company at risk or damage its credibility and reputation. If a Director is indicted or an order is issued to initiate a trial against him/her for a crime specified under article 124 of the Spanish Companies Act, the Board shall review the case as promptly as possible and, based on the specific circumstances, decide if it is appropriate for the Director to continue to hold his/her post.

- d) When the reason for which they were appointed as independent, executive or controlling Directors is no longer valid.
- e) When the independent Directors cease to meet the conditions required under art. 9.
- f) When the shareholder represented by a controlling Director sells its shareholding interest in its entirety. They shall also do so, in the appropriate number, when said shareholder reduces his/her shareholding interest to a level requiring a reduction in the number of controlling Directors.

Should the Board of Directors not deem it advisable to have a Director tender his/her resignation in the cases specified under letters d), e) and f), the latter must be included in the category that, in accordance with the present Regulations, is most appropriate based on his/her new circumstances.

3.- The Board of Directors shall not propose the resignation of any independent Director before the bylaw-stipulated term of office has lapsed, unless there is just cause, noted by the Board, following a report by the Appointments Committee.

4.- After a Director resigns from his/her post, he/she may not work for a competitor company for a period of two years, unless the Board of Directors exempts him/her from this obligation or shortens its duration.

Bylaw provisions affecting the modification to the bylaws:

ARTICLE 26. SPECIAL QUORUM.

In the event the Ordinary or Extraordinary General Shareholders' Meeting at first call wishes to validly resolve the issue of bonds, the increase or reduction of share capital, the transformation, merger or spin-off of the Company, and in general, to amend the Company Bylaws, shareholders possessing at least fifty percent of the subscribed paid up company share capital with voting rights must be present or represented.

At second call, attendance of at least twenty-five percent of the paid up share capital with voting rights shall be sufficient.

g) The powers of members of the Board of Directors and, in particular, those relating to the ability to issue and buy back shares.

The only member of the Board of Directors who has the power to represent the Company is its Chairman Mr. Antonio Llardén Carratalá. The Board of Directors granted him the powers that appear in the official legal record prepared on 9 February 2007 before the Notary of Madrid Mr. Pedro de la Herrán Matorras under number 324 of his notarial record book and as recorded in the Commercial Registry of Madrid, Volume 20.090; Book 0; Folio 172, Section 8; Page M-6193; Record 688. Although said powers encompass broad powers of representation, they do not include the ability to issue or buy back shares of the Company.

In a separate matter, the agreement adopted by the General Shareholders' Meeting held on 11 May 2007 with the following terms is now in force:

"To empower the Board of Directors, as broadly as is legally necessary, so that, in accordance with article 153 b) of the Spanish Companies Act, it may,

at any time, increase share capital one or more times within a period of five years as of the date of the present Meeting, by a maximum amount of €179 million through the issuance of new shares, with or without voting rights or an issue premium, being the value of which based on monetary contributions, with the power to set the terms and conditions of the capital increase and the characteristics of the shares, as well as to freely offer the new unsubscribed shares with a period or periods of preferred subscription, establish that, in the event of incomplete subscription, the capital shall be increased only in the amount of the subscriptions made and provide new wording for the article of the Company Bylaws governing share capital. The Board of Directors is also empowered to exclude the right of first refusal under the terms of article 159 of the Spanish Companies Act.”

h) Any significant agreements that have been entered into by the company that are coming into force, have been modified or are terminating in the event of a change in control of the company due to a public tender offer, and the effects thereof, except when disclosure thereof is seriously detrimental to the company. This exception shall not apply if the company is legally required to publish this information.

No agreements of this kind exist.

i) Any agreements between the Company and its directors and managers or employees that provide for severance pay should they resign or be unfairly dismissed or if the employment relationship concludes on account of a public tender offer.

The Company has an agreement with the Chief Executive Officer and ten of its managers that include express severance pay clauses.

The clauses in each case are applicable in cases of unfair disciplinary dismissal, dismissal for the reasons outlined under art. 52 of the Workers’ Statute or as decided by the Manager citing one of the reasons outlined under art. 50 of the Workers’ Statute provided the resolution is declared justified by means of conciliation between the parties, legal judgment, arbitration award, or resolution by a competent administrative body. They are not applicable if the resolution is due to a unilateral decision made by the Manager without any cause given.

All such contracts have been approved by the Board of Directors.

Madrid, 25 February 2008