



General Shareholders' Meeting 2004

Madrid, 30 April 2004

“The 2003 fiscal year has shown that Enagas is meeting its objectives, starting up the projects previously announced and investing at the pace established in the plan published when it commenced trading on the Stock Exchange. The creation of value for shareholders in 2004 and future years is guaranteed through a strategy of high growth and low risk.”

The General Shareholders' Meeting of ENAGAS held on April 30, 2004, approved all of the proposals on the Agenda for the session. The attendance quorum was as follows:

Total shares: 238,734,260

| | Shareholders | No. Shares | % of Total |
|-------------|---------------------|-------------------|-------------------|
| Present | 75 | 143,049,208 | 59.920 |
| Represented | 9,474 | 33,065,388 | 13.850 |
| Total | 9,549 | 176,114,596 | 73.770 |

At the Meeting, the Company Chairman, Antonio González-Adalid, emphasised the role played by Enagas in the liberalisation process in the sector by the progress made in starting up the necessary infrastructures to attend to the growing demand, thus allowing access for all operators who wish to participate. The demand for gas in 2003 increased 13%, confirming the high growth trend recorded in previous years. The generation of electricity through gas was the area with the most significant increase, nearly doubling the figure registered in 2002, due to the accelerated construction of combined cycle plants.

Goals Surmounted

Antonio González-Adalid also remarked on the excellent results obtained by the Company in 2003, which attained a net profit of 142 million euros, a rise of 29% over the previous year, thus exceeding the commitment undertaken before the shareholders at the 2003 General Shareholders' Meeting to obtain at least a 15% increase over the figures for 2002.

The results are the consequence of the increase in regulated earnings, the Company's efforts to contain operating costs and the positive management of its financial policy.

Moreover, Enagas Chairman reminded attendees that in 2003 the Company significantly accelerated its investment programme, which reached 426 million euros, thus fulfilling both in time and form the strategic objectives set by Obligatory Planning and the investment plan presented in 2002.

From the outset of the plan until the end of 2003, over 460 million euros of projects have been put into operation, with an accumulated investment figure of more than 610 million euros.

In addition, a total of 2,200 million euros, corresponding to projects in various phases of construction have been approved by the Board of Directors.

A further significant achievement of the Company was improvement in its financial management, through a policy based on minimising risk and optimising the balance sheet structure, and financing investments principally with long-term debt at a fixed cost under the best possible conditions. "Again, in this goal- said the Chairman – we have surpassed expectations, maintaining a conservative financial policy and a solid balance sheet structure, which has been recognised by the foremost credit rating agencies, Standard & Poor and Moody's". Enagas is one of the most solid companies on the Ibex with regard to credit ratings, as only two companies on this index have a similar or higher rating.

Antonio González-Adalid remarked that "The results of the year have meant solid progress in the achievement of our goals, placing Enagas in a comfortable position to not only reach those goals, but to surpass them."

And all the foregoing in a year in which Enagas shares were re-valued by 48.3%, recording the highest appreciation of all the energy companies on the Ibex 35 index, and the fifth highest on the selective index.

The 2004 Fiscal Year

The Chairman of Enagas indicated that a 9% maximum rise in earnings is projected for 2004. Given that this growth will not involve a significant increase in costs thanks to the Company's policy of efficiency, the creation of additional value for shareholders is assured. The Company Chairman maintains that in 2004 "net profits will rise approximately 10%, maintaining profitable remuneration via dividends."

He also remarked that "the year 2004 will be a transitional year for the Company, with higher than average growth in the sector, but lower than that projected for 2005 and 2006." It will be an essential year for the investment process, as he emphasised: " The Company investment plan will be strengthened this year, and we expect to reach an investment volume of somewhere around 500 million euros, as well as to quadruple the amount earmarked for infrastructures put into operation in 2003."

Dividend

The General Shareholders' Meeting approved the distribution of a gross total dividend for the 2003 financial year of over 29 cents per share, in accordance with the announced objective of remunerating shareholders with 50% of the net profits generated during the year.

This implies an increase of 29% over the 2002 fiscal year, and a profit per dividend of 3.5% at December 31, 2003.

Corporate Governance

Antonio González-Adalid also referred to the initiatives implemented by Enagas directed at improving Corporate Governance practises, among which are new Regulations of the Board of Directors and an Internal Code of Conduct. In addition, the General Shareholders' Meeting approved new Regulations adapted to the most recent legislative requirements.

The Chairman remarked that "the 2003 fiscal year has been a very important one for Enagas, in that we have progressed in our commitment to transparency" and during which the Board of Directors and employees made special efforts to broaden the quality and transparency of information, thus enhancing shareholder and investor confidence.

Proposals Presented at the General Shareholders' Meeting

All of the proposals on the Agenda of the Meeting were approved. Among such proposals was proposal two, which increased the number of members of the Board of Directors to sixteen, within the limits set out in article 35 of the Company By-laws. To cover the vacant positions, the following were appointed as Company Directors: Enrique Locutura Rupérez, on proposal from Gas Natural SDG, S.A., as an external Director representing core shareholders, and the company "Peña Rueda,

S. L. Unipersonal”, proposed by Cajastur, which will likewise be a Director of the same nature.

In addition, the following persons were re-elected as Directors for a new four-year term: Antonio González-Adalid García-Zozaya, as Executive Director, and Ramón Blanco Balín, on proposal from Gas Natural SDG, and therefore an external Director representing core shareholders.

Proposal three, submitted for approval of the Meeting, was the amendment of articles 27 and 31 of the Company By-laws, adapting the said articles to the provisions of the Transparency Act, as well as the incorporation of a new article 6 (bis), which places limits on the stake holdings in the Company Share Capital and the exercise of voting rights pursuant to Act 62/2003 of 30 December.

Resolution five approved the remuneration for members of the Board of Directors of the Company, adapting such remuneration to the new number of Directors.

With respect to proposal six, Deloitte & Touche España, S.L. was appointed as Company Auditor for the term of three years, in compliance with Good Governance guidelines which recommend changing auditors every three years.

Conclusions

The 2003 fiscal year showed that Enagas is meeting its objectives, putting the announced projects into operation and investing at the pace established in the plan published when it was listed on the Stock Exchange. The Company has continued to control its operating costs, thereby improving its ratios and ensuring an optimal financial structure.

In 2004 and future years, the Company strategy will continue to be directed toward the creation of value for shareholders, taking advantage of the additional element of low risk and security in Enagas' businesses, focused on its activity in Spain and on the transport of natural gas.

Finally, according to its Chairman, “Enagas has consolidated its position as a solid, growth value and we are sure that the market will continue to evaluate the Company's strategy favourably”.

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General Management of Strategy and Regulation

Investor Relations Division

Tel: 917 099 330

www.enagas.es

investors@enagas.es