

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED LIMITED COMPANIES

For a better understanding of the model and its subsequent preparation, please read the instructions provided at the end before filling it out.

A - OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital.

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
03/05/2002	358,101,390,00	238,734,260	238,734,260

Indicate whether different types of shares exist with different associated rights.

NO

A.2 List the direct and indirect holders of significant ownership interests in your organisation at year-end, excluding directors.

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
ATALAYA INVERSIONES, S.R.L.	0	11,936,714	5.000
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)	0	11,937,395	5.000
OMAN OIL COMPANY, S.A.O.C.	0	11,936,702	5.000

Name or corporate name of indirect shareholder	Through: Name or corporate name of shareholder	Number of direct voting rights	% of total voting rights
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Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of direct voting rights	% of total voting rights
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)	CANTABRICA DE INVERSIONES DE CARTERA, S.L. (CIC, S.L.)	11,937,395	5.000
ATALAYA INVERSIONES, S.R.L.	SAGANE INVERSIONES, S.L.	11,936,714	5.000
OMAN OIL COMPANY, S.A.O.C.	OMAN OIL HOLDINGS SPAIN S.L.U.	11,936,702	5.000

Indicate the most significant movements in the shareholder structure during the year.

A.3 Complete the following tables on company directors holding voting rights through company shares.

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
ANTONIO LLARDÉN CARRATALÁ	48,116	0	0.020
CAJA DE AHORROS DE VALENCIA, CASTELLON Y ALICANTE, BANCAJA	0	11,936,713	5.000
BILBAO BIZKAIA KUTXA (BBK)	0	11,936,713	5.000
DIONISIO MARTÍNEZ MARTÍNEZ	2,010	0	0.001
LUIS JAVIER NAVARRO VIGIL	10	3,986	0.002
MARTÍ PARELLADA SABATA	910	0	0.000
MARÍA TERESA GARCÍA-MILÁ LLOVERAS	1,500	0	0.001
RAMÓN PÉREZ SIMARRO	100	0	0.000
SAGANE INVERSIONES, S.L.	11,936,714	0	5.000
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	11,936,713	0	5.000
SULTAN HAMED KHAMIS AL BURTAMANI	1	0	0.000

Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of direct voting rights	% of total voting rights
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA	BANCAJA INVERSIONES, S.A.	11,936,713	5.000
BILBAO BIZKAIA KUTXA (BBK)	KARTERA 1, S.L.	11,936,713	5.000
LUIS JAVIER NAVARRO VIGIL	NEWCOMER 2000, S.L.U.	3,986	0.002

% of total voting rights held by the Board of Directors:	20.024
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Complete the following tables on share options held by directors.

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities.

Type of relationship

Commercial

Brief description:

INTEREST RATE HEDGING AGREEMENT (COLLAR) WHICH MATURED IN JANUARY 2010. AMOUNT (IN THOUSANDS €): 50,000.

Name or corporate name of related party
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)

Type of relationship

Commercial

Brief description:

LOAN FALLING DUE IN 2011. AMOUNT (THOUSAND €): 30,000.

Name or corporate name of related party
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)

Type of relationship

Commercial

Brief description:

PROVISION OF GUARANTEE LINE. AMOUNT (IN THOUSANDS €): 12,000

Name or corporate name of related party
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)

Type of relationship

Commercial

Brief description:

CREDIT POLICY AGREEMENT. AMOUNT (IN THOUSANDS €): 2,000.

Name or corporate name of related party
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)

Type of relationship

Corporate

Brief description:

PAYMENT OF FINAL DIVIDEND FOR THE 2009 FINANCIAL YEAR: 5.563; INTERIM DIVIDEND FOR 2010 FINANCIAL YEAR: 3.724; TOTAL DIVIDEND FOR 2010 FINANCIAL YEAR: 9.287 (ALL AMOUNTS IN THOUSANDS €).

Name or corporate name of related party
OMAN OIL HOLDINGS SPAIN S.L.U.

Type of relationship

Corporate

Brief description:

PAYMENT OF FINAL DIVIDEND FOR THE 2009 BUSINESS YEAR: 5.563; PAYMENT OF INTERIM DIVIDEND FOR 2010 FINANCIAL YEAR: 3.724; TOTAL DIVIDEND FOR 2010 FINANCIAL YEAR: 9.287 (ALL AMOUNTS IN THOUSANDS €).

Name or corporate name of related party
SAGANE INVERSIONES, S.L.

Type of relationship

Corporate

Brief description:

PAYMENT OF FINAL DIVIDEND FOR THE 2009 BUSINESS YEAR: 5.563; PAYMENT OF INTERIM DIVIDEND FOR 2010 FINANCIAL YEAR: 3.725; TOTAL DIVIDEND FOR 2010 FINANCIAL YEAR: 9.288 (ALL AMOUNTS IN THOUSANDS €).

Name or corporate name of related party
CANTABRICA DE INVERSIONES DE CARTERA, S.L. (CIC, S.L.)

Type of relationship

Corporate

Brief description:

PAYMENT OF FINAL DIVIDEND FOR THE 2009 BUSINESS YEAR: 5.563; PAYMENT OF INTERIM DIVIDEND FOR 2010 FINANCIAL YEAR: 3.724; TOTAL DIVIDEND FOR 2010 FINANCIAL YEAR: 9.287 (ALL AMOUNTS IN THOUSANDS €).

Name or corporate name of related party
BANCAJA INVERSIONES, S.A.
KARTERA 1, S.L.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)

Type of relationship

Corporate

Brief description:

PAYMENT OF FINAL DIVIDEND: 5.562; INTERIM DIVIDEND: 3.724; TOTAL DIVIDEND FOR THE YEAR: 9.287. (ALL AMOUNTS IN THOUSANDS €).

Name or corporate name of related party
OMAN OIL HOLDINGS SPAIN S.L.U.

Type of relationship

Commercial

Brief description:

PROVISION OF CREDIT LINE. AMOUNT (IN THOUSANDS €): 6,000

Name or corporate name of related party
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA

Type of relationship

Commercial

Brief description:

PROVISION OF GUARANTEE LINE. AMOUNT (IN THOUSANDS €): 6,000.

Name or corporate name of related party

CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA
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Type of relationship

Commercial

Brief description:

INTEREST RATE HEDGING AGREEMENT (COLLAR) WHICH MATURED IN JANUARY 2010 AMOUNT (IN THOUSANDS €): 50,000.

Name or corporate name of related party
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CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA
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Type of relationship

Commercial

Brief description:

RENEWAL AND INCREASE OF CREDIT FACILITY AMOUNT (IN THOUSANDS €): 25,000.

Name or corporate name of related party
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BILBAO BIZKAIA KUTXA (BBK)

Type of relationship

Commercial

Brief description:

PROVISION OF GUARANTEE LINE. AMOUNT (IN THOUSANDS €): 6,000.

Name or corporate name of related party
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BILBAO BIZKAIA KUTXA (BBK)

Type of relationship

Commercial

Brief description:

INTEREST RATE HEDGING AGREEMENT (COLLAR) WHICH MATURED IN JANUARY 2010. AMOUNT (IN THOUSANDS €): 30,000.

Name or corporate name of related party
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BILBAO BIZKAIA KUTXA (BBK)

Type of relationship

Commercial

Brief description:

LOAN RENEWAL AND INCREASE AMOUNT (IN THOUSANDS €): 100,000.

Name or corporate name of related party
BILBAO BIZKAIA KUTXA (BBK)

A.6. Indicate whether any shareholders' agreements have been notified to the company pursuant to article 112 of the Securities Market Act (Ley del Mercado de Valores). Provide a brief description and list the shareholders bound by the agreement, as applicable.

NO

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable.

NO

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year.

Not applicable.

A.7. Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the company in accordance with article 4 of the Spanish Securities' Market Act: If so, identify.

NO

A.8 Complete the following tables on the company's treasury shares.

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
0	0	0.000

(*) Through:

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Total 0	
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Give details of any significant changes during the year, in accordance with Royal Decree 1362/2007.

Gain/(loss) on treasury shares during the year:	0
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A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Meeting authorising the Board of Directors to purchase and/or transfer the treasury shares.

The Annual General Meeting of 30 April 2010 adopted the following resolution:

In accordance with the provisions of articles 75 et seq. of the Spanish Companies Act, to authorise and empower the Board of Directors with the faculty of substitution, to use derivatives to acquire treasury shares, either directly or via any of the Group companies, in the following terms:

- 1.- The acquisition may be performed via sale-purchase or any other business method for consideration.
- 2.- The authorisation pertains to shares which, together with those already held, do not exceed 10% of the Company's share capital.
- 3.- The purchase price shall not exceed by 50% or fall short by 50% of the average trading price of the seven sessions previous to the purchase date.
- 4.- The authorisation is extended for a five-year period, as from the date of this resolution.

Acquisition of treasury shares must enable the Company, at all events, to provision the reserve stipulated in article 79.3 of the Companies Act, without diminishing either the share capital or the unavailable reserves. The shares to be acquired must be fully paid in.

The shares acquired may be conveyed, entirely or in part, to employees, management or Directors of the Company, or of Group companies, in accordance with the provisions of article 75.1 of the Spanish Companies Act.

This authorisation for the acquisition of treasury shares shall, as appropriate, supersede all authorisations previously granted by the General Meeting.

A.10 Indicate, as applicable, any restrictions imposed by law or the company's bylaws on exercising voting rights, as well as any legal restrictions on the acquisition or transfer of ownership interests in the share capital. Indicate whether there are any legal restrictions on exercising voting rights.

YES

Maximum percentage of legal restrictions on voting rights a shareholder can exercise	3.000
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Indicate whether there are any restrictions included in the Bylaws on exercising voting rights.

YES

Maximum percentage of restrictions under the company's bylaws on voting rights a shareholder can exercise	3.000
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Description of restrictions under law or the company's bylaws on exercising voting rights

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

Act 12/2007 of 2 July, amending the Hydrocarbons Industry Act (Act 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 a new wording for the 20th Additional Provision 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 the 20th Additional Provision now stands as follows:

"20th Additional Provision. Technical System Operator. The company ENAGÁS, Sociedad Anónima, shall assume the functions, rights and obligations of Technical System Operator. (...)

No individual or body corporate may hold a direct or indirect stake of more than 5% in the equity capital of the company responsible for the technical management of the system, nor may they exercise voting rights in such company of over 3%. Under no circumstances may such share holdings be syndicated. Those parties that operate within the gas sector, including those natural persons or bodies corporate that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights in the System Technical Manager of over 1%. These restrictions will not apply to direct or indirect equity interests

held by public-sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, in addition to the shares or other securities held or acquired by entities belonging to its same group, as defined by article 4 of Act 24/1988, dated 28 July, on the Securities Market, stakes shall be attributed to one and the same individual or body corporate when they are owned by:

a) Those parties who act in their own name but on behalf of that individual or body corporate in a concerted fashion or forming a decision-making unit with them. Unless proven otherwise, it shall be deemed that the members of the Board of Directors of a body corporate act on its behalf or in a concerted fashion with it.

b) The partners together with whom that individual or body corporate exercises control over a controlled entity under the provisions of article 4 of Act 24/1988, dated 28 July, governing the Securities Market.

Nonetheless, both the actual ownership of the shares and other securities and the voting rights held through any certificate shall be taken into account.

Non-compliance with the limitation on a stake in the capital referred to in this article shall be deemed an extremely serious breach in accordance with the terms set out in article 109 of this Act. Responsibility shall lie with the individuals or bodies corporate that end up as owners of the securities or whoever the excess stake in the capital or in the voting rights can be attributed to, pursuant to the provisions of the preceding paragraphs. Whatever the case, the penalty system stipulated herein will apply.

The 6th Transitional Provision of Act 12/2007 of 2 July provides that within four months of its coming into force, Enagás, S.A. shall bring its by laws in line with the 20th Additional Provision of Act 34/1998 of 7 October (the Hydrocarbons Industry Act). The 2nd Transitional Provision of Act 12/2007 of 2 July further prescribes:

Second Transitional Provision. 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 the 20th Additional Provision 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 by this provision.

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

No individual or body corporate may hold a direct or indirect stake of more than 5% in the equity capital of the Company, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Any party operating within the gas sector, including natural persons or bodies corporate that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%. These restrictions will not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, there shall apply the 20th Additional Provision Act 34/1998 of 7 October (the Hydrocarbons Industry Act).

Indicate if there are any legal restrictions on the acquisition or transfer of share capital.

YES

Description of legal restrictions on the acquisition or transfer of share capital

In accordance with the provisions of the 20th Additional Provision of Act 34/1998, article 6 bis of the Company Bylaws establishes that no individual or body corporate may hold a direct or indirect stake of more than 5% in the equity capital of the Company responsible for the technical management of the system. Under no circumstances may such share holdings be syndicated. These restrictions will not apply to direct or indirect interests held by public-sector enterprises. Under no circumstances may share capital be syndicated.

A.11 Indicate whether the General Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

NO

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted.

B – COMPANY MANAGEMENT STRUCTURE

B.1 Board of Directors

B.1.1. List the maximum and minimum number of directors included in the Bylaws.

Maximum number of directors	17
Minimum number of directors	6

B.1.2. Complete the following table with board members' details.

Name or corporate name of director	Representative	Position on the board	Date of first appointm	Date of last appointm	Election procedure
ANTONIO LLARDÉN CARRATALÁ	--	CHAIRMAN	22/04/2006	30/04/2010	VOTE AT GENERAL MEETING
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA	JOSÉ LUIS OLIVAS MARTÍNEZ	VICE-CHAIRMAN	09/07/2002	11/05/2007	VOTE AT GENERAL MEETING
BILBAO BIZKAIA KUTXA (BBK)	JOSEBA ANDONI AURREKOETXEA BERGARA	DIRECTOR	28/11/2007	25/04/2008	CO-OPTION
DIONISIO MARTÍNEZ MARTÍNEZ	--	DIRECTOR	31/05/2002	30/04/2010	VOTE AT GENERAL MEETING
ISABEL SÁNCHEZ GARCÍA	--	DIRECTOR	30/04/2010	30/04/2010	VOTE AT GENERAL MEETING
JESÚS DAVID ÁLVAREZ MEZQUÍRIZ	--	DIRECTOR	25/04/2003	11/05/2007	VOTE AT GENERAL MEETING
JOSÉ RIVA FRANCOS	--	DIRECTOR	31/05/2002	30/04/2010	VOTE AT GENERAL MEETING
LUIS JAVIER NAVARRO VIGIL	--	DIRECTOR	09/07/2002	11/05/2007	CO-OPTION
MARTÍ PARELLADA SABATA	--	DIRECTOR	17/03/2005	27/03/2009	CO-OPTION
MARÍA TERESA GARCÍA-MILÁ LLOVERAS	--	DIRECTOR	22/04/2006	30/04/2010	VOTE AT GENERAL MEETING

Name or corporate name of director	Representative	Position on the board	Date of first appointm	Date of last appointm	Election procedure
MIGUEL ÁNGEL LASHERAS MERINO	--	DIRECTOR	22/04/2006	30/04/2010	VOTE AT GENERAL MEETING
PEÑA RUEDA, S.L. UNIPERSONAL	MANUEL MENÉNDEZ MENÉNDEZ	DIRECTOR	30/04/2004	25/04/2008	VOTE AT GENERAL MEETING
RAMÓN PÉREZ SIMARRO	--	DIRECTOR	17/06/2004	27/03/2009	CO-OPTION
SAGANE INVERSIONES, S.L.	MR. CARLOS EGEA KRAUEL	DIRECTOR	27/04/2009	30/04/2010	CO-OPTION
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	ENRIQUE MARTÍNEZ ROBLES	DIRECTOR	25/04/2008	25/04/2008	VOTE AT GENERAL MEETING
SULTAN HAMED KHAMIS AL BURTAMANI	--	DIRECTOR	21/12/2010	21/12/2010	CO-OPTION

Total number of directors	16
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List any departures from the Board of Directors occurring during the year:

Name or corporate name of director	Status of the director at the time	Leaving date
ANTONIO TELLEZ PERALTA	INDEPENDENT DIRECTOR	30/04/2010
SAID MOHAMED ABDULAH AL MASOUDI	PROPRIETARY	20/12/2010

B.1.3. Complete the following tables on board members and their respective categories.

EXECUTIVE DIRECTORS

Name or corporate name of director	Committee proposing appointment	Post held in the company

Name or corporate name of director	Committee proposing appointment	Post held in the company
ANTONIO LLARDÉN CARRATALÁ	APPOINTMENTS, REMUNERATION AND CSR COMMITTEE.	CHAIRMAN

Total number of executive directors	1
% of the board	6.250

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Committee proposing appointment	Name or corporate name of significant shareholder represented or proposing appointment
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA	NOMINATION, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA
BILBAO BIZKAIA KUTXA (BBK)	NOMINATION, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	BILBAO BIZKAIA KUTXA (BBK)
PEÑA RUEDA, S.L. UNIPERSONAL	NOMINATION, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	CANTABRICA DE INVERSIONES DE CARTERA, S.L. (CIC, S.L.)
SAGANE INVERSIONES, S.L.	APPOINTMENTS, REMUNERATION AND CSR COMMITTEE.	SAGANE INVERSIONES, S.L.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	NOMINATION, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)
SULTAN HAMED KHAMIS AL BURTAMANI	APPOINTMENTS, REMUNERATION AND CSR COMMITTEE.	OMAN OIL HOLDINGS SPAIN S.L.U.

Total number of proprietary directors	6
% of the board	37.500

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director

DIONISIO MARTÍNEZ MARTÍNEZ

Profile

- LAWYER (*abogado*); MEMBER OF THE GENERAL CODIFICATION COMMITTEE (*Comisión General de Codificación*)
- FORMER PARTNER OF THE GARRIGUES LAW FIRM
- FORMER HEAD OF CORPORATE AFFAIRS AT TABACALERA
- FORMER DIRECTOR OF TELEFÓNICA DE ESPAÑA
- FORMER DIRECTOR OF IBERIA, LÍNEAS AÉREAS

Name or corporate name of director

ISABEL SÁNCHEZ GARCÍA

Profile

- DIRECTOR OF THE BACHELOR'S PROGRAMME IN BUSINESS ADMINISTRATION, INSTITUTO DE EMPRESA (IE)
- FORMER HEAD OF COMPETITION PROMOTION AT THE NATIONAL COMPETITION COMMISSION (*Comisión Nacional de la Competencia*)
- FORMER ADVISOR TO THE PRIVATE SECTOR AND ENERGY DEVELOPMENT DEPARTMENTS, LATIN AMERICA AND CARIBBEAN REGION, WORLD BANK
- FORMER HEAD OF THE OFFICE OF THE SECRETARY OF STATE FOR SCIENCE AND TECHNOLOGY POLICY, SPANISH MINISTRY OF SCIENCE AND TECHNOLOGY

Name or corporate name of director

JESÚS DAVID ÁLVAREZ MEZQUÍRIZ

Profile

- CHAIRMAN OF BIOCARBURANTES PENINSULARES, S.L.
- DIRECTOR OF EULEN, S.A.

Name or corporate name of director

JOSÉ RIVA FRANCOS

Profile

- DIRECTOR OF LOGISTA, S.A.
- DEPUTY CHAIRMAN AND CHIEF EXECUTIVE OF THE GRUPO SUARDIAZ COMPANIES

Name or corporate name of director

MARTÍ PARELLADA SABATA

Profile

- CHAIRMAN OF COMFORSA.
- DIRECTOR OF EPLICSA.
- TRUSTEE OF THE FUNDACIÓN INSTITUTO DE CRÉDITO OFICIAL (ICO)
- DEPUTY CHAIRMAN OF THE FUNDACIÓN INSTITUTO DE ECONOMÍA DE BARCELONA
- CHAIR PROFESSOR AT THE UNIVERSITY OF BARCELONA

Name or corporate name of director

MARÍA TERESA GARCÍA-MILÁ LLOVERAS

Profile

- CHAIR PROFESSOR OF ECONOMICS AND DEPUTY RECTOR OF ACADEMIC POLICY AT THE UNIVERSIDAD POMPEU FABRA (UPF)
- DIRECTOR AND CHAIR OF THE AUDIT AND CONTROL COMMITTEE OF BANCO SABADELL, S.A.
- MEMBER OF CÍRCULO DE ECONOMÍA AND OF THE MANAGEMENT BOARD OF CENTRE DE RECERCA EN ECONOMÍA INTERNACIONAL (CREI)

Name or corporate name of director

MIGUEL ÁNGEL LASHERAS MERINO

Profile

- CHAIRMAN OF INTERMONEY ENERGÍA, S.A.
- CHAIRMAN OF WIND TO MARKET, S.A.

Name or corporate name of director

RAMÓN PÉREZ SIMARRO

Profile

- PARTNER AT ENERMA CONSULTORES
- FORMER DIRECTOR GENERAL OF ENERGY
- FORMER GENERAL SECRETARY OF ENERGY AND MINERAL RESOURCES
- FORMER GENERAL TECHNICAL SECRETARY OF THE MINISTRY OF INDUSTRY
- FORMER PROFESSOR AT UNIVERSIDAD AUTÓNOMA DE MADRID.
- FORMER ACADEMIC DIRECTOR OF THE FUNDACIÓN REPSOL YPF.

Total number of independent directors	8
% of the board	50.000

OTHER EXTERNAL DIRECTORS

Name or corporate name of director	Committee proposing appointment
LUIS JAVIER NAVARRO VIGIL	NOMINATION, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Total number of other external directors	1
% of the board	6.250

List the reasons why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders.

Name or corporate name of director

LUIS JAVIER NAVARRO VIGIL

Company, executive or shareholder with whom the relationship is maintained

BP ESPAÑA, S.A.U.

Reasons

B.P. España S.A.U., a former significant shareholder of Enagás, S.A, proposed his appointment as a Proprietary Director on 9 July 2002 and sold its entire stake in the company on 15 November 2006. However, Mr NAVARRO is not considered to be an Independent Director as he maintains or has maintained a significant business relationship with the Company.

Nonetheless, it was decided to classify LUIS JAVIER NAVARRO VIGIL under the category of "Other External Directors" as he did not meet all the conditions required to be classified as an "Independent Director" as stipulated by the "Unified Good Governance Code" related to Order ECO/3722/2003 of 26 December and CNMV Circular 4/2007 of 27 December.

List any changes in the category of each director which have occurred during the year.

B.1.4 Explain, when applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 5% of the share capital.

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained.

NO

B.1.5 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board his/her reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director.

YES

Name of director

SAID MOHAMED ABDULAH AL MASOUDI

Reasons for resignation

On 19 December 2010 Mr. AL MASOUDI, a Proprietary Director appointed at the proposal of OMAN OIL HOLDINGS SPAIN, S.L.U., tendered his resignation.

On 20 December 2010 the Board of Directors of Enagás, S.A. resolved to appoint as a natural-person Director by co-option SULTAN HAMED KHAMIS AL BURTAMANI, a national of the Sultanate of Oman, to replace the outgoing Director mentioned above. Mr Al Burtamani was nominated by the shareholder OMAN OIL HOLDINGS SPAIN, S.L.U., and his status is accordingly that of a Proprietary Director.

B.1.6. Indicate what powers, if any, have been delegated to the Chief Executive Officer.

B.1.7. List the directors, if any, who hold office as directors or executives in other companies belonging to the listed company's group.

B.1.8 List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.

Name or corporate name	Name of listed company	Post

Name or corporate name	Name of listed company	Post
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA	NH HOTELES. S.A.	DIRECTOR
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA	BANCO DE VALENCIA. S.A.	CHAIRMAN
MARÍA TERESA GARCÍA-MILÁ LLOVERAS	BANCO DE SABADELL. S.A.	DIRECTOR

B.1.9 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit.

NO

B.1.10 In relation with Recommendation 8 of the Unified Code, indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session.

Investment and financing policy	YES
Design of the structure of the corporate group	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
The strategic or business plans, management targets and annual budgets	YES
Remuneration and evaluation of senior officers	YES
Risk control and management, and the periodic monitoring of internal information and control systems	YES
Dividend policy, as well as the policies and limits applying to treasury stock	YES

B.1.11. Complete the following tables on the aggregate remuneration paid to directors during the year.

a) In the reporting company:

Concept	In thousands €
Fixed remuneration	924

Concept	In thousands €
Variable remuneration	554
Per diems	1,178
Statutory compensation	0
Share options and/or other financial instruments	0
Other	58

Total	2,714
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Other benefits	In thousands €
Advances	0
Loans	0
Funds and pension plans: Contributions	10
Funds and pension plans: Obligations	0
Life insurance premiums	63
Guarantees issued by the company in favour of Directors	0

b) For company directors sitting on other governing bodies and/or holding senior management posts within group companies:

Concept	In thousands €
Fixed remuneration	0
Variable remuneration	0
Per diems	0
Statutory compensation	0
Share options and/or other financial instruments	0
Other	0

Total	0
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Other benefits	In thousands €
Advances	0
Loans	0
Funds and pension plans: Contributions	0
Funds and pension plans: Obligations	0
Life insurance premiums	0
Guarantees issued by the company in favour of Directors	0

c) Total remuneration by type of director:

Type of director	By company	By group
Executive Directors	2,524	0
External Proprietary Directors	456	0
External Independent Directors	582	0
Other External Directors	76	0
Total	3,638	0

d) Remuneration as percentage of profit attributable to the parent company:

Total remuneration received by directors (in thousands €)	2,714
Total remuneration received by directors/profit attributable to parent company (%)	0.8

B.1.12. List any members of senior management who are not executive directors and indicate total remuneration paid to them during the year.

Name or corporate name	Post
JUAN ANDRÉS DÍEZ DE ULZURRUN MORENO	GENERAL DIRECTOR OF TECHNOLOGY, ENGINEERING AND PURCHASES

Name or corporate name	Post
FRANCISCO JAVIER GONZÁLEZ JULIÁ	TECHNICAL SYSTEM OPERATOR DEPARTMENT
JUAN PONS GUARDIA	GENERAL MANAGER OF STRATEGY AND REGULATION
RAMÓN SÁNCHEZ VALERA	GENERAL DIRECTOR OF INFRASTRUCTURE DEPARTMENT AND THIRD-PARTY ACCESS (TPA) SERVICES
DIEGO DE REINA LOVERA	FINANCIAL DIRECTOR
RAFAEL PIQUERAS BAUTISTA	GENERAL SECRETARIAT
ERUNDINO NEIRA QUINTAS	HEAD OF RESOURCES AND CORPORATE SOCIAL RESPONSIBILITY
JOSÉ ESPEJO SERRANO	INTERNAL AUDIT

Total remuneration received by senior management (in thousands €)	2,442
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B.1.13 Identify, in aggregate terms, any indemnity or “golden parachute” clauses that exist for members of the senior management (including executive directors) of the company or of its group in the event of dismissal or changes in control. Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group.

Number of beneficiaries	8
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	Board of Directors	General Meeting
Body authorising clauses	YES	NO

Is the General Meeting informed of such clauses?	NO
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B.1.14 Describe the procedures for establishing remuneration for board members and the relevant provisions in the Bylaws.

Procedures for establishing board members’ remuneration and relevant provisions in the bylaws

Procedures for establishing board members' remuneration and relevant provisions in the bylaws

The process for establishing remuneration for Board members is covered in Article 36 of the Company Bylaws, which establishes the following:

The position of Director shall be remunerated. The General Meeting shall determine the total maximum remuneration to be paid to Directors, and this shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine.

When setting remuneration, the General Meeting may resolve that part of such pay remunerate the office of director itself, equally for all directors, and another part be apportioned by the Board on such basis as may be determined at the General Meeting.

Directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other remuneration systems based on the price of the shares quoted on a public exchange. The application of the said systems shall be presented to the General Meeting for approval, and the Meeting shall determine the value of the shares granted to each Director, the price for the exercise of option rights, the term of duration and all other conditions deemed appropriate.

Remuneration established herein shall be compatible with and independent from salaries, wages, indemnifications, pensions or compensations of any type established in general or in particular for those members of the Board of Directors who are linked to the company through a normal labour relationship, special senior manager contract, or a contract for services. Such relationships must be compatible with the position of member of the Board of Directors.

Directors shall be entitled to the payment or reimbursement of expenses incurred as a result of attendance at meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other which may arise.

By virtue of the foregoing, Enagás has established a payment framework for Directors aimed at covering both the responsibilities involved in carrying out their duties, and effective dedication and attendance at sessions, without removing or limiting the powers of the GSM in any way. This body is responsible for determining the maximum amount to be paid to Directors and the form and criteria that must be taken into account in assigning and distributing such payment, to be effected by the Board of Directors, in accordance with guidelines established by the General Meeting.

Likewise, article 16 of the Regulations of the Board of Directors stipulates that the Nomination, Remuneration and Corporate Social Responsibility Committee establish payment criteria for Company Directors, within the scope of the Company Bylaws and in accordance with resolutions of the General Meeting, while the Board of Directors is responsible for final distribution of the overall sum within the limits established by Bylaws for this purpose. The Board of Directors may, on an annual basis, delegate the powers conferred upon it in respect of the remuneration of Directors to the Nomination and Remuneration Committee, subject to the restrictions laid down in the Bylaws.

Payments to Directors shall be transparent. The Notes to the financial statements, as an integral part of the financial statements, shall include accurate, detailed information on the remuneration received by each Director, and on the remuneration received by Executive Directors for performing senior management functions. This information will also be included in the Annual Corporate Governance Report.

Indicate whether the board has reserved for plenary approval the following decisions.

On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.	YES
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directors' remuneration, and, in the case of executive directors, the additional remuneration for their executive functions and other contract conditions.	YES
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B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the points included.

YES

The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to.	YES
Variable components	YES
The main characteristics of pension systems, including an estimate of their amount of annual equivalent cost.	YES
The conditions that the contracts of executive directors exercising executive functions shall respect.	YES

B.1.16 Indicate whether the board submits a report on the directors' remuneration policy to the advisory vote of the General Meeting, as a separate point on the agenda. Explain the points of the report regarding the remuneration policy as approved by the Board for forthcoming years, the most significant departures in those policies with respect to that applied during the year in question and a global summary of how the remuneration policy was applied during the year. Describe the role played by the Remuneration Committee and whether external consultancy services have been procured, including the identity of the external consultants.

YES

Issues covered in the remuneration policy report
In accordance with the provisions of article 36 of the Company Bylaws, the Company's Board of Directors each year proposes to shareholders at the General Meeting the maximum compensation that should be paid to Directors for performance of their functions, as well as the breakdown between remuneration for attendance and membership of Board Committees, remuneration for chairing said Committees and remuneration for serving as Vice-chairman of the Board.
The remuneration paid to the Chairman for performance of his executive functions is approved by the Board of Directors.

Role of the Remunerations Committee
The Committee formulates all proposals relating to the Company's remuneration policy.

Have external consultancy firms been used?	
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Identity of external consultants

B.1.17 List any Board members who are likewise members of the boards of directors, or executives or employees of companies that own significant holdings in the listed company and/or group companies.

List, if appropriate, any relevant relationships, other than those included under the previous heading, that link members of the Board of Directors with significant shareholders and/or their group companies.

B.1.18 Indicate whether any changes have been made to the regulations of the Board of Directors during the year.

NO

B.1.19. Indicate the procedures for appointing, re-electing, appraising and removing directors. List the competent bodies and the processes and criteria to be followed for each procedure.

APPOINTMENT OF DIRECTORS:

Pursuant to Article 8 of the Board Regulations, Enagás, S.A. Directors shall be appointed by the General Meeting or by the Board of Directors, in conformity with the provisions contained in the Spanish Companies Act and the Company Bylaws.

Appointees for Directorships must be persons who, in addition to satisfying the requirements for office under the law and the Bylaws, have recognised prestige and the professional expertise and experience appropriate to the performance of their duties.

Any nomination for a Directorship which the Board lays before the General Meeting and any appointment made by the Board in the exercise of its statutory powers of co-option must be preceded by an appropriate proposal from the Nomination and Remuneration Committee.

Following Good Governance Recommendations, when the Board of Directors departs from the Committee's recommendations it must explain its reasons, and such rationale must be duly recorded in the minutes.

Selection processes must be free of any implied bias against women candidates. The Company shall seek out and include women with the target profile among candidates for Board places.

Special mention should be made of the specific requirements that have been established to ensure the impartiality and independence of Independent Directors appointed to the Board, which are set out in article 9 of the Regulations of the Board of Directors: Independent Directors are defined as those who, appointed based on their personal and professional aptitudes, may perform their duties without being affected by dealings with the Company, its significant shareholders or its executives. Under no circumstances may the following be classified as Independent Directors:

- a) Persons who have been employed by or served as Executive Directors of Group companies, unless three (3) or five (5) years, respectively, have elapsed since the termination of that relationship.
- b) Persons who receive any sum or benefit other than Director's remuneration from the Company or its Group, unless such benefit is negligible. 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 them may not, on a discretionary basis, suspend, modify or revoke any accrual thereof, without incurring a breach of obligations.

- c) Persons who are, or have been during the past three (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 that period.
- d) Persons 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) Persons who maintain, or have maintained in the past 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 such relationship. Business relationships shall be defined as relationships whereby the company serves as a provider of goods or services, including those of a financial nature, or as an advisor or consultant.
- f) Persons who are significant shareholders, executive directors or senior managers of any entity that receives, or has received during the past three (3) years, significant gifts from Enagás, S.A. or its Group. Patrons or trustees of any foundation that receives donations shall not be included under this section.
- g) Spouses, partners or relatives up to the second degree of any of the Company's Executive Directors or senior managers.
- h) Persons who have not been nominated, whether for appointment or renewal, by the Nomination and Remuneration 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 proprietary directors at the investee. Proprietary 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 Director holding an interest in the Company may hold the status of Independent Director provided that he/she meets all of the conditions established under this article and, further, that his/her interest is not significant.

RE-ELECTION:

Article 10 of the Regulations of the Board of Directors stipulates that "Directors may hold their post for a period of four years, and may be re-elected. Directors who are co-opted shall hold office until the date of the first subsequent General Meeting.

As a general rule, an appropriate rotation of Independent Directors shall be sought. For this reason, when an Independent Director is proposed for re-election, the circumstances making this Director's continuity in the post advisable must be justified. Independent Directors shall not remain as such for a period in excess of twelve (12) consecutive years.

APPRAISAL:

Article 11 of the Regulations of the Board stipulates that the Nomination and Remuneration Committee, responsible for evaluating the quality of work and dedication to their offices 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 Meeting.

REMOVAL AND DISMISSAL:

Directors shall leave their post after the first General Meeting following the end of their term of appointment and in all other cases in accordance with the law, the Bylaws and these Regulations (article 12.1 of the Regulations of the Board).

The Board of Directors shall not propose the removal of Independent Directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Nomination Committee (article 12.3 of the Regulations of the Board).

B.1.20 Indicate the cases in which directors must resign.

In accordance with Corporate Governance recommendations, article 12 of the Regulations of the Board of Directors stipulates that:

Directors must place their offices at the Board of Directors' disposal, and tender their resignation, if the Board deems fit, in the following cases:

- a) When they are involved in any of the statutory circumstances of incompatibility or prohibition.
- b) When they are in serious breach of their duties as Directors.
- c) When they may put the interests of the Company at risk or damage its credibility and reputation. The moment a Director is indicted or tried for any of the offences stated in article 124 of the Companies Act, the Board shall examine the matter and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not the Director shall be called on to resign.
- d) When the reason for which they were appointed as Directors no longer holds.
- e) When Independent Directors cease to meet the conditions established under article 9.
- f) When the shareholder represented by a Proprietary Director sells its entire interest. They shall also do so, in the appropriate number, when that shareholder reduces its stake to a level requiring a reduction in the number of its Proprietary Directors.

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

The Board of Directors shall not propose the removal of Independent Directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Nomination Committee.

After a Director resigns from his/her post, he/she may not work for a competitor for a period of two (2) years, unless exempted from this duty or the duration of the duty is shortened by the Board of Directors.

B.1.21 Indicate whether the duties of chief executive officer fall upon the Chairman of the Board of Directors. If so, describe the measures taken to limit the risk of powers being concentrated in a single person.

YES

Measures for limiting risk
<p>The Chairman of the Board of Directors exercises the functions of chief executive of the Company. In addition to the powers and duties attributed to him/her by law and the Bylaws, the Chairman shall exercise the management in practice of the Company's affairs, always in accordance with the decisions and criteria laid down by the General Meeting and the Board of Directors in their respective spheres of authority.</p> <p>However, the Board of Directors' Regulations contain a detailed list of issues which must be presented to the Board; in general terms, the Board retains sole authority on operations valued at over €3 million. Similarly, Eragás, S.A.'s internal regulations on investment and tendering also reserve decision making powers for the Board for sums of over €3 million.</p>

Indicate, and if necessary, explain whether rules have been established that enable any of the independent Directors to convene board meetings or include new items on the agenda, to coordinate and voice the concerns of External Directors and oversee the evaluation by the Board of Directors.

YES

Explanation of rules

Article 17 of the Regulations of the Board of Enagás, S.A. stipulates that, if the Chairman of the Board is also the Company's chief executive, the Board may give powers to one of the Independent Directors to demand that a Board meeting be convened or that additional items of business be included on the agenda, to collate and voice the concerns of External Directors, and to direct the Board's assessment of the Chairman's performance.

In 2010, the Board of Enagás, S.A. also approved the delegation of powers to the Chairman of the Nomination, Remuneration 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. Mr Martínez's appointment as Independent Leader Director was notified to the CNMV, the Spanish securities market regulator, in a filing dated 28 June 2010.

B.1.22. Are qualified majorities, other than legal majorities, required for any type of decisions?

NO

Describe how resolutions are adopted by the Board of Directors and specify, at least, the minimum attendance quorum and the type of majority for adopting resolutions.

Description of resolution:

All resolutions

Quorum	%
Meetings of the Board of Directors shall be validly constituted when at least half its members plus one are present or represented, except when the meeting has not been duly convened, in which case the attendance of all members is required.	51.00

Type of majority	%
Resolutions shall be adopted with the vote in favour of an absolute majority of Directors present or represented, irrespective of the type of decision in question, except in the case of written ballots held without meeting,	51.00

B.1.23. Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman.

NO

B.1.24. Indicate whether the Chairman has the casting vote.

NO

B.1.25. Indicate whether the bylaws or the regulations of the Board of Directors set any age limit for directors.

NO

Age limit for Chairman	Age limit for CEO	Age limit for directors
0	0	0

B.1.26. Indicate whether the bylaws or the regulations of the Board of Directors set a limited term of office for independent directors.

YES

Maximum number of years in office	12
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B.1.27 If there are few or no female directors, explain the reasons and describe the initiatives adopted to remedy this situation.

Explanation of reasons and initiatives
<p>At the time of writing of this report, two (2) of the Directors on the Board of Enagás, S.A. are women – María Teresa García-Milá Lloveras and Isabel Sánchez García – out of a total sixteen (16) Directors. In 2009 there was only one woman Director.</p> <p>Enagás, S.A., in the awareness that it must continue to encourage and facilitate the presence of women in the event of any vacancy arising on the Board, particularly for Independent Directorships, resolved at the General Meeting of 30 April 2010 to appoint Isabel Sánchez García as an Independent Director. This development was consistent with article 8 of the Regulations of the Board, which prescribes that selection processes must be free of any implied bias that might stand in the way of the selection of women Directors. The Company shall seek out and include women with the target profile among candidates for Board places.</p>

Indicate in particular whether the Appointments and Remunerations Committee has established procedures to ensure the selection processes are not subject to implicit bias that will make it difficult to select female directors, and make a conscious effort to search for female candidates who have the required profile.

YES

Indicate the main procedures

Indicate the main procedures

In the exercise of its functions, and in accordance with the Regulations of the Board of Directors, whenever a vacancy arises, the Nomination, Remuneration and Corporate Social Responsibility Committee analyses the professional profile of potential female candidates and thus endeavours to ensure that the number of female Directors on the Company's Board is progressively increased.

B.1.28 Indicate whether there are any formal processes for granting proxies at board meetings. If so, give brief details.

Article 39 of the Bylaws stipulates that a Director may give a proxy to another Director and delegate his or her voting powers, but no Director present at a meeting may hold more than two proxies.

Furthermore, in accordance with article 7.3 of the Regulations of the Board, proxies for the representation of absent Directors may be granted by any means, with a telegram or facsimile addressed to the Chairman or Secretary of the Board being valid.

B.1.29 Indicate the number of board meetings held during the year and how many times the board has met without the Chairman's attendance.

Number of board meetings	11
Number of board meetings held in the absence of its chairman	0

Indicate how many meetings of the various board committees were held during the year.

Number of meetings of the Executive or Delegated Committee	0
Number of meetings of the Audit and Compliance Committee	4
Number of meetings of the Appointments and Remunerations Committee	5
Number of meetings of the Appointments Committee	0
Number of meetings of the Remunerations Committee	0

B.1.30 Indicate the number of board meetings held during the financial year without the attendance of all members. Non-attendance will also include proxies granted without specific instructions.

Number of non-attendances by directors during the year	24
% of non-attendances of the total votes cast during the year	12.000

B.1.31 Indicate whether the individual and consolidated financial statements submitted for approval by the board are certified previously.

YES

Indicate, if applicable, the person(s) who certified the company's individual and consolidated financial statements for preparation by the Board.

Name	Post
DIEGO DE REINA LOVERA	FINANCIAL DIRECTOR
ANTONIO LLARDÉN CARRATALÁ	CHAIRMAN

B.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being submitted to the General Meeting with a qualified Audit Report.

The Board of Directors and Audit and Compliance Committee are required to ensure that the annual financial statements are published without qualifications:

Article 5, paragraph c) of the Regulations of the Board of Directors states that among the functions of the Board of Directors regarding the Annual Financial Statements are the following:

To authorise for issue, in clear and precise terms facilitating comprehension of their contents, the individual and consolidated financial statements and the Directors' report, after obtaining the report issued by the finance department and the relevant report issued by the Audit and Compliance Committee, all appropriate clarifications having been made.

Upon authorising the financial statements for issue, the Board shall attend to any comments or recommendations submitted by the Audit and Compliance Committee in its prior report. If the financial statements depart from the prior report issued by the Audit and Compliance Committee, the Board of Directors shall provide an adequate explanation of the reasons for the discrepancy.

The Board of Directors shall endeavour to present the financial statements in such a way that there are no grounds for qualification from the Company's Accounts Auditor. However, if the Board of Directors determines that it must stand by a contrary view, it shall publicly explain the content and extent of the discrepancy.

Article 7, paragraph c) of the Audit and Compliance Committee Regulations states that said Committee shall "serve as a channel for communications between the Auditors and the Board of Directors, evaluating the results of each audit and the management team's responses to its recommendations, and mediating and arbitrating in the event of disagreement between the two concerning the principles and criteria to be applied in the preparation of the financial statements.

Enagás, S.A. has established quarterly reviews of its financial statements to detect any possible risks that could affect these and any qualifications which may arise. It consequently carries out suitable measures to resolve any qualifications.

B.1.33. Is the Secretary of the board also a director?

NO

B.1.34 Explain the procedures for appointing and removing the Secretary of the board, indicating whether his/her appointment and removal have been notified by the Appointments Committee and approved by the board in plenary session.

Appointment and removal procedure
<p>Article 20 of the Regulations of the Board of Directors details the procedures for the appointment and dismissal of the Secretary of the board.</p> <p>The Secretary to the Board of Directors shall be appointed by the Board and need not be a Director. The Secretary shall exercise the functions conferred upon such position under commercial law and in these Regulations. To ensure the independence, impartiality and professionalism of the Secretary, his/her appointment and removal shall be the subject of a prior report from the Nomination and Remuneration Committee and must be approved by the Board in plenary session.</p> <p>The aforesaid article 25 of the Regulations also establishes that, the functions of the Nomination, Remuneration and Corporate Social Responsibility Committee shall include responsibility for "proposing the appointment and dismissal of the Secretary of the Board of Directors".</p>

Does the Appointments Committee propose appointments?	YES
Does the Appointments Committee advise on dismissals?	YES
Do appointments have to be approved by the board in plenary session?	YES
Do dismissals have to be approved by the board in plenary session?	YES

Is the Secretary of the board entrusted in particular with the function of overseeing corporate governance recommendations?

YES

Remarks
<p>In accordance with article 20.3 of the Regulations of the Board, the Secretary shall see to it that the acts of the Committee are formally and substantively lawful, and that its procedures and rules of governance are abided by and regularly reviewed. In particular he/she shall ensure that the actions of the Board:</p> <ul style="list-style-type: none">a) Adhere to the spirit and letter of primary enactments and their implementing regulations, including those issued by regulatory agencies;b) Comply with the Bylaws and the Regulations of the Board of Directors and other provisions governing the Company;c) Incorporate the good governance recommendations that the Company has accepted.

B.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditors, of financial analysts, of investment banks and of rating agencies.

Measures in aid of preserving auditor independence:

The Audit and Compliance Committee is the organ created by the Board to carry on relations with the company's external auditors.

The chief purposes of the Audit and Compliance Committee are to evaluate the Company's accounting verification system, ensure the independence of the External Accounts Auditor, review the internal control system, safeguard the transparency of information, and ensure compliance with the Internal Code of Conduct.

In addition, it is responsible for proposing the appointment of the External Accounts Auditors to the Board of Directors, for submission to the General Shareholders Meeting, in accordance with applicable regulations, and for advising on payments to external auditors, and liaising with the latter in respect of issues that may jeopardise their independence.

Where appropriate, the Audit and Compliance Committee shall invite the external auditors to attend its quarterly meetings in order to:

- Obtain information on the quarterly reviews of the financial statements.
- Analyse any incidents encountered.
- Ask the Directors to come up with a plan of action to resolve the incidents encountered.

Measures in aid of preserving the independence of financial analysts, rating agencies and investment banks:

In accordance with the Regulations, the Board of Directors shall adopt and execute all acts and measures required to ensure transparency of the Company with regard to the financial markets, uphold the proper formation of prices for the Company's and its subsidiaries' shares, and perform all functions attending the Company's status as a listed company pursuant to current laws and regulations.

The Investor Relations Department manages communications with financial analysts, investors and rating agencies so as to assure that relations with all parties remain objective, fair and non-discriminatory.

In addition, within the scope of its activities the Finance Department provides investment banks with the information they need.

Shareholders, investors and analysts can avail themselves of full and updated information by the following channels: The Investor Relations Department and the Shareholder Information Office.

Finally, Enagás, S.A. presentations to financial analysts, investors and other parties are published on the company's website.

B.1.36 Indicate whether the company has changed its external audit firm during the year. If so, identify the new audit firm and the previous firm.

NO

Outgoing auditor	Incoming auditor

Explain any disagreements with the outgoing auditor and the reasons for the same.

NO

B.1.37 Indicate whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of fees received for such work and the percentage they represent of the fees billed to the company and/or its group.

YES

	Company	Group	Total
Amount of other non-audit work (in thousands €)	388	2	390
Amount of other non-audit work as a % of total amount billed by audit firm	36.980	11.760	36.580

B.1.38 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

NO

B.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited.

	Company	Group
Number of consecutive years	7	7

	Company	Group
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	27.0	27.0

B.1.40 List any equity holdings of the members of the company's Board of Directors in other companies with the same, similar or complementary types of activity to that which constitutes the corporate purpose of the company and/or its group, and which have been reported to the company. Likewise, list the posts or duties they hold in such companies.

Name or corporate name of director	Corporate name of the company in question	% share	Post or duties
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA	IBERDROLA, S.A.	5.494	-----
BILBAO BIZKAIA KUTXA (BBK)	IBERDROLA, S.A.	6.553	-----
BILBAO BIZKAIA KUTXA (BBK)	GAS NATURAL SDG, S.A.	0.110	-----
LUIS JAVIER NAVARRO VIGIL	E.ON ESPAÑA	0.000	DIRECTOR
LUIS JAVIER NAVARRO VIGIL	BP ESPAÑA, S.A.	0.000	DIRECTOR
LUIS JAVIER NAVARRO VIGIL	E.ON RENOVABLES S.L.U.	0.000	DIRECTOR
LUIS JAVIER NAVARRO VIGIL	BP, PLC	0.000	-----

B.1.41. Indicate and give details of any procedures through which directors may receive external advice.

YES

Details of procedure
<p>Article 15 of the Regulations of the Board stipulates that Directors shall further be entitled to propose to the Board of Directors the engagement, at the Company's expense, of legal, accounting, technical, financial, commercial or any other type of experts deemed necessary for the interests of the Company, for the purpose of assisting the Board in performing its duties when there are specific problems of a certain importance and complexity linked to such performance.</p> <p>The proposal must be communicated to the Chairman of the Board via the Secretary of the Board. The Board of Directors may withhold its approval when it considers that such services are unnecessary for the duties with which they are entrusted, or disagrees with the cost (disproportionate in relation to the problem and assets and revenues of the Company) or believes that such technical assistance can be adequately provided by experts and technicians from within the Company.</p> <p>The Company shall organise induction programmes for new Directors to acquaint them rapidly with the workings of the Company and its corporate governance rules. It shall also offer Directors refresher courses when circumstances so dictate.</p>

B.1.42 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies.

YES

Details of procedure
<p>Article 6 of the Regulations of the Board of Directors governs the procedure to ensure that Directors have the necessary information to prepare meetings of the Board of Directors with sufficient time. The aforesaid article establishes that:</p>

Details of procedure

Notices convening ordinary sessions shall be issued by the Chairman or the Secretary, or by the Deputy Chairman on order of the Chairman, may be effected by any channel, and shall specify the meeting venue and agenda.

The notice of meeting, which other than in exceptional circumstances shall be issued at least three (3) days in advance of the intended date of the meeting, shall contain all information and documents thought appropriate or relevant for Directors to be properly informed.

The power to set the agenda of a meeting rests with the Chairman, but any Director may request in advance of the calling of such meeting that there be added to the agenda any items which in his/her view ought to be addressed by the Board.

In practice, the convening notice shall be issued a week before the meeting and, in addition to the meeting venue and the agenda, shall include all documentation considered appropriate or relevant.

B.1.43 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be.

YES

Details of rules

Pursuant to Corporate Governance recommendations, article 12 of the Regulations of the Board of Directors establishes that Directors place their offices at the Board of Directors' disposal, and tender, if the Board deems this appropriate, their resignation, inter alia, in situations that could place the company's interest at risk or damage its credibility and reputation. The moment a Director is indicted or tried for any of the offences stated in article 124 of the Companies Act, the Board shall examine the matter and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not the Director shall be called on to resign.

B.1.44 Indicate whether any director has notified the company that he/she has been indicted or tried for any of the offences stated in article 124 of the Spanish Companies Act (LSA for its initials in Spanish).
article 124 of the Spanish Companies Act:

NO

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office.

NO

Decision	Explanation

B.2 Committees of the Board of Directors

B.2.1 Give details of all the committees of the Board of Directors and their members.

AUDIT AND COMPLIANCE COMMITTEE

Name	Post	Type
MARTÍ PARELLADA SABATA	CHAIRMAN	INDEPENDENT DIRECTOR
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA	MEMBER	PROPRIETARY
JOSÉ RIVA FRANCOS	MEMBER	INDEPENDENT DIRECTOR
LUIS JAVIER NAVARRO VIGIL	MEMBER	OTHER EXTERNAL
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	MEMBER	PROPRIETARY

APPOINTMENTS, REMUNERATION AND CSR COMMITTEE.

Name	Post	Type
DIONISIO MARTÍNEZ MARTÍNEZ	CHAIRMAN	INDEPENDENT DIRECTOR
BILBAO BIZKAIA KUTXA (BBK)	MEMBER	PROPRIETARY
MARÍA TERESA GARCÍA-MILÁ LLOVERAS	MEMBER	INDEPENDENT DIRECTOR
RAMÓN PÉREZ SIMARRO	MEMBER	INDEPENDENT DIRECTOR
SAGANE INVERSIONES, S.L.	MEMBER	PROPRIETARY

B.2.2. Indicate whether the Audit Committee is responsible for the following.

Overseeing the preparation process and monitoring the integrity of financial information on the Company and, where relevant, the Group, and checking compliance with regulatory requirements, the due definition of the scope of consolidation and correct application of accounting principles.	YES
To regularly review internal control and risk management systems, so main risks are correctly identified, managed and notified.	YES

To safeguard the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit ; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	YES
Establishing and supervising a mechanism whereby staff can report, confidentially and, if thought necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	YES
To submit to the board proposals for the selection, appointment, reappointment and removal of the external auditor, and the engagement conditions.	YES
To receive regular information from the external auditor on the progress and findings of the audit programme and check that senior management are acting on its recommendations.	YES
To ensure the independence of the external auditor.	YES
In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.	YES

B.2.3 Describe the organisational and operational rules and the responsibilities attributed to each of the board committees.

Committee name

AUDIT AND COMPLIANCE COMMITTEE

Brief description

Regulations for the Audit and Compliance Committee were approved at the meeting of the Board of Directors of 19 February 2004. They are aimed at providing the committee with an organisational and operational framework that enables it to operate as an independent and transparent body, and thereby comply with the regulations contained in article 44 of the Company Bylaws and article 26 of the regulations governing the organisation and operation of the Board of Directors. At its meeting of 29 March 2007, the Board amended article 26 of the Regulations of the Board of Directors to incorporate as many of the recommendations of the Unified Code as possible and thus also amended the Regulations of the Audit and Compliance Committee to bring them in line with changes made to the Regulations of the Board of Directors.

- The Audit and Compliance Committee is comprised of five members, which is within the limits established in article 44 of the Company Bylaws and article 3 of the Audit and Compliance Committee Regulations, which set a minimum of three and maximum of five members, appointed by the Board of Directors. Two of the Committee's members, including the Chairman, are Independent Directors, two are Proprietary Directors, and the fifth is classified as "Other External Director".

- Article 3 of the Regulations of the Audit and Compliance Committee states that none of its members may be Executive Directors, in order to preserve the transparency and objective nature of its decisions, and the parity between Proprietary and Independent Directors must be maintained. The aforesaid article also stipulates that the Chairman of the Board of Directors and members of other committees may not sit on the Audit and Compliance Committee.

- As established in article 4 of the Committee Regulations, the term of Committee membership is the same as the term of office for a Directorship. A member of the Audit and Compliance Committee shall vacate that office if he vacates his Directorship or, while remaining a Director, if so decided by the Board of Directors. Notwithstanding the above, the Chairman of the Committee must be replaced every four years. The Committee Chairman may be re-elected one year after leaving the post, without prejudice to his/her continuity as a member of the Committee if the Board of Directors decides that there exists sufficient reason for re-election.

The remuneration of Committee members, as provided for in article 5 of the Committee Regulations, will be approved as established in the Company Bylaws and the Regulations of Board of Directors pertaining to the approval of Directors' remuneration, and shall be subject to the same disclosure obligations.

- During their period of office, Committee members shall perform the duties and adhere to the working principles stipulated in the Company Bylaws, the Regulations of the Board of Directors and prevailing legislation on company Directors.

- In keeping with article 8 of its Regulations, the Committee must meet at least four times a year and the Chairman shall call as many further meetings as he/she believes are required for the Committee to complete its tasks. In 2010, the Committee met four times.

- The tasks to be performed by the Audit and Compliance Committee are set out in article 44 of the Company Bylaws, article 26 of the Regulations of the Board of Directors and article 7 of the Committee Regulations.

- The chief purposes of the Committee are to evaluate the Company's accounting verification system, ensure the independence of the External Accounts Auditor, review the internal control system, safeguard the transparency of information, and ensure compliance with the Internal Code of Conduct.

- To fulfil these objectives, in addition to the functions established by law for the Audit and Compliance Committee, the Committee shall have the following duties:

a) In relation to the financial statements:

- Overseeing the preparation process and monitoring the integrity of financial information on the Company and, where relevant, the Group, and checking compliance with regulatory requirements, the due definition of the scope of consolidation and correct application of accounting principles.

- Providing information on the financial statements prior to their being authorised for issue by the Board of Directors.

In its Report, the Committee shall include the information that it deems necessary on the application of accounting criteria, internal control systems and any other relevant facts.

The Board of Directors must properly explain any departure from the Audit and Compliance Committee's prior Report in the financial statements finally authorised for issue.

- Examining the information on the Company's activities and results that is produced regularly in compliance with securities market regulations, and ensuring that such information is transparent and accurate.

b) In relation to internal audits:

- Monitoring the independence of the internal audit unit.

- Supervising the Company's internal audit services and verifying the internal control systems, in order to achieve optimum monitoring of the execution of the annual internal audit.

In particular, the Committee shall monitor the quality of the work of the internal audit unit in areas including: accuracy and integrity of information, compliance with policies, plans, legislation and standards and asset protection measures.

The Committee shall have full access to Internal audit systems and shall meet regularly, in plenary session or through its Chairman, with the Internal Audit Manager, from whom it may request all the information necessary for its work.

- Providing information and putting forward proposals to the Board of Directors regarding the selection, appointment, reappointment and dismissal of the head of Internal Audit.

c) In relation to external audits:

- Making proposals to the Board of Directors for submission to shareholders at the General Meeting concerning the appointment of the External Accounts Auditor, in accordance with applicable laws and regulations, and providing information on the remuneration payable to the External Accounts Auditor and other terms and conditions of their engagement.

- Liaising with the external auditors to obtain information on any issues that could compromise the latter's independence or any other subjects related to the auditing process, and on any other disclosure obligations established in legislation on the annual audit process and in technical auditing standards.

- Taking receipt of the external auditor's regular reports on the audit programme and results of its execution, and ensuring that senior management takes account of its recommendations.

- Serving as a channel for communications between the Auditors and the Board of Directors, evaluating the results of each audit, and the management team's responses to its recommendations, and mediating and arbitrating in the event of disagreement between the two concerning the principles and criteria to be applied in the preparation of the financial statements.

- Overseeing the execution of contracted audit work and ensuring that the auditor's opinion on the financial statements and the main contents of the Auditors' Report are written clearly and accurately.

- Providing information on non-auditing contracts between the Company and the Accounts Auditors.

Ensuring that the External Accounts Auditor is provided with access to all the information necessary for him/her to do his/her work.

d) In relation to the Company's risk map:

- Identifying and analysing, in conjunction with the internal and external auditors, the main risks to which the Company is exposed, and, in particular, those affecting its financial position.
- Producing a risk assessment report for the Board of Directors.

Proposing, where appropriate, to the Board of Directors measures required to manage, mitigate or prevent risks detected.

- Establishing, if the Committee thinks fit for the purposes of risk of detection, and supervising a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

NOTE: More information on points e) and f) can be found in section G1) CLARIFICATION OF SECTION B.2.3.

Committee name

APPOINTMENTS, REMUNERATION AND CSR COMMITTEE.

Brief description

- It should be noted that the Nomination, Remuneration and Corporate Social Responsibility Committee has no specific regulations, as it is sufficiently regulated under article 25 of the Regulations of the Board of Directors and article 45 of the Company Bylaws, which was altered at the General Meeting of 30 April 2010.

The Nomination, Remuneration and Corporate Social Responsibility Committee comprises five (5) members appointed by the Board of Directors, which is within the limits established in the Company Bylaws and the Regulations of the Board, which set a minimum of three (3) and maximum of five (5) members.

It comprises mainly Independent Directors, as dictated in the Company Bylaws and the Regulations of the Board. Three of the Committee's members, including the Chairman, are Independent Directors, while two are Proprietary Directors.

- On 28 June 2010, the Board also approved the appointment of the Chairman of the Nomination, Remuneration and Corporate Responsibility Committee, Dionisio Martínez Martínez, as Independent Leader Director, with a power 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.

- Pursuant to article 25 of the Regulations of the Board of Directors, the Nomination, Remuneration and Corporate Social Responsibility Committee must meet at least four (4) times a year. In 2010, the Committee met five times.

- The duties of the Nomination, Remuneration and Corporate Social Responsibility Committee are detailed in article 45 of the Company Bylaws and article 25 of the Regulations of the Board of Directors and are as follows:

1. To establish remuneration criteria for the Company's Directors, in accordance with the stipulations of the Bylaws and in line with resolutions passed at the General Meeting, and to ensure that remuneration is transparent.
2. To establish a general remuneration policy for Enagás, S.A. management personnel, providing a rationale to the Board of Directors, and guidelines relating to the appointment, selection, promotion and dismissal of senior managers, in order to ensure that the Company has appropriate highly qualified staff for administering its business at all times.

3. To review the structure of the Board of Directors, the criteria for the renewal of Directors required under the Bylaws, the addition of new members and any other aspects relating to its composition that it deems appropriate, providing the Board of Directors with the proposals that it considers necessary.
4. To report on the appointment and dismissal of the Secretary of the Board of Directors.
5. To inform the Board of Directors, prior to approval, of transactions that Directors wish to undertake that imply or may imply a conflict of interest, in accordance with the stipulations of the Internal Code of Conduct regarding the securities market.
6. To formulate and revise the criteria to be followed in the composition of the Board of Directors and for the selection of the candidates proposed for the office of Director.
7. To provide information, objectively and in the Company's interest, concerning the proposals for appointment, re-election and ratification of Directors, as well as for the appointment of members of Board Committees.
8. To formulate proposals to the Board of Directors regarding the Company's organisational structure, including the creation of senior management posts in order to achieve improved and more efficient Company administration.
9. To produce reports on intended appointments and dismissals of senior management staff, and, where necessary, approve special terms in their contracts.
10. To approve the remuneration of senior management, provided that this does not diverge from criteria established in the general remuneration policy for executives.
11. To report to the Board of Directors on any related-party transactions before they are authorized. Under no circumstances shall any such transaction be authorised without a prior report evaluating the transaction from the point of view of arm's length conditions. If the transactions are ordinary, generic authorisation of the type of transaction and its terms and conditions shall suffice.
12. To report to the Board of Directors on measures to be taken in the event of breach of these Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those rules. In performing this duty, the Nomination and Remuneration Committee shall work in conjunction with the Audit and Compliance Committee wherever appropriate.

B.2.4 Identify any advisory or consulting powers and, where applicable, the powers delegated to each of the committees.

Committee name

AUDIT AND COMPLIANCE
COMMITTEE

Brief description

TASKS 1 TO 18 LISTED IN SECTION B.2.3 OF THIS REPORT.

Committee name

NOMINATION, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY
COMMITTEE.

Brief description

TASKS 4 TO 11 LISTED IN SECTION B.2.3 OF THIS REPORT.

B.2.5 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also indicate whether an annual report on the activities of each committee has been prepared voluntarily.

Committee name

AUDIT AND COMPLIANCE
COMMITTEE

Brief description

Regulations for the Audit and Compliance Committee were approved at the meeting of the Board of Directors held on 19 February 2004. The aim of this document was to provide the committee with an

organisational and operational framework as an independent and transparent body, thereby complying with the regulations contained in article 44 of the Company Bylaws and article 26 of the Regulations of the Board of Directors.

The aforementioned regulations are available for consultation at the headquarters of Enagás, S.A. and on its website at www.enagas.es or www.enagas.com.

No changes were made to the regulations of the Audit and Compliance Committee in 2010.

The Audit and Compliance committee has drafted a report on its activities in 2010, available both at the headquarters of Enagás, S.A. and on its corporate website.

Committee name

NOMINATION, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE.

Brief description

The Nomination, Remuneration and Corporate Social Responsibility Committee has no specific regulations, as it is sufficiently regulated under article 25 of the Regulations of the Board of Directors and article 45 of the Company Bylaws.

Article 45 of the Bylaws was altered at the General Meeting of 30 April 2010 so as to read as follows:

ARTICLE 45.- APPOINTMENTS, REMUNERATION AND CSR COMMITTEE.

The Board of Directors shall appoint from among its members an Appointments, Remuneration and CSR Committee that shall be comprised of a minimum of three and a maximum of five Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its number. The Committee Chairman shall be selected from among Committee members by the Board of Directors, and shall not have a casting vote.

The Committee shall have powers and responsibilities in respect of the following matters:

- To establish remuneration criteria for the Company's Directors, in accordance with the stipulations of the Bylaws and in line with resolutions passed at the General Meeting, and to ensure that remuneration is transparent.
- To establish a general remuneration policy for Enagás, S.A. management personnel and guidelines relating to the nomination, selection, promotion and dismissal of senior managers, in order to ensure that the Company has the appropriate highly qualified staff for administering its business at all times.
- To review the structure of the Board of Directors, the criteria for the re-appointment of Directors pursuant to the Company's Bylaws, the incorporation of new members and any other aspects relating to its composition that it deems appropriate.
- To report to the Board on transactions that entail or could entail a conflict of interest.
- To establish a general CSR and Corporate Governance policy, ensuring the adoption and effective application of best practices, both those which are compulsory and in line with generally-accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall provide information on proposals submitted to the Board and information the Company releases to shareholders annually regarding these issues.

The Committee shall meet at least four times a year, with meetings being called by the Chairman. The Committee may seek advice both internally and externally and request the attendance of senior management personnel, as deemed necessary in the execution of its duties.

Moreover, on 28 June 2010, the Board also approved the appointment of the Chairman of the Nomination, Remuneration and Corporate Responsibility Committee, Dionisio Martínez Martínez, as Independent Leader Director, with a power 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.

B.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the board of the different types of directors.

NO

If the answer is no, explain the composition of the Executive Committee.
There is no Executive Committee.

C – RELATED-PARTY TRANSACTIONS

C.1. Indicate whether the board plenary sessions have reserved the right to approve, based on a favourable report from the Audit Committee or any other committee responsible for this task, transactions which the company carries out with directors, significant shareholders or representatives on the board, or related parties.

YES

C.2. List any relevant transactions entailing a transfer of assets or liabilities between the company or its group companies and the significant shareholders in the company.

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (In thousands €)
ATALAYA INVERSIONES, S.R.L.	ENAGÁS, S.A.	Corporate. Paid to SAGANE INVERSIONES, S.L. (significant shareholder).	Dividends and other benefits paid	9,287
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)	ENAGÁS, S.A.	Commercial	Finance agreements, loans and capital contributions (lender)	50,000
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)	ENAGÁS, S.A.	Commercial	Guarantees and sureties	12,000
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)	ENAGÁS, S.A.	Corporate. Paid to CIC, S.L. (significant shareholder).	Dividends and other benefits paid	9,288

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (In thousands €)
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)	ENAGÁS, S.A.	Commercial	Finance agreements, loans and capital contributions (lender)	2,000
CAJA DE AHORROS DE ASTURIAS (CAJASTUR)	ENAGÁS, S.A.	Commercial	Finance agreements, loans and capital contributions (lender)	30,000
OMAN OIL COMPANY, S.A.O.C.	ENAGÁS, S.A.	Corporate Paid to OMAN OIL HOLDINGS SPAIN S.L.U.	Dividends and other benefits paid	9,287

C.3 List any relevant transactions entailing a transfer of assets or liabilities between the company or its group companies, and the company's managers or directors.

Name or corporate name of director or senior manger	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (In thousands €)
BILBAO BIZKAIA KUTXA (BBK)	ENAGÁS, S.A.	Commercial	Guarantees and sureties	6,000
BILBAO BIZKAIA KUTXA (BBK)	ENAGÁS, S.A.	Corporate Paid to KARTERA 1, S.L. (significant shareholder)	Dividends and other benefits paid	9,287
BILBAO BIZKAIA KUTXA (BBK)	ENAGÁS, S.A.	Commercial	Finance agreements, loans and capital contributions (lender)	155,000
CAJA DE AHORROS DE VALENCIA, CASTELLON Y ALICANTE, BANCAJA	ENAGÁS, S.A.	Commercial	Guarantees and sureties	6,000
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA	ENAGÁS, S.A.	Commercial	Finance agreements, loans and capital contributions (lender)	56,000

Name or corporate name of director or senior manger	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (In thousands €)
CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA		Corporate Paid to BANCAJA INVERSIONES, S.A. (significant	Dividends and other benefits paid	9,287
SAGANE INVERSIONES, S.L.	ENAGÁS, S.A.	Corporate	Dividends and other benefits paid	9,287
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	ENAGÁS, S.A.	Corporate	Dividends and other benefits paid	9,287

C.4. List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

Corporate name of the group company

GASODUCTO AL-ANDALUS, S.A.

Amount (In thousands €)

5,596

Brief description of the transaction

INCOME FROM PIPELINE MAINTENANCE AND FRANCHISE ROYALTIES.

Corporate name of the group company

GASODUCTO AL-ANDALUS, S.A.

Amount (In thousands €)

6,074

Brief description of the transaction

DIVIDENDS RECEIVED BY ENAGÁS, S.A. FOR THE 2009 FINANCIAL YEAR.

Corporate name of the group company

GASODUCTO AL-ANDALUS, S.A.

Amount (In thousands €)

16,363

Brief description of the transaction

TRANSPORT SERVICE CHARGES PAID.

Corporate name of the group company

GASODUCTO AL-ANDALUS, S.A.

Amount (In thousands €)

19,007

Brief description of the transaction

LOAN GRANTED BY ENAGÁS, S.A.

Corporate name of the group company

GASODUCTO BRAGA - TUY, S.A.

Amount (In thousands €)

3,329

Brief description of the transaction

TRANSPORT SERVICE CHARGES PAID.

Corporate name of the group company

GASODUCTO BRAGA - TUY, S.A.

Amount (In thousands €)

11,869

Brief description of the transaction

LOAN GRANTED BY ENAGÁS, S.A.

Corporate name of the group company

GASODUCTO CAMPO MAIOR - LEIRIA - BRAGA, S.A.

Amount (In thousands €)

4,605

Brief description of the transaction

LOAN GRANTED BY ENAGÁS, S.A.

Corporate name of the group company

GASODUCTO CAMPO MAIOR - LEIRIA - BRAGA, S.A.

Amount (In thousands €)

3,254

Brief description of the transaction

TRANSPORT SERVICE CHARGES PAID.

Corporate name of the group company

GASODUCTO DE EXTREMADURA, S.A.

Amount (In thousands €)

3,945

Brief description of the transaction

DIVIDENDS RECEIVED BY ENAGÁS, S.A. FOR THE 2009 FINANCIAL YEAR.

Corporate name of the group company

GASODUCTO DE EXTREMADURA, S.A.

Amount (In thousands €)

41

Brief description of the transaction

LOAN GRANTED BY ENAGÁS, S.A.

Corporate name of the group company

GASODUCTO DE EXTREMADURA, S.A.

Amount (In thousands €)

8,560

Brief description of the transaction

TRANSPORT SERVICE CHARGES PAID.

Corporate name of the group company

GASODUCTO DE EXTREMADURA, S.A.

Amount (In thousands €)

4,966

Brief description of the transaction

INCOME FROM PIPELINE MAINTENANCE AND FRANCHISE ROYALTIES.

C.5 Identify, where appropriate, any conflicts of interest affecting company directors pursuant to article 127 of the LSA.

NO

C.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

Mechanisms for detecting and regulating possible conflicts of interest between Enagás, S.A. and/or its group, and its Directors, managers or shareholders are primarily set out in Enagás, S.A.'s Internal Code of Conduct in Matters Relating to Stock Markets.

The Internal Code of Conduct in Matters Relating to Stock Markets is applicable to the following persons:

- Members of the Board.
- Managing Directors and members of the Management Committee.
- Board members and, in the appropriate cases, members of the Management Committee of subsidiary or partially owned companies in which Enagás S.A. has operational control.
- People concerned with Stock Market activities.
- In general, everyone who has access to the Company's privileged or reserved information.

With regard to related-party transactions, the Company must adopt the following measures:

- a) Report such transactions to the National Securities Market Commission (CNMV) every six months and include information on them in the Corporate Governance section of the notes to the Company's annual financial statements.
- b) Submit them in draft form to the Board of Directors for authorisation prior to their execution, following the relevant report from the Nomination, Remuneration and Corporate Social Responsibility Committee, and assess whether they satisfy market criteria.

With respect to possible conflicts of interest, persons subject to the Internal Code of Conduct in Matters Relating to Stock Markets must act as follows:

- Inform the Board, through its Secretariat, of any possible conflicts of interest which may result from their family relationships, personal property or any other cause. Notifications must be effected within fifteen (15) days, and in any event, before any decision relating to the possible conflict of interest is taken.
- Keep the information updated, taking into account any modification or cessation of previously reported situations as well as the emergence of new conflicts of interest.
- Refrain from participating in the adoption of any decision that may be affected by the conflict of interest with the Company.

The Nomination, Remuneration and Corporate Social Responsibility Committee is the body responsible for regulating and resolving any conflicts of interest that may arise and, pursuant to article 25 of the Regulations of the Board of Directors, is assigned the following duties:

- a) To inform the Board of Directors, prior to approval, of transactions that Directors wish to undertake that imply or may imply a conflict of interest, in accordance with the stipulations of the Code of Conduct regarding the securities market.
- b) Reporting to the Board of Directors on possible transactions with related parties before Board approval of the same. Under no circumstances shall any such transaction be authorised without a prior report evaluating the transaction from the point of view of arm's length conditions. If the transactions are ordinary, a generic authorisation of the type of transaction and its terms and conditions shall suffice.
- c) To inform the Board of Directors on measures to be taken in the event of non-compliance with these Regulations or the Code of Conduct on Matters Relating to Securities Markets by Directors or other persons subject to the aforementioned same. In performing this

duty, the Nomination and Remuneration Committee shall work in conjunction with the Audit and Compliance Committee wherever appropriate.

C.7 Is more than one group company listed in Spain?

NO

Identify the listed subsidiaries in Spain

D - RISK CONTROL SYSTEMS

D.1. Give a general description of risk policy in the company and/or its group, detailing and evaluating the risks covered by the system, together with evidence that the system is appropriate for the profile of each type of risk.

Enagás' Risk Policy establishes the guiding principles and mechanisms to enable management to deal effectively with the uncertainties, contingencies and opportunities that may arise, thereby improving the Company's ability to create value and offer both shareholders and other stakeholders a higher standard of assurance as regards profitability and environmental and social impact.

All initiatives aimed at controlling and mitigating risk shall follow these Basic Principles:

- Segregation and independence among risk managers and supervisors.
- Global supervision and like-for-like measurement of risks assumed by Enagás.
- Consistent understanding of risk management
- Focus on decision-taking: providing the information required for decision-making within its purview.
- Establish efficient coordination among the Company's different business areas/units to guarantee the optimum use of the knowledge and resources available.
- Transparency (simplicity, objectivity and accountability) regarding the processes and methodologies used.
- Facilitate active supervision by the Audit and Compliance Committee and the Management Committee.
- Constantly update and make improvements by regularly reviewing the risks and adopting best practices concerning risk supervision and management.
- Responsibilities: to entrust integral risk management to the Enagás Board of Directors, management and employees, each within their area of responsibility.

In 2010, formal specification of the Integrated Risk Management Procedure established an integrated risk management framework that identifies the roles of the company's various decision-making bodies and the constituent parts of the risk management system:

1. Nurturing an internal risk management environment that guides the company's actions and directly influences employee awareness of internal control issues.

2. Setting goals for the organization as a precondition of identifying potential scenarios with an impact on the achievement of those goals.
3. Every unit manager or head must systematically identify relevant events.
4. Evaluating risks to enable the company to consider the scope of potential events impacting the company's achievement of its goals and the probability of such events arising.
5. Responding to risks: The aim is to take decisions – to avoid, mitigate, share or accept a given risk – on the basis of the outcome of an assessment as to whether the particular risk needs to be addressed.
6. Establishing control actions as necessary to ensure that risk responses are implemented properly and on time by department and unit heads.
7. Within the risk management framework, reporting and communicating at all organizational levels to identify, evaluate and respond to risks, and, ultimately, take decisions and achieve the objectives set down at the organization-wide level.
8. Risk management is to be overseen by the Audit and Compliance Committee and the Sustainability Committee, by the individual department/unit "owning" each risk, and by the Internal Audit Unit in the performance of its assigned role.

Enagás, S.A. has grouped these risks, separating them in terms of the nature of the risk and bearing in mind the different measurement methods applied, as follows:

- Operational risk: This is the possible loss of value or earnings as a result of events caused by inadequacies or failures in processes, human resources, business teams and IT systems, or due to external factors
- Business risk: This is the possible loss of value or earnings due to external factors such as regulation, the economic cycle, competition levels, demand patterns, the structure of the industry, etc. as well as the possible loss of value or earnings arising from taking incorrect decisions regarding business plans and the Company's future strategies.
- Credit or counterparty risk: This is the possible loss of value or earnings as a result of a counterparty's failure to meet its contractual obligations:
- Financial risk: This is the uncertainty concerning a portfolio's value due to exchange and interest rate fluctuations, etc., as well as the liquidity and solvency of the companies.
- Reputational risk: Any action, event or circumstance that may adversely affect stakeholders' perceptions and opinions of the company.

The risks have been measured in terms of their impact and probability in quantitative and qualitative terms. Also, the necessary controls and action plans have been established to maintain these risks within the admissible thresholds.

In 2010, the heads of the various divisions and business units at Enagás, S.A. managed their risks based on a self-assessment of some of these and by permanently monitoring the control activities and the risks in relation to the Company's accepted level of risk.

Moreover, the Enagás Group continues to cement and reinforce its System of Internal Control of Financial Reporting (Spanish "SCIIF") with a view to adopting best practices towards the reliability and transparency of the financial reporting process.

D.2 Indicate whether the company or group has been exposed to different types of risk (operational, technological, financial, legal, reputational, fiscal...) during the year.

YES

If so, indicate the circumstances and whether the established control systems worked adequately.

Risks occurring in the year

Corporate.

Circumstances responsible for this occurrence

The circumstances inherent to the ordinary course of business.

Operation of control systems

The control systems put in place proved adequate for risks arising in 2010.

D.3 Indicate whether there is a committee or other governing body in charge of establishing and supervising these control systems.

YES

If so, please explain its duties.

Name of the Committee or Body

INTERNAL AUDIT

Description of duties

The key risk management functions include:

- Proposing risk management strategy to the Sustainability Committee
 - Nurturing a risk-aware culture across the company and helping to train employees in risk management skills
 - Designing and reviewing the risk management process.
 - Supporting the Sustainability Committee in framing, adopting and updating internal risk management Regulations
 - Supporting individual departments in risk identification and assessment
- The key roles of the Internal Audit Unit are:

- Focusing audit work on the most significant identified risks and on established internal controls
- Reporting on the progress of control activities as regards design-related matters to the Audit and Compliance Committee and to the departments concerned

Name of the Committee or Body

AUDIT AND COMPLIANCE COMMITTEE

Description of duties

- Identifying and analysing, in conjunction with the internal and external auditors, the main risks to which the Company is exposed, and, in particular, those affecting its financial position.
- Producing a risk assessment report for the Board of Directors.
- Proposing, where appropriate, to the Board of Directors measures required to manage, mitigate or prevent risks detected.

Name of the Committee or Body

MANAGEMENT COMMITTEE

Description of duties

- Creating the structures and environment required for the Integrated Risk Management model to operate effectively
- Establishing the company's risk management philosophy: accepted risks, integrity, ethical values and staff competencies
- Approving the accepted risk level for the company as a whole
- Permanently reviewing the organization's activities and potential inherent risks with reference to the accepted level of risk for the Company.
- Proposing to the Audit and Compliance Committee the measures needed to manage those risks identified.

Name of the Committee or Body

SUSTAINABILITY COMMITTEE

Description of duties

- Establishing overall policy on risk management and defining the company's position in the short, medium and long-term
- Across all company levels and activities, nurturing a common risk culture aligned with the strategies and objectives laid down by senior management
- Reporting to the Audit and Compliance Committee on progress made in risk management and proposing actions in response to breaches of risk policy or internal regulations and/or conflicts arising in connection with risk management

Name of the Committee or Body

MANAGEMENT OR BUSINESS UNIT

Description of duties

- As the owners of the risk, it is their responsibility to manage the risks inherent in their activities by establishing suitable controls and action plans.
- Introducing risk management objectives in all functions

D.4 Identify and describe the processes for compliance with the regulations applicable to the company and/or its group.

Each of the divisions and business units at Enagás, S.A. is cognisant of the applicable legislation and regulations. Part of their duties include ensuring that new mandatory legislation and regulations are analysed and applied.

New legislation or regulatory amendments will often necessitate amendments to the company's internal regulations or the establishment of new actions or processes to comply with said regulations.

If there are various divisions involved in complying with the regulations, the Executive Committee will set up various working groups to develop and implement the new processes or activities.

Specifically, in response to new laws and regulations affecting third-party grid access management processes, in 2010 Enagás, S.A. specified a procedure that sets out the actions to be taken to prepare for possible impacts and identify the related services or variables most likely to create conflicts with clients.

The General Secretariat deals with, clarifies and establishes the criteria for all issues on which the divisions or business units have reasonable doubts.

Moreover, in each of the audits carried out the Internal Audit department shall verify compliance with prevailing legislation and internal regulations.

The main compliance processes of the various regulations entail:

- Legislation and regulations affecting Enagás S.A. as a gas transporter and as Technical System Operator.
- Mercantile law.
- Fiscal law.
- Environmental law.
- Legislation regarding prevention.

E - GENERAL MEETINGS

E.1 Indicate the quorum required for constitution of the General Meeting established in the company's Bylaws. Describe how it differs from the system of minimum quorums established in the LSA.

NO

	Quorum % other than that established in article 102 of the LSA for general cases	Quorum % other than that established in article 103 of the LSA for the special cases described in article 103
Quorum required for first call	0	0
Quorum required for second call	0	0

E.2 Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework set forth in the LSA.

NO

Describe how they differ from the rules established under the LSA.

E.3 List all shareholders' rights regarding the General Meetings other than those established under the LSA.

Shareholders' rights in relation to general meetings are those established in the Spanish Companies Act. The Regulations of the General Meeting of Enagás, S.A. recognise the following shareholders' rights:

1. - RIGHTS TO INFORMATION.

This right is regulated by article 7 of the Regulations, which has the following content and scope:

On the date the notice of convening of the General Meeting is published, and on the day of the meeting itself, the Company shall place the following resources at its shareholders' disposal:

- a) The full text of the notice of General Meeting, setting out the resolutions proposed for adoption, and, where appropriate and as far as practicable, reports from the Board of Directors concerning their rationale and appropriateness.
- b) Comprehensive documentation on the Enagás, S.A. Financial Statements and the Consolidated Financial Statements of the Enagás Group, and on the proposed appropriation of Enagás profit or loss for the financial year in question.

c) Enagás, S.A. Management Report and Consolidated Management Report for the financial year.

d) Auditors' Reports on the Consolidated Financial Statements and Enagás, S.A. Financial Statements.

e) Annual Corporate Governance Report.

f) Any other report or information required by law or deemed appropriate by the Board of Directors.

Prior to the General Meeting, the Company shall make the above available to shareholders via the following channels:

- The Shareholder Office.
- A free phone telephone number to be specified in the convening notice.
- The Company's website.

Up to the seventh day before the meeting is held, shareholders may request from Directors any information or clarification they deem appropriate concerning Agenda items, or submit in writing the questions they judge relevant.

During the General Meeting, shareholders may verbally request any information or clarifications they deem appropriate concerning business on the agenda, and, if it is impracticable to meet such requests at that time, Directors must provide written answers within a period of seven days following the end of the Meeting.

The Directors are under a duty to furnish the information requested unless, in the view of the Chairman, publicity of the requested information would harm the Company's interests, or supply of the information is barred under the law or the Bylaws or a judicial or administrative decision. No such refusal may be made if the request is put forward by shareholders representing at least twenty-five percent of the Company's share capital.

The information requested shall be provided to the shareholder requesting it in writing, within the period running from the date of the convening notice until the date of the Meeting inclusive, provided such request conforms to the requirements of time, execution and scope determined by law and the Regulations of the General Meeting.

2. - RIGHTS TO PARTICIPATE.

This right is regulated in article 8 of the Regulations.

Following accreditation in compliance with the provisions of article 9 of the Regulations of the General Meeting, shareholders may at any time propose questions of interest for the Company, or related to their shareholding, through the Shareholder Office, free phone line or the e-mail address included on the website.

The Company shall examine the questions, suggestions and comments submitted by shareholders, and shall respond to the same when considered appropriate for the benefit of the Company.

3. - RIGHTS OF ATTENDANCE.

In accordance with article 27 of the Company Bylaws and article 9 of the Regulations of the General Meeting, attendance at General Meetings requires a minimum shareholding of 100 shares, provided these are duly recorded in the corresponding registries of member entities of IBERCLEAR (the Spanish securities clearing and settlement body) five days prior to the meeting and shareholder accreditation is confirmed, either via the corresponding attendance and voting card issued by member entities of IBERCLEAR or through the electronic attendance and voting card issued by the manager of the Book Entry Register or by an authorised share custodian.

Shareholders that do not hold the aforementioned number of shares may group together for the purposes of attendance,

appointing a single shareholder to represent them.

4. - RIGHTS OF REPRESENTATION.

In accordance with article 27 of the Company Bylaws and article 10 of the Regulations of the General Meeting, all shareholders entitled to attend meetings may be represented by another person, who need not be a shareholder.

Proxies must be conferred in writing, by post, a recognised electronic signature, or any of the other legally permitted electronic or remote communication methods. In all cases, the identity of the proxy must be duly guaranteed, and shall be valid only for the particular meeting in question.

A proxy may be revoked at any time. If the principal attends the meeting in person, his/her proxies are automatically revoked, and he/she must inform the proxy-holder in order to ensure that such person does not attempt to exercise proxy rights he/she does not hold.

Shareholders who are natural persons disqualified from exercising their civil rights and shareholders that are juristic persons may be represented by any duly accredited legal representative. Both in cases of legal representation and delegation of attendance rights, no shareholder shall have more than one representative at the Meeting.

5. - VOTING RIGHTS.

This right is regulated in article 27 of the Company Bylaws and article 11 of the Regulations of the General Meeting . All shareholders with attendance rights, under the terms set out in article 27 of the Company Bylaws and implemented by article 9 of the Regulations of the General Meeting, shall be entitled to vote and may exercise such right on their own behalf or by representation, either by attending and voting at the Meeting in person, using a duly signed and accredited attendance and voting card, or by postal vote sent to the Shareholder Information Office, using a recognised electronic signature or other electronic media, or, in general any remote communication media envisaged by law, attaching the relevant electronic attendance and voting certificate.

E.4 Indicate the measures, if any, adopted to encourage shareholder participation at General Meetings.

In addition to the rights to information, attendance, representation and vote described in the section above, accredited shareholders may submit questions of interest to the Company or related to their position as shareholders at any time via the Shareholder Office, the free phone line or e-mail address given on the Company website (article 8 of the Regulations of the General Meeting).

In accordance with the provisions of article 7.2 of the Regulations of the General Meeting, in the seven days extending from the date of the convening notice to the date of the meeting itself, shareholders may request from Directors any information or clarification they deem appropriate concerning Agenda items, or submit in writing the questions they judge relevant.

During the General Meeting, shareholders may verbally request any information or clarifications they deem appropriate concerning business on the agenda, and, if it is impracticable to meet such requests at that time, Directors must provide written answers within a period of seven days following the end of the Meeting.

Likewise, with the aim of encouraging shareholder participation in general meetings, the Company shall implement various practices including:

- Publishing the convening notice in the main communications media.
- Offering gifts as incentives for shareholders' personal attendance of general meetings.
- Holding meetings at a venue offering the best possible conditions for the meeting and easy access for shareholders and making transport available to them to facilitate their attendance.
- Offering personal assistance and directions for shareholders who wish to attend through personnel at the Shareholder Office.

E.5 Indicate whether the General Meetings is presided by the Chairman of the Board of Directors. List measures, if any, adopted to guarantee the independence and correct operation of the General Meeting.

YES

Details of measures

In accordance with article 12.2 of the Regulations of the General Meeting: The General Meeting shall be chaired by the Chairman of the Board of Directors, or, in his/her absence, by the shareholder elected in each case by shareholders present. The Chairman shall be assisted by the Secretary to the Board of Directors, or, in his/her absence, by the shareholder elected in each case by shareholders present.

The smooth operation and progress of the meeting is ensured by the provisions established in the Regulations of the General Meeting, which establish the following:

- The Board of Directors shall appoint a notary to attend general meetings, who shall be responsible for taking and drawing up the minutes, with the accompanying guarantee of neutrality and independence for all shareholders.
- The Chairman of the Audit and Compliance Committee of Enagás, S.A., in representation of the Committee, shall be available at meetings to respond to questions from shareholders on issues under the Committee's competency.
- The General Meeting must be attended by the Company's external auditor, who shall be convened for such purpose by the Board of Directors. The auditor shall intervene, whenever deemed expedient by the Chairman, to clarify questions relating to its work as the Company's external auditors.

Requirements and standards that definitively guarantee the smooth progress of general meetings are contained in articles 13 to 18 of the Regulations of the General Meeting, of which the following are of note:

- Before addressing Agenda items, an attendance list shall be drawn up, detailing the nature or representation of each attendee and the number of shares, owned or represented, by virtue of which they are attending, such that the summary of the attendance list shall determine the number of shareholders, present or represented, as well as the share capital they hold. Capital with voting rights shall be specified. The Deputy Secretary of the board or the person so appointed by the Chairman in his/her absence shall provide the Directors with two copies of that summary duly signed by him/her or a scrutinising shareholder. Attendance shall be considered closed for the purposes of establishing a quorum at the time stated in the Notice of Meeting for the commencement of the Meeting.
- For the purposes of verifying the valid constitution of the meeting, Enagás prepares and proposes to the Management Company of Registry, Compensation and Settlement of Securities, the format of the attendance card to be issued to shareholders, ensuring that such format is uniform and incorporates a bar code so it can be read electronically, thus facilitating the electronic counting of attendees at the Meeting.
- From the moment they enter the venue of the meeting and throughout the same, shareholders shall have the support of personnel from the Shareholder Office for resolving any queries and facilitating their contribution.
- With the aim of guaranteeing the smooth course of the meeting, shareholders or representatives arriving late at the Meeting venue may attend the Meeting once the admission of attendance and voting cards has been closed, but shall not be included on the attendance list nor, therefore, form part of the quorum for voting purposes.

Details of measures

- Once the meeting has been validly constituted, the notary called by the Company to draw up the minutes shall ask participants if they have any reservations or challenges to the details of shareholders and share capital read by the Chairman. Any shareholder with reservations shall show the member of the Panel his/her attendance card to verify and correct, as applicable, any possible errors.

- To facilitate the smooth running of the meeting, the Chairman shall request that shareholders who wish to take the floor approach the Chair and show their attendance cards so that an order for contributions may be established. Said request will be made before commencing the presentation of the financial year and proposals to be submitted to the meeting. The Chairman shall also be responsible for keeping debate within the limits of the Agenda and responding to shareholders either jointly or individually.

- In the event of any occurrence that substantially affects the proper order of the Meeting, the Chairman of the meeting may agree to suspend the same for as long as necessary, and may even postpone the session until the next possible business day should the circumstances persist.

- The Meeting Secretary shall read out the results of the vote on each resolution, indicating the number of votes for, number of votes against, and number of abstentions.

- The scrutineers shall prepare a note on the result of each vote, including the votes previously issued and any change that may have occurred in the course of the meeting.

- Once all resolutions have been put to the vote, the Secretary shall deliver to the notary, if the Company has requested the attendance of a notary, the scrutineers' note containing data on the results of the vote on each resolution before the Chairman proceeds to close the session.

- If the meeting has been held in the presence of a notary, the notarial instrument shall be taken to constitute the minutes of the meeting, which shall not therefore require adoption.

E.6 Indicate the amendments, if any, made to the General Meeting regulations during the year.

No amendments were made in 2010.

E.7 Indicate the attendance figures for the General Meetings held during the year.

Attendance data					
Date of general meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
30/04/2010	11.974	21.525	0.000	27.418	60.917

E.8 Briefly indicate the resolutions adopted at the General Meetings held during the year and the percentage of votes with which each resolution was adopted.

The Annual General Meeting was held on 30 April 2010. The resolutions adopted at the meeting are detailed below, along with the percentage of votes with which each resolution was passed.

RESOLUTIONS ADOPTED BY THE ANNUAL GENERAL MEETING OF 30 APRIL 2010:

RESOLUTION 1 - To adopt the annual accounts (balance sheet, profit and loss account, statement of changes in equity, cash flow statement and notes) and the directors' report for the financial year beginning on 1 January and ending on 31.12.09 for Enagás, S.A. and its consolidated Group.

- Voting on the Resolution was as follows: For: 120,786,524 (98.87%); Against: 897 (0.001%); Abstentions: 1,373,105 (1.12%); Total votes cast: 122,160,526,

RESOLUTION 2 - To approve the distribution of Enagás, S.A. profit for financial year 2009, totalling a net profit of €297,271,191.22, in accordance with the following proposed distribution prepared by the Board of Directors:

Distribution (in €): Legal Reserves: 0; Voluntary Reserves: €118,452,784.65; Dividend: €178,818,406.57; Total Earnings: €297,271,191.22.

- To pay out a final dividend in the amount of €111,256,610.99. Said amount is the result of deducting from the financial year's total dividend of €178,818,406.57, the interim dividend of €67,561,795.58 resolved upon by the Board of Directors on 30 November 2009 and paid to shareholders on 22 December 2009.

- The final dividend was paid on 5 July 2010.

- The total dividend for the financial year being proposed for approval in accordance with the previous paragraph equates to €0.749027 per share (gross).

- Once the interim dividend already paid – €0.283 gross per share - is deducted, the amount now payable is €0.466027 per share, before tax deductions.

- Voting on the Resolution was as follows: For: 120,601,679 (98.72%); Against: 114,487 (0.09%); Abstentions: 1,444,360 (1.18%); Total votes cast: 122,160,526.

RESOLUTION 3 - To approve the performance of the Board of Directors of Enagás, S.A. during the financial year 2009.

- Voting on the Resolution was as follows: For: 120,348,564 (98.51%); Against: 173,917 (0.14%); Abstentions: 1,638,045 (1.34%); Total votes cast: 122,160,526.

RESOLUTION 4 - To re-appoint the Company Deloitte S.L. as auditor of Enagás, S.A. and its consolidated Group for the statutory period of one year. The firm shall also be engaged to render any other auditing services required by law that the Company may need until the next Ordinary General Meeting is held.

- Voting on the Resolution was as follows: For: 118,846,508 (97.28%); Against: 908,931 (0.74%); Abstentions: 2,405,087 (1.96%); Total votes cast: 122,160,526.

RESOLUTION 5.- To amend article 2 of the Company Bylaws (OBJECTS), the wording of which thus becomes:

ARTICLE 2.- OBJECTS OF THE COMPANY

The Company's objects are:

- a) Activities specific to the regasification, basic and secondary transport and storage of natural gas, using the Company's or third-party infrastructure or gas installations, and activities similar or linked to the above.
- b) The design, construction, commissioning, operation and maintenance of all types of gas infrastructure and supporting installations, including telecommunications networks, remote and control systems of any nature and electricity networks owned by the Company or by third parties.
- c) All tasks relating to the technical management of the gas system.
- d) Transport and storage of carbon dioxide, hydrogen, biogas and other energy fluids, via proprietary or third-party facilities, and the design, construction, commissioning, operation and maintenance of all kinds of complementary infrastructure and facilities necessary for said activities.
- e) Heat and cooling capture activities and the usage of energies associated with core activities or resulting therefrom.
- f) Rendering of various types of services including engineering, construction, advisory and consultancy services relating to the activities making up its corporate purpose and involvement in natural gas market management activities, provided

these are compatible with the activities attributed to the Company by law.

The activities stated above may be carried out by the Company itself or through companies with similar or identical objects in which the Company holds a stake, and always within the scope and limits legally established in relation to the oil and gas business.

- Voting on the Resolution was as follows: For: 120,484,217 (98.62%); Against: 115,125 (0.09%); Abstentions: 1,561,184 (1.27%); Total votes cast: 122,160,526.

RESOLUTION 6.- To amend article 45 of the Company Bylaws (NOMINATION AND REMUNERATION COMMITTEE), the full wording of which thus becomes:

ARTICLE 45.- APPOINTMENTS, REMUNERATION AND CSR COMMITTEE.

The Board of Directors shall appoint from among its members an Appointments, Remuneration and CSR Committee that shall be comprised of a minimum of three and a maximum of five Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its number. The Committee Chairman shall be selected from among Committee members by the Board of Directors, and shall not have a casting vote.

The Committee shall have powers and responsibilities in respect of the following matters:

- To establish remuneration criteria for the Company's Directors, in accordance with the stipulations of the Bylaws and in line with resolutions passed at the General Meeting, and to ensure that remuneration is transparent.

- To establish a general remuneration policy for Enagás, S.A. management personnel and guidelines relating to the nomination, selection, promotion and dismissal of senior managers, in order to ensure that the Company has the appropriate highly qualified staff for administering its business at all times.

- To review the structure of the Board of Directors, the criteria for the re-appointment of Directors pursuant to the Company's Bylaws, the incorporation of new members and any other aspects relating to its composition that it deems appropriate.

- To report to the Board on transactions that entail or could entail a conflict of interest.

- To establish a general CSR and Corporate Governance policy, ensuring the adoption and effective application of best practices, both those which are compulsory and in line with generally-accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall provide information on proposals submitted to the Board and information the Company releases to shareholders annually regarding these issues. The Committee shall meet at least four times a year, with meetings being called by the Chairman. The Committee may seek advice both internally and externally and request the attendance of senior management personnel, as deemed necessary in the execution of its duties.

- Voting on the Resolution was as follows: For: 120,483,366 (98.62%); Against: 115,287 (0.09%); Abstentions: 1,561,873 (1.27%); Total votes cast: 122,160,526.

RESOLUTION 7.- To amend article 49 of the Company Bylaws (PREPARATION OF FINANCIAL STATEMENTS), the full wording of which thus becomes:

ARTICLE 49.- PREPARATION OF FINANCIAL STATEMENTS.

The Board of Directors must prepare, within three months of the close of the Company's financial year, its financial statements, Directors' Report and proposed appropriation of profit, and, where appropriate, the financial statements and Directors' Report of the consolidated group.

The annual accounts shall comprise the income statement, the statement of changes in equity, the cash flow statement and notes to the financial statements. These documents, which together make one unit, shall be clearly and concisely written and provide a true and fair view of the Company's equity, financial position and results of operations.

The financial statements and Directors' Report must be signed by all Directors and if the signature of any Director is missing, this must be indicated in all the documents his/her signature is required, clearly indicating the reason.

- Voting on the Resolution was as follows: For: 120,484,727 (98.62%); Against: 114,967 (0.09%); Abstentions: 1,560,832 (1.27%); Total votes cast: 122,160,526.

RESOLUTION 8.- 8.1.- To re-appoint Antonio Llardén Carratalá as a Director for the four-year period stipulated by the Bylaws. Mr. Llardén shall serve as Executive Director.

- Voting on the Resolution was as follows: For: 111,870,021 (91.57%); Against: 8,072,106 (6.60%); Abstentions: 2,218,399 (1.81%); Total votes cast: 122,160,526.

8.2.- To re-appoint Miguel Angel Lasheras Merino as a director for the four-year period stipulated by the Bylaws. Mr. Lasheras shall serve as Independent Director.

- Voting on the Resolution was as follows: For: 120,081,949 (98.2%); Against: 372,023 (0.30%); Abstentions: 1,706,554 (1.39%); Total votes cast: 122,160,526,

8.3.- To re-appoint Dionisio Martínez Martínez as a director for the four-year period stipulated in the Bylaws. Mr. Martínez shall serve as independent director.

- Voting on the Resolution was as follows: For: 113,143,002 (92.61%); Against: 7,197,495 (5.89%); Abstentions: 1,820,029 (1.49%); Total votes cast: 122,160,526.

8.4.- To re-appoint José Riva Francos as a director for the four-year period stipulated in the Bylaws. Mr. Riva shall serve as independent director.

- Voting on the Resolution was as follows: For: 120,081,949 (98.29%); Against: 373,023 (0.30%); Abstentions: 1,706,554 (1.39%); Total votes cast: 122,160,526.

8.5.- To re-appoint Teresa García-Milá Lloveras as a director for the four-year period stipulated in the Bylaws.

Ms. García-Milá shall serve as independent director.

- Voting on the Resolution was as follows: For: 114,160,708 (93.45%); Against: 6,293,264 (5.15%); Abstentions: 1,706,554 (1.39%); Total votes cast: 122,160,526.

8.6.- To ratify and appoint Said Mohamed Abdullah Al Masoudi for the four-year statutory period. Mr. Al Masoudi shall serve as proprietary director proposed by the shareholder Oman Oil Holdings Spain, S.L.U.

- Voting on the Resolution was as follows: For: 113,997,399 (93.31%); Against: 6,505,977 (5.32%); Abstentions: 1,657,150 (1.35%); Total votes cast: 122,160,526.

8.7.- To ratify and appoint a representative of Sagane Inversiones S.L. for the four-year period stipulated in the Bylaws. The representative of Sagane Inversiones S.L. shall serve as proprietary Director proposed by the shareholder Sagane Inversiones S.L.

- Voting on the Resolution was as follows: For: 113,276,179 (92.72%); Against: 6,529,861 (5.34%); Abstentions: 2,354,486 (1.92%); Total votes cast: 122,160,526.

8.8.- To appoint Isabel Sánchez García as a director for the four-year period stipulated in the Bylaws. Ms. Sánchez García shall serve as independent Director.

- Voting on the Resolution was as follows: For: 120,155,534 (98.35%); Against: 347,842 (0.28%); Abstentions: 1,657,150 (1.35%); Total votes cast: 122,160,526.

8.9.- To establish the number of directors at sixteen (16) which is within the limits established by the Company's Bylaws.

- Voting on the Resolution was as follows: For: 118,288,926 (96.83%); Against: 1,414,611 (1.15%); Abstentions: 2,456,989 (2.01%); Total votes cast: 122,160,526.

RESOLUTION 9 – The Company in General Meeting, in accordance with article 36(2) of the Company's Bylaws, resolves to fix the maximum remuneration payable to Directors for 2010 at €1,249,733, to be apportioned on the following basis:

- A Director attending a minimum of two meetings during the year shall be entitled to a payment of €22,050.

- In addition, actual attendance at sessions will entitle any given director to a maximum of €42,446. The Board of Directors shall establish the amount paid for attending each meeting, in person or by proxy.

- Likewise, board committee members shall 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-chairman of the Board of Directors shall be remunerated in the further amount of €32,025 per annum.

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

- Voting on the Resolution was as follows: For: 119,495,766 (97.81%); Against: 208,310 (0.17%); Abstentions: 2,456,450 (2.01%); Total votes cast: 122,160,526.

RESOLUTION 10.- In accordance with the provisions of articles 75 et seq. of the Spanish Companies Act, the General Meeting resolved to authorise and empower the Board of Directors with the faculty of substitution, to use derivatives to acquire treasury shares, either directly or via any of the Group companies, in the following terms:

1.- The acquisition may be performed via sale-purchase or any other business method for consideration.

- 2.- The authorisation pertains to shares which, together with those already held, do not exceed 10% of the Company's share capital.
- 3.- The purchase price shall not exceed by 50% or fall short by 50% of the average trading price of the seven sessions previous to the purchase date.
- 4.- The authorisation is extended for a five-year period, as from the date of this agreement.
- Acquisition of treasury shares must enable the Company, at all events, to provision the reserve stipulated in article 79.3 of the Companies Act, without diminishing either the share capital or the unavailable reserves. The shares to be acquired must be fully paid in.
- The shares acquired may be conveyed, entirely or in part, to employees, management or directors of the Company, or of Group companies, in accordance with the provisions of article 75.1 of the Spanish Companies Act.
- This authorisation for the acquisition of treasury shares shall, as appropriate, replace all authorisations previously granted by the General Meeting.
- Voting on the Resolution was as follows: For: 91,156,815 (74.62%); Against: 92,332,521 (24.01%); Abstentions: 1,671,190 (1.36%); Total votes cast: 122,160,526.

ITEM 11 - Presentation of the explanatory report on the matters under article 116 bis of the *Ley de Mercados de Valores* [Securities Market Act].

- RESOLUTION 12.- To delegate to the Board of Directors the broadest powers to powers to supplement, implement, perform, rectify and formalise the resolutions adopted at the General 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 exchanges, the Registro Mercantil [Spanish registrar of companies] or any other public authority with powers relating to the resolutions adopted.
- To delegate indistinctly to the Chairman of the Board of Directors, Antonio Lladén Carratalá, and the Secretary, Rafael Piqueras Bautista, the powers required formally to record the resolutions adopted by the General Meeting and register those so requiring, in full or in part, with powers to that end to execute all manner of notarised and non-notarised instruments, including those supplementing or rectifying those resolutions.
- Voting on the Resolution was as follows: For: 120,390,422 (98.55%); Against: 398,546 (0.32%); Abstentions: 1,371,558 (1.12%); Total votes cast: 122,160,526.

E.9 Indicate whether the Bylaws impose any minimum requirement on the number of shares required to attend the General Meetings.

YES

Number of shares required to attend the General Meetings	100
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E.10 Indicate and explain the policies pursued by the company with reference to proxy voting at the General Meeting.

In accordance with article 27 of the Company Bylaws and article 10 of the General Meeting Regulations, all shareholders entitled to attend General Meetings may appoint another person, who need not be a shareholder, to represent them using the delegation form provided by the Company for each meeting that is printed on the attendance card. The same shareholder may not be represented at the meeting by more than one representative.

Proxies must be conferred in writing or by any other legally permitted electronic or remote communication methods, provided that the identity of the proxy is properly assured, and shall be valid only for the particular meeting in question. A proxy may be revoked at any time.

If the principal attends the meeting in person, his/her proxies are automatically revoked, and he/she must inform the proxy-holder in order to ensure that such person does not attempt to exercise proxy rights he/she does not hold.

E.11 Indicate whether the company is aware of the policy of institutional investors on whether or not to participate in the company's decision-making processes.

NO

E.12 Indicate the address and mode of accessing corporate governance content on your company's website.

All information on Enagás, S.A.'s Corporate Governance is available to the public on its website: (www.enagas.es / www.enagas.com).

Access to the aforementioned information is as follows:

In Spanish: Página Principal - Accionistas e Inversores - Gobierno Corporativo.

In English: Investor Relations - Corporate Governance.

F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with Corporate Governance recommendations. Should the company not comply with any of them, explain the recommendations, standards, practices or criteria the company applies.

1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Explain

Act 12/2007 of 2 July, amending the Hydrocarbons Industry Act (Act 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 the 20th Additional Provision 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 the 20th Additional Provision now stands as follows: "20th Additional Provision. Technical System Operator.

The company ENAGÁS, Sociedad Anónima, shall assume the functions, rights and obligations of Technical System Operator. (...)

No natural person or legal entity may directly or indirectly hold an interest in the company responsible for the technical management of the system representing more than 5% of the share capital, or exercise more than 3% of its voting rights. Such shares may under no circumstances be syndicated. Parties that operate within the gas sector, including those natural persons or legal entities that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights in the System Technical Manager of over 1%. These restrictions will not apply to direct or indirect equity interests. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, in addition to the shares or other securities held or acquired by entities belonging to its same group, as defined by article 4 of Act 24/1988, dated 28 July, on the Securities Market stakes shall be attributed to one and the same individual or body corporate when they are owned by:

a) Those parties who act in their own name but on behalf of that individual or body corporate in a concerted fashion or forming a decision-making unit with them. Unless proven otherwise, it shall be deemed that the members of the Board of Directors of a body corporate act on its behalf or in a concerted fashion with it.

b) The partners together with whom that individual or body corporate exercises control over a controlled entity under the provisions of article 4 of Act 24/1988, dated 28 July, governing the Securities Market.

Nonetheless, both the actual ownership of the shares and other securities and the voting rights held through any certificate shall

be taken into account.

Non-compliance with the limitation on a stake in the capital referred to in this article shall be deemed an extremely serious breach in accordance with the terms set out in article 109 of this Act. Responsibility shall lie with the individuals or bodies corporate that end up as owners of the securities or whoever the excess stake in the capital or in the voting rights can be attributed to, pursuant to the provisions of the preceding paragraphs. Whatever the case, the penalty system stipulated herein will apply.

The 6th Transitional Provision of Act 12/2007 of 2 July provides that within four months of its coming into force, Enagás, S.A. shall bring its Bylaws into line with the 20th Additional Provision of Act 34/1998 of 7 October. The 2nd Transitional Provision of Act 12/2007 of 2 July further prescribes:

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 the 20th Additional Provision 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 by this provision.

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

No individual or body corporate may hold a direct or indirect stake of more than 5% in the equity capital of the Company, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Any party operating within the gas sector, including natural persons or bodies corporate that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%. These restrictions will not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, there shall apply the 20th Additional Provision Act 34/1998 of 7 October (the Hydrocarbons Industry Act).

It is for this reason that, since there is an express limit imposed by law and by the Bylaws on the exercise of voting rights, Enagás, S.A. is unable to adopt the recommendation that no limits be applied on the number of voting rights that a single shareholder may exercise.

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:
- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;
 - b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C0.4 and C0.7

Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Meeting for approval or ratification. In particular:

- a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;
- b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
- c) Operations that effectively add up to the company's liquidation

Complies

4. Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Complies

5. Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

- a) The appointment or ratification of directors, with separate voting on each candidate;
- b) Amendments to the Bylaws, with votes taken on all articles or group of articles that are materially different.

See section: E.8

Complies

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Complies

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

- a) The company's general policies and strategies, and, in particular:
 - i) The strategic or business plans, management targets and annual budgets;
 - ii) Investment and financing policy;
 - iii) Design of the structure of the corporate group;
 - iv) Corporate governance policy;

- v) Corporate social responsibility policy;
- vi) Remuneration and evaluation of senior officers;
- vii) Risk control and management, and the periodic monitoring of internal information and control systems;
- viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14

- ii) Directors' remuneration, and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B.1.14

- iii) The financial information that all listed companies must periodically disclose.
- iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Meeting;
- v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form contracts applied on an across-the-board basis to a large number of clients;
2. They go through at market prices, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.

See sections: C.1 and C.6

Complies

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Explain

The recommendation, which would affect the Bylaws, to reduce the number of Directors to between five (5) and fifteen (15) as recommended in the Unified Code, instead of between six (6) and seventeen (17) as currently established in article 35 of the Company Bylaws, has not been incorporated because it was deemed that, due to the legal limits placed on share capital, the structure of the Board must be such as to allow for the addition of representatives of potential future shareholders without such addition entailing any reduction in the desired percentage of Independent Directors.

10. External Directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14

Complies

11. In the event that some External Director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders:

See section: B.1.3

Complies

12. That among External Directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
2. In companies with a plurality of shareholders represented on the board but not otherwise related.

See sections: B.1.3, A.2 and A.3

Complies

13. The number of independent directors should represent at least one third of all board members.

See section: B.1.3

Complies

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.14

Complies

15. When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

- a) The process of filling board vacancies has no implicit bias against women candidates;
- b) The Company shall expressly seek out and include women with the target profile among candidates for Board places.

See sections: B.1.2, B.1.27 and B.2.3

Partially complies

At the date of publication of this report, two of a total of sixteen (16) members of the Board of Directors are women, María Teresa García-Milá Lloveras and Isabel Sánchez García. In 2010, therefore, Enagás, S.A. prioritised female representation when vacancies arose on the Board, especially for independent seats. Given the above, in 2010 the Board adopted various initiatives aimed at rectifying the gender imbalance. In particular, the Annual General Meeting of 30 April 2010 resolved to appoint Isabel Sánchez García in accordance with article 8 of the Regulations of the Board, which stipulates that selection procedures must be free of any implied bias that might stand in the way of the selection of women Directors. The Company shall seek out and include women with the target profile among candidates for Board places.

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

See section: B.1.42

Complies

17. If the Chairman of the Board is also the Company's chief executive, powers should be given to one of the Independent Directors to demand that a Board meeting be convened or that additional items of business be included on the agenda, to bring together and voice the concerns of External Directors, and to direct the Board's assessment of the Chairman's performance.

See section: B.1.21

Complies

18. The Secretary should take care to ensure that the board's actions:

- a) adhere to the spirit and letter of primary enactments and their implementing regulations, including those issued by regulatory agencies;
- b) comply with the the Bylaws and the Regulations of the General Meeting, of the Board of Directors and other provisions governing the Company;
- c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

To ensure the independence, impartiality and professionalism of the Secretary, his/her appointment and removal shall be the subject of a prior report from the Nomination and Remuneration Committee and must be approved by the Board in plenary session; and that procedure of appointment and removal must be specified in the Regulations of the Board.

See section: B.1.34

Complies

19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Complies

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Partially complies

In 2010 the Company endeavoured to restrict director absences to events of strict necessity. There were a total of twenty-four (24) absences, and bearing in mind that 11 board meetings were held, this represents 13% of the total votes during the year and, in all cases but one, the absent directors delegated their vote to the Chairman or another director.

The Audit and Compliance Committee met on four (4) occasions, with all committee members being present at each meeting. Finally, the Nominations and Remuneration Committee met on five (5) occasions, with three (3) committee members being absent, representing 12% of total votes cast over the course of 2010.

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Complies

22. The board in full should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the board's operation;
- b) Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;
- c) The performance of its committees on the basis of the reports furnished by the same.

See section: B.1.19

Complies

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the Bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B.1.42

Complies

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41

Complies

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Complies

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Partially complies

Point a) of article 13 of the Regulations of the Board of Directors ("Duty of diligent administration") stipulates that board members shall apprise the Nominations Committee of any professional obligations in case they might detract from the necessary dedication. The Company may limit the number of Directorships its Board members can hold if this may also detract from the commitment required.

The Enagás, S.A. Regulations of the Board of Directors place no quantitative limit on the number of directorships its board members can hold but expressly incorporates the content of this Recommendation.

27. The proposal for the appointment or renewal of directors which the board submits to the General Meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

a) On the proposal of the Nomination Committee, in the case of independent Directors.

b) Subject to a report from the Nomination Committee in all other cases.

See section: B.1.2

Complies

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise;

c) An indication of the director's classification as executive, proprietary or independent; In the case of proprietary directors, stating the shareholder they represent or have links with.

The date of their first and subsequent appointments as a company director; and

e) Shares held in the company and any options on the same.

Complies

29. Independent directors should not stay on as such for a continued period of more than 12 years.

See section: B.1.2

Complies

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. They shall also do so, in the appropriate number, when that shareholder reduces its stake to a level requiring a reduction in the number of its proprietary directors.

See sections: A.2, A.3 and B.1.2

Partially complies

Article 12.2 f) of the Regulations of the Board of Directors stipulates that Directors must place their offices at the Board of Directors' disposal, and tender their resignation, if the Board deems this appropriate, when the shareholders they represent dispose of their shareholding in its entirety. They shall also do so, in the appropriate number, when that shareholder reduces its stake to a level requiring a reduction in the number of its Proprietary Directors.

If the Board of Directors does not deem it advisable to have a Director tender his/her resignation in the cases specified in points d), e) and f) of article 12.2, the Director must be included in the category that, in accordance with these Regulations, is most appropriate based on his/her new circumstances.

In compliance with this Recommendation, Luis Javier Navarro Vigil is now included under the category of "Other External Directors" as the shareholder who proposed his appointment as Proprietary Director on 15 November 2006, B.P. España S.A.U., has sold its entire shareholding in the company. However, Mr. Navarro is not considered to be an Independent Director as he maintains or has maintained a significant business relationship with the Company.

Nonetheless, it was decided to classify Mr Navarro under the category "Other External Directors" as he did not meet all the conditions required to be classified as an "Independent Director" as stipulated by the "Unified Good Governance Code" related to Order ECO/3722/2003 of 26 December and CNMV Circular 4/2007 of 27 December.

31. The Board of Directors should not propose the removal of Independent Directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III. 5 (Definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Complies

32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a Director is indicted or tried for any of the offences stated in article 124 of the Companies Act, the Board should examine the matter and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not the Director will be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Complies

33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

This terms of this Recommendation should also apply to the Secretary of the board, director or otherwise.

Complies

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

Complies

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

- a) The amount of the fixed components, itemised, where necessary, of board and board committee attendance fees, with an estimate of the fixed annual remuneration they give rise to.
- b) Variable components, in particular:
 - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items;
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
- iii) The main parameters and grounds for any system of annual bonuses or other non cash benefits; and
 - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.

The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.

d) The conditions to apply to the contracts of executive directors exercising senior management functions, among them:

- i) Duration;
- ii) Notice periods; and
- iii) Any other clauses covering hiring bonuses, as well as indemnities or "golden parachutes" in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15

Complies

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Complies

37. External Directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies

40. The Board should submit a report on the directors' remuneration policy to the advisory vote of the General Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year, with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Partially complies

In accordance with the provisions of article 36 of the Company Bylaws, the Company's Board of Directors each year proposes to shareholders at the General Meeting the maximum compensation that should be paid to Directors for performance of their functions, as well as the breakdown between remuneration for attendance and membership of Board Committees, remuneration for chairing said Committees and remuneration for serving as Vice-chairman of the Board.

The remuneration paid to the Chairman for performance of his executive functions is approved by the Board of Directors.

The Nomination, Remuneration and Corporate Social Responsibility Committee informs the Board of Directors of all proposals relating to remuneration policy

In 2010, the Nomination, Remuneration and Corporate Social Responsibility Committee did not feel it was necessary to engage an external advisor to establish its directors' remuneration policy.

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

- a) a breakdown of the compensation obtained by each company director, to include where appropriate:
 - i) Participation and attendance fees and other fixed directors payments;
 - ii) Additional compensation for acting as chairman or member of a board committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
 - v) Any severance packages agreed or paid;
 - vi) Any compensation they receive as directors of other companies in the group;
 - vii) The remuneration executive directors receive in respect of their senior management posts;

- viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:
 - i) Number of shares or options awarded in the year, and the terms set for their execution;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Complies

42. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

Not applicable

43. The board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Not applicable

44. In addition to the Audit Committee mandatory under the Securities Market Act, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:

- a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;
- b) These committees should be formed exclusively of External Directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.
- c) Committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings should be minuted and a copy of the minutes sent to all board members.

See sections: B.2.1 and B.2.3

Complies

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Complies

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Complies

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Complies

48. The head of internal audit should present an annual work programme to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

Complies

49. Control and risk management policy should specify at least:

The different types of risk (operational, technological, financial, legal, reputational, ...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance sheet risks;

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of risk events should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See sections: D

Complies

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

a) Overseeing the preparation process and monitoring the integrity of financial information on the Company and, where relevant, the Group, and checking compliance with regulatory requirements, the due definition of the scope of consolidation and correct application of accounting principles.

b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.

c) Monitor the independence and effectiveness of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

d) Establishing and supervising a mechanism whereby staff can report, confidentially and, if thought necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect of the external auditor:

- a) Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms of his engagement.
- b) Receive regular information from the external auditor on the progress *and* findings of the audit programme, and check that senior management are acting on its recommendations.
- c) Monitor the independence of the external auditor, to which end:
 - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
 - ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.
- d) In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Complies

51. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

- a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2 and B.2.3

Complies

53. The Board of Directors should seek to present the annual accounts to the General Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

Complies

54. The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent directors.

See section: B.2.1

Complies

55. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the board.
- d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Complies

56. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

Complies

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding:
 - i) The remuneration policy for directors and senior officers;
 - ii) The individual remuneration and other contractual conditions of executive directors.
 - iii) The standard conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14 and
B.2.3

Complies

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies

G OTHER INFORMATION OF INTEREST

If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report, indicate and explain below.

CLARIFICATION OF SECTION A.3: Complete the following tables on company Directors holding voting rights through company shares.

- The table at the end of this section, regarding the number of direct and indirect share options and the number of equivalent shares, has been left blank, because none of the Directors holds options on Enagás, S.A. shares.

CLARIFICATION OF SECTION B.1.6: Indicate what powers, if any, have been delegated to the Chief Executive Officer:

The Company does not have a Chief Executive Officer.

CLARIFICATION OF SECTION B.1.8: List any company board members who likewise sit on the Boards of Directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company:

- JOSÉ LUIS OLIVAS MARTÍNEZ, who represents BANCAJA (Caja de Ahorros de Valencia, Castellón y Alicante) is a director of IBERDROLA, S.A. and Chairman of the IBERDROLA Advisory Committee in the Region of Valencia.

- CARLOS EGEA KRAUEL, who represents SAGANE INVERSIONES, S.L., is a director of IBERDROLA RENOVABLES, S.A. and secretary of the board of CONFEDERACIÓN ESPAÑOLA DE LAS CAJAS DE AHORROS (CECA).

CLARIFICATION OF SECTION B.1.9: Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit.

- Article 13 of the Regulations of the Board of Directors stipulates that the Company may limit the number of directorships its board members can hold if this may also detract from the commitment required. Further, the Regulations place Directors under a duty to apprise the Nomination, Remuneration and Corporate Social Responsibility Committee of any other professional obligations in case they might detract from the necessary dedication.

CLARIFICATION OF SECTION B.1.11: Complete the following tables on the aggregate remuneration paid to directors during the year:

- Remuneration paid to each director at 31 December 2010 can be broken down as follows (in thousands €):

ANTONIO LLARDÉN CARRATALÁ: 1,600

JESÚS DAVID ÁLVAREZ MEZQUÍRIZ 64

BBK (BILBAO BIZKAIA KUTXA): 76

BANCAJA (CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE): 107.

TERESA GARCÍA-MILÁ LLOVERAS: 76

MIGUEL ÁNGEL LASHERAS MERINO: 64

DIONISIO MARTÍNEZ MARTÍNEZ: 81

LUIS JAVIER NAVARRO VIGIL: 76

MARTÍ PARELLADA SABATA: 81

PEÑA RUEDA, S.L.U.: 64

RAMÓN PÉREZ SIMARRO: 76

JOSÉ RIVA FRANCO: 70

SAGANE INVERSIONES, S.L.: 76

SEPI (SPANISH STATE HOLDING COMPANY): 76

ISABEL SÁNCHEZ GARCÍA: 42

- Fixed remuneration and Executive Directors' target-based pay for the year was unchanged from 2009. In 2010 Executive Directors received €924 thousand from the Multi-year Incentive Plan. The Company also paid €68 thousand in premiums for a life insurance plan and contributed €10 thousand to a pension plan.

- Attendance fees (€1,178 thousand) paid to directors who resigned in the course of 2010 or who were not re-elected were also included in the calculation of these payments. Specifically those paid to SAID AL MASOUDI, up to 19 December 2010, totalling €57 thousand and ANTONIO TÉLLEZ DE PERALTA up to 30 April 2010, in the sum of €28 thousand.

CLARIFICATION OF SECTION B.1.16: Describe the role played by the Remuneration Committee and whether external

consultancy services have been procured, including the identity of the external consultants.

- The Nomination, Remuneration and Corporate Social Responsibility Committee of Enagás, S.A. did not engage an external advisor in 2010.

CLARIFICATION OF SECTION B.1.17: List any board members who are likewise members of the Boards of Directors, or executives or employees of companies that own significant holdings in the listed company and/or group companies. - Manuel Menéndez Menéndez, who represents the shareholder PEÑA RUEDA, S.L.U., is Chairman of Caja de Ahorros de Asturias (CAJASTUR).

- JOSÉ LUIS OLIVAS MARTÍNEZ, who represents the shareholder Caja de Ahorros de Valencia, Castellón y Alicante (BANCAJA), is Chairman of BANCAJA.

- ENRIQUE MARTÍNEZ ROBLES, who represents the shareholder Sociedad Estatal de Participaciones Industriales (SEPI), is Chairman of SEPI.

- JOSEBA ANDONI AURREKOETXEA BERGARA, who represents the shareholder Bilbao Bizkaia Kutxa (BBK) since 27 July 2009, is Chairman of the control committee at BBK.

CLARIFICATION OF SECTION B.1.22: Are qualified majorities, other than legal majorities, required for any type of decisions? - No qualified majorities are required, other than those legally-established. Describe how resolutions are adopted by the Board of Directors and specify, at least, the minimum attendance quorum and the type of majority for adopting resolutions. - Article 39 of the Bylaws and article 7 of the Regulations of the Board of Directors stipulate that Meetings of the Board of Directors shall be validly constituted when at least half its members plus one are present or represented, except when the meeting has not been duly convened, in which case the attendance of all members is required. The aforementioned articles also stipulate that resolutions shall be adopted with the vote in favour of an absolute majority of Directors present or represented, irrespective of the type of decision in question, except in the case of written ballots held without meeting, which shall only be permissible when none of the Directors oppose the procedure and the requirements established in the Regulations of the Commercial Registry are satisfied.

CLARIFICATION OF SECTION B.1.40: List any equity holdings of the members of the company's Board of Directors in other companies with the same, similar or complementary types of activity to that which constitutes the corporate purpose of the company and/or its group, and which have been reported to the company. Likewise, list the posts or duties they hold in such companies.

- MANUEL MENÉNDEZ MENÉNDEZ, who represents Peña Rueda, S.L. on the board of Enagás, S.A., is also, as an individual, Chairman of the Board of Directors of Hidroeléctrica del Cantábrico, S.A. (H.C.), Chairman of the Board of Directors of NATURGAS ENERGÍA GRUPO, S.A. and a director of EDP RENOVABLES, S.A.

- JOSÉ LUIS OLIVAS MARTÍNEZ, who represents Caja de Ahorros de Valencia, Castellón y Alicante (BANCAJA) on the board of Enagás, S.A., as an individual, is also a director of IBERDROLA, S.A. and Chairman of the IBERDROLA, S.A. Advisory Committee in the Region of Valencia. He also owns 32,098 shares in IBERDROLA, S.A. and 18,867 shares in IBERDROLA RENOVABLES, S.A.
- CARLOS EGEA KRAUEL, representing SAGANE INVERSIONES, S.L., holds 9,716 shares in IBERDROLA, S.A. and 4,690 shares in GAS NATURAL SDG, S.A.

CLARIFICATION OF SECTION B.2.3: Describe the organisational and operational rules and the responsibilities attributed to each of the board committees. Given that it is technically impossible to include all the information in B.2.3 of this form, the rest of the text is reproduced below.

DUTIES OF THE AUDIT AND COMPLIANCE COMMITTEE:

- e) In relation to Corporate Governance: - Assessing compliance with the Internal Code of Conduct in Matters Relating to Stock Markets, the Regulations of the Board of Directors and the Company's governance regulations in general, and make the proposals necessary for their improvement. In fulfilling this duty, the Audit and Compliance Committee shall liaise with the Nominations and Remuneration Committee in considering Company Directors' and managers' compliance with the Code.
- Preparing an Annual Report on the work of the Audit and Compliance Committee that shall form part of the Corporate Governance Report.
- Assisting with drafting the Annual Corporate Governance Report, especially in areas concerning transparency of information and conflicts of interests.
- f) In relation to shareholders: - Providing information on questions within the scope of its competencies at the General Meeting.
- The above functions, with the exception of those attributed directly to the Audit and Compliance Committee by law or the Bylaws, shall be considered delegated functions and may accordingly be reclaimed and exercised directly by the Board of Directors itself. Resolutions adopted by the Committee in the exercise of delegated functions shall not be binding for the Board of Directors. However, the Board must provide due justification of any decision it adopts without taking account of the reports or recommendations of the Audit and Compliance Committee on issues within its purview.

CLARIFICATION OF SECTIONS A.4, B.1.4, B.1.6, B.1.7, B.1.17, B.1.36 AND B.2.6: ENAGÁS, S.A. does not comply with any of these Recommendations as they are not deemed to affect the Company.

CLARIFICATION OF SECTION C.2: List any relevant transactions entailing a transfer of assets or liabilities between the Company or its group companies and significant shareholders in the Company: – One of Enagás, S.A. transactions with its significant shareholders was an interest rate collar hedge in the amount of €50,000 thousand with Caja de Ahorros de Asturias (CAJASTUR), which matured in January 2010. Enagás, S.A. has a credit facility with CAJASTUR for a value of €2,000 thousand and a bank guarantee line in the amount of €12,000 thousand. In addition, Enagás, S.A. has a €30,000 thousand loan falling due in 2011.

We refer to this transaction in section C.2 above as a commercial operation involving finance agreements, loans and capital contributions (as borrower), for these amounts.

CLARIFICATION OF SECTION C.3: List any relevant transactions entailing a transfer of assets or liabilities between the company or its group companies and the company's managers or directors:

- TRANSACTIONS WITH BILBAO BIZKAIA KUTXA (BBK): Enagás, S.A. renewed a credit line with BBK and extended it to €25,000 thousand. It also renewed a loan from BBK and extended it to €100,000 thousand.

It also has a €6,000 thousand bank guarantee line. Enagás S.A. arranged with BBK an interest rate collar contract worth €30,000 thousand which expired in January 2010: We refer to this transaction in section C.3 above as a commercial operation involving finance agreements, loans and capital contributions (lender), totalling €36,000 thousand. The terms in all financial agreements with BBK are normal market interest rates, fees, expenses and guarantees.

- TRANSACTIONS WITH CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE (BANCAJA): Enagás, S.A. has a €6,000 thousand credit line with BANCAJA, as well as an interest rate collar worth €50,000 thousand which expired in January 2010. We refer to this transaction in section C.3 above as a commercial operation involving finance agreements, loans and capital contributions (lender) totalling €56,000 thousand. The terms in all financial agreements with BANCAJA are normal market interest rates, fees, expenses and guarantees.

- In accordance with the provisions of section a) of point 4.1. of Ministerial Order EHA 3050/2004, pertaining to transactions with directors, executives and their close family members:

1) DIRECTORS:

- Attendance fees paid to members of the Board of Directors to 31 December 2010 totalled €1,178 thousand.

- Remuneration to each director at 31 December 2010 can be broken down as follows (in thousands €):

ANTONIO LLARDÉN CARRATALÁ: 1,600
JESÚS DAVID ÁLVAREZ MEZQUÍRIZ 64
BBK (BILBAO BIZKAIA KUTXA): 76
BANCAJA (CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE): 107.
TERESA GARCÍA-MILÁ LLOVERAS: 76
MIGUEL ÁNGEL LASHERAS MERINO: 64
DIONISIO MARTÍNEZ MARTÍNEZ: 81
LUIS JAVIER NAVARRO VIGIL: 76
MARTÍ PARELLADA SABATA: 81
PEÑA RUEDA, S.L.U.: 64
RAMÓN PÉREZ SIMARRO: 76
JOSÉ RIVA FRANCOS: 70
SAGANE INVERSIONES, S.L.: 76
SEPI (SPANISH STATE HOLDING COMPANY): 76
ISABEL SÁNCHEZ GARCÍA: 42

- Fixed remuneration and Executive Directors' target-based pay for the year was unchanged from 2009. In 2010 the Executive Director received €924 thousand from the Multi-year Incentive Plan. The Company also paid €68 thousand in premiums for a life insurance plan and contributed €10 thousand to a pension plan.

- Attendance fees (€1,178 thousand) paid to directors who resigned in the course of 2010 or who were not re-elected were also included in the calculation of these payments. Specifically those paid to SAID AL MASOUDI, up to 19 December 2010, totalling €57 thousand and ANTONIO TÉLLEZ DE PERALTA up to 30 April 2010, in the sum of €28 thousand.

2) SENIOR MANAGEMENT:

- Total remuneration paid to senior management and the Head of Internal Audit in 2010 amounted to €2,442 thousand. Fixed remuneration and Executive Directors' target-based pay for the year was unchanged from 2009. In 2010 senior management received €1,103 thousand from the Multi-year Incentive Plan.

- In 2010 contributions totalling €68 thousand were made to pension plans for senior management and the Head of Internal Audit. There are also life insurance policies in place for which the Company paid premiums totalling €101 thousand.

- The Company paid €1,349 thousand in severance pay to a member of senior management and the Head of Internal Audit.

JUAN ANDRÉS DÍEZ DE ULZURRUN MORENO replaced ANTONIO GARCÍA MATEO as Engineering, Technology and Purchasing General Manager on 8 November.

3) OTHER RELATED PARTIES:

- We would also mention other transactions between Enagás, S.A. and Other Related Parties, section b) of point 4.1. of Ministerial Order EHA 3050/2004) relating to 2010: Included are transactions with companies with a significant influence over Enagás, S.A. and companies over which Enagás, S.A. has a significant influence (Ministerial Order EHA 3050/2004):

I) CAJA MURCIA:

Enagás, S.A. has entered into the following transactions with Caja Murcia:

1) A €35,000 thousand credit line.

2) A €6,000 thousand bank guarantee line.

- The terms in all financial agreements with Caja Murcia are normal market interest rates, fees, expenses and guarantees.

- We would include the following other related-party transactions (as per paragraph d. of point 4.1, of Ministerial Order 3050/2004):

II) CAIXA CATALUNYA:

1) Enagás, S.A. has renewed and extended a €10,000 thousand credit policy with Caixa Catalunya.

2) Enagás, S.A. has a bank guarantee line of €12,000 thousand with Caixa Catalunya.

- The terms in all financial agreements with Caixa Catalunya are normal market interest rates, fees, expenses and guarantees.

- The Chairman of the Enagás, S.A. Board, Antonio Llardén Carratalá, is a director of CAIXA CATALUNYA.

III) BANCO SABADELL:

1) Banco Sabadell and Enagás, S.A. have signed an agreement in which the bank will broker a loan for €100,000 thousand corresponding to the C tranche of the €1,000,000 thousand loan granted by EIB.

2) Enagás also has arranged a €6,000 thousand credit line with Banco Sabadell.

3) Banco Sabadell has granted Enagás, S.A. a €150,000 thousand loan, maturing in 2012.

4) Enagás, S.A. has a bank guarantee line of €6,000 thousand with Banco Sabadell.

5) Lastly, Enagás, S.A. arranged an interest-rate swap with Banco Sabadell for €50,000 thousand for the period running from November 2009 to November 2012.

- The terms in all financial agreements with Banco Sabadell are normal market interest rates, fees, expenses and guarantees.

- The Director María Teresa García-Milá Lloveras is a director of BANCO SABADELL.

IV) EULEN, S.A.:

- Enagás, S.A. paid Eulen some €2,246 thousand for building and installation maintenance services.

- The director Jesús David Álvarez Mezquíriz is a Director of EULEN, S.A.

V) GRUPO INTERMONEY:

- Enagás, S.A. paid Grupo Intermoney some €186 thousand for advisory services.

- The director Miguel Ángel Lasheras Merino is Chairman of INTERMONEY ENERGÍA, S.A. and WIND TO MARKET (companies belonging to Grupo CIMD).

- We would also mention other transactions between Enagás, S.A. and Other Related Parties, section b) of point 4.1. of Ministerial Order EHA 3050/2004) relating to third-party access (TPA) services in 2010: TPA contracts are standard forms approved by the Ministry for Industry, Trade and Tourism. The tolls billed by Enagás are also set by the Ministry. These TPA services are:

VI) IBERDROLA, S.A.:

1) In 2009, Enagás S.A. paid Iberdrola S.A. €5,081 thousand for self-supply.

2) Enagás S.A. has a total of 16 third-party access (TPA) agreements in force with Iberdrola S.A., of which one (1) is short-term and fifteen (15) long-term.

- Between 1 January and 31.12.10 the following services were provided: Regasification of 12,334.48 GWh (billings for

these services, including cistern loading, offloading tankers and LNG storage, totalled €12,460.97 thousand); transport of 15,143.38 GWh (billings for these services, including the transport component of tolls, were €18,106.95 thousand); storage of a daily average of 3,348.98 GWh (billings for these services were €22,884.53 thousand).

- TOTAL FROM TPA SERVICES: €53,452.45 THOUSAND.

- José Luis Olivas Martínez, who represents BANCAJA (Caja de Ahorros de Valencia, Castellón y Alicante) is a director of IBERDROLA, S.A. and Chairman of the IBERDROLA Advisory Committee in the Region of Valencia.

VII) NATURGÁS COMERCIALIZADORA, S.A.:

- Enagás S.A. has a total of fourteen (14) TPA contracts in force with Naturgas Comercializadora, S.A. of which thirteen (13) are long-term and one (1) is short-term. Six (6) TPA agreements were signed in 4Q10, of which only one (1) remained in force at 31 December 2010.

- Between 1 January and 31.12.10 the following services were provided: Regasification of 2,835.63 GWh (billings for these services, including cistern loading, offloading tankers and LNG storage, totalled €3,512.89 thousand); transport of 2,821.37 GWh (billings for these services, including the transport component of tolls, were €2,578.81 thousand); storage of a daily average of 1,122.45 GWh (billings for these services were €7,465.03 thousand).

- TOTAL FROM TPA SERVICES: €13,556.73 THOUSAND.

- The director Manuel Menéndez Menéndez is Chairman of NATURGÁS ENERGÍA GRUPO, S.A.

VIII) HIDROCANTÁBRICO ENERGÍA, S.A.:

- Enagás, S.A. has total of four (4) long-term TPA contracts in force with Hidrocantábrico Energía, S.A. Some 2,957.70 GWh were transported and billing for this service totalled €1,206.37 thousand.

- TOTAL FROM TPA SERVICES: €1,206.37 THOUSAND.

- The director Manuel Menéndez Menéndez is Chairman of HIDROELÉCTRICA DEL CANTÁBRICO, S.A. (HC).

CLARIFICATION OF SECTION C4. List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

On 17 December 2010, Enagás, S.A. entered into an agreement with REN GASODUTOS, S.A. whereby Enagás, S.A. was to dissociate itself from the Portuguese side of the Joint Project for Natural Gas Supply to Portugal and Spain, in which Enagás, S.A. was then a participant through the companies Gasoduto Braga-Tuy, S.A. and Gasoduto Campo Maior-Leiria-Braga, S.A., after authorization of the transaction by the competition authority.

On 24 January 2011, the competition authority adopted a final decision not to oppose REN GASODUTOS, S.A.'s acquisition of exclusive control over the companies Gasoduto Braga-Tuy, S.A. and Gasoduto Campo Maior-Leiria-Braga, S.A. Enagás, S.A. is no longer a shareholder of either company and will play no further role in the Joint Project.

CLARIFICATION OF SECTION D.1: Give a general description of risk policy in the company and/or its group, detailing and evaluating the risks covered by the system, together with evidence that the system is appropriate for the profile of each type of risk.

A Working Group on Internal Controls (GTCI) was set up on the suggestion of the CNMV to draw up a set of recommendations on this issue. The GTCI's work has focused on three main objectives: (i) a review of the Spanish regulatory framework on internal controls for financial reporting; (ii) establishing a framework of principles and good practices regarding such controls, including their supervision; and (iii) improving the transparency of information issued by listed companies to markets about their internal control systems.

As regards these recommendations, in 2010 the Enagás Group – in line with its philosophy of responsibility and ongoing improvement of its system of internal control of financial reporting – began a plan to adapt to the recommendations set down in the relevant report. The plan involves specifying a range of identifiers in accordance with the company's System of Internal Control of Financial Reporting so as suitably to cover the list of 16 indicators proposed by the Working Group on Internal Controls (GTCI) of the CNMV, the Spanish securities market regulator.

CLARIFICATION OF SECTION F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS.

Enagás, S.A. continued to honour its commitment to comply with the Unified Code of Good Governance:

- Enagás, S.A. complies with 48 recommendations.

- Enagás, S.A. partly complies with 5 recommendations.

- Enagás, S.A. explains its response to 2 recommendations.

- 3 recommendations are not applicable to Enagás.

In 2010, recommendation 15 – set out above – was partly complied with when a second woman Director was appointed to the Board, as an Independent.

Enagás, S.A. identified good corporate governance practices at the international level, and took the following steps in 2010:

- Conferring on the Appointments, Remuneration and Corporate Responsibility Committee (formerly the Appointments and Remuneration Committee) the added duties of setting general corporate social responsibility and corporate governance policy.
- Appointing the Chairman of the Nomination, Remuneration and Corporate Responsibility Committee as Independent Leader Director, with powers 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.
- The number of women Directors was raised to two (2); both are Independent Directors. This development demonstrates the company's commitment to increase the presence of women on the Board.
- An assessment will be undertaken of the performance of the Board, the Chairman and Board committees. Confidential interviews with individual Directors will accordingly be conducted over the first quarter of 2011. The assessment process will also involve individual evaluation of External Directors prior to their being nominated for re-election.
- Training activities for Directors were scheduled for 2011, covering issues relating to the regulatory framework of the industry, the company's practices as to strategic planning, risk management and control, internal control of financial reporting and other information systems, and best practices in corporate social responsibility and corporate governance. This training will be provided largely by Management Committee members and company executives.
- Electronic voting will be introduced as a new form of shareholder participation at the forthcoming General Meeting.
- A shareholder forum was created using a specific platform on www.enagas.es to enable shareholders to make suggestions to the Board regarding resolutions to be discussed and voted on at the 2011 Annual General Meeting.

CLARIFICATION OF SECTION G0.2. BINDING DEFINITION OF INDEPENDENT DIRECTOR: The Nomination, Remuneration and Corporate Social Responsibility Committee and the Board of Directors have studied the situations concerning two (2) Independent Directors and have found that these DO NOT AFFECT THEIR INDEPENDENCE. (See Section G.2).

You may include in this section any other information, clarification or observation related to the above sections of this report.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

Binding definition of independent director:

List any independent directors who maintain, or have maintained in the past, a relationship with the company, its significant shareholders or managers, when the significance or importance thereof would dictate that the directors in question may not be considered independent pursuant to the definition set forth in section 5 of the Unified Good Governance Code.

YES

Name of director

JESÚS DAVID ÁLVAREZ MEZQUÍRIZ

Type of relationship

Contractual

Reason

Even though Mr. Álvarez is a Director of Eulen, S.A., an entity which maintained a commercial relationship with Enagás, S.A. in 2010, the Nomination, Remuneration and Corporate Social Responsibility Committee and the Board of Directors believe that the abstention of this director in the negotiation and decision-making process of both parties; the rigorous procedures usually followed for contracting works and services, which were not excluded on this occasion and the express intervention of the Committee and the Board, given the related-party nature of this relationship, means that there are not sufficient or important enough reasons why this director may not remain Independent.

Name of director

MIGUEL ÁNGEL LASHERAS MERINO

Type of relationship

Contractual

Reason

Even though he is Chairman of Intermoney Energía, S.A., an entity which maintained an advisory relationship with the Company in 2010, the Nomination, Remuneration and Corporate Social Responsibility Committee and the Board of Directors believe that the amount of fees received by Intermoney for the specialist advice provided is neither significant nor important. Therefore he shall continue to be considered Independent. In addition, the express intervention of the Committee and the Board must be noted, given the related-party nature of this relationship

Date and signature:

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on:

31/01/2011

List whether any directors voted against or abstained from voting on the approval of this report.

NO

Report on the Activities of the Enagás Audit and Compliance Committee in 2010

Composition of the Committee in 2010

Chairman

Martí Parellada Sabata, Independent Director, from 1 January to 31 December.

Members

BANCAJA (represented by José Luis Olivas Martínez), Proprietary Director, from 1 January to 31 December.

Luis Javier Navarro Vigil, External Director, from 1 January to 31 December.

Sociedad Estatal de Participaciones Estatales (SEPI), Proprietary Director, represented by its Chairman, Enrique Martínez Robles, from 1 January to 31 December.

Antonio Téllez de Peralta, Independent Director, from 1 January to 30 April.

José Riva Francos, Independent Director from 28 June to 31 December.

Secretary

Rafael Piqueras Bautista

In 2010 the term of office as a director of Antonio Téllez de Peralta reached its statutory end. The board appointed Independent Director, José Rivas Francos, to replace him.

As provided in the Company's constitutional documents and rules and regulations, the Committee called on a number of persons related to matters under its competence for consultation. Accordingly, Committee meetings were regularly attended by Enagás' Finance Director, Diego De Reina, and the head of the Internal Audit Unit, José Espejo. External auditors from Deloitte also attended Committee meetings on a number of occasions.

Activities of the Committee

The Committee met four (4) times in 2010. The following is a summary of the most significant areas on which the Audit and Compliance Committee focused in 2010.

1.- Committee activities relating to the formulation and approval of the Enagás financial statements for 2009

As in previous years, the Audit Committee was entrusted with the task of discussing and analysing the financial statements prior to their authorisation for issue by the Board of Directors. For this purpose, the members of the Committee met with the Company's external auditor (Deloitte S.L.) on 1 February 2010 as well as with the Finance Director and the head of Enagás' Internal Audit Unit.

Both the external auditors and the financial officers of the Company offered the Committee their views on the financial statements. Differences in accounting criteria in no case exceeded the materiality threshold above which Deloitte's opinion on the financial statements could be affected. Deloitte informed the Audit Committee that its report would be without reservations or qualifications.

The Audit Committee's examination of the 2009 financial statements resulted in the following conclusions:

- That the financial statements of Enagás and its consolidated group, as submitted to the Committee, gave a true and fair view of the Company's equity and results of operations for the year.
- That the financial statements contained sufficient information to be clearly understood, as well as a sufficient description of the risks faced by the Company.
- That the financial statements followed generally accepted accounting principles and regulations, on the same terms applied in previous years.
- That the principles of parity of treatment for shareholders and transparency of information reported to the markets had been upheld.

The Committee accordingly resolved to recommend that the Board of Directors of Enagás authorise the financial statements for issue. At a meeting held on 1 February 2010, the Board of Directors adopted the Committee's recommendation and authorised the financial statements for issue in line with the terms indicated by the Committee. The financial statements and directors' report for 2009 were approved at the General Meeting held on 30 April 2010.

In addition to the above, and in accordance with standard practice in previous years, the Chairman of the Audit Committee, Mr. Parellada, also took part in the Ordinary General Shareholders' Meeting held on 30 April 2010, explaining the most important elements of the financial statements to the Company's shareholders in order to ensure that they had all the information necessary to be able to vote on the financial statements that were approved on the proposal of the Board of Directors.

2.- Monitoring relationships between Enagás and its significant shareholders

The Committee continued to supervise relationships between Enagás and its significant shareholders, and no incidents worthy of mention occurred.

3.- Audit and risk control plan for 2010

All meetings of the Audit Committee have included as items of business on the agenda both a general review of progress in the implementation of the audit plan for 2010, and a specific analysis of the main audit processes underway at that particular time.

This area of the Audit Committee's work is therefore considered to be of particular importance. In 2003, with the assistance of external consultants, the Company carried out an exhaustive review of business and related risks, pinpointing the internal processes that might be affected by each of these risks. Based on the results obtained, those processes that should be given the most urgent attention by the Internal Audit Unit and Audit Committee were identified. However, the Committee deemed it necessary to review the Company's Risk Model and, as a result, with appropriate external assistance, the Company's risk services drew up a new model that was approved by the Committee on 30 January 2009.

The Audit Plan implemented in the course of 2010 focused on monitoring those processes identified as priorities in the new risk model.

The Internal Audit Unit identified several non-essential weaknesses in its review of the reports and has issued recommendations it believes will help eliminate or mitigate the impact of the risks associated with certain activities forming part of this process.

The Committee also supervised the Company's project to review the internal financial reporting system together with suitable external consultants. This reporting system is intended to guarantee that the financial information prepared and published by the Company is complete and accurate. Companies listed on US stock exchanges are required to implement this system under the provisions of the Sarbanes Oxley Act and, although such a review of the financial reporting system is not compulsory for companies such as Enagás, it is considered to be good practice. The consultants taking part in the review stated that "in general Enagás has an appropriate level of control in its internal financial reporting system". A review of compliance with this system was carried out in 2010.

4.- Quarterly accounting reviews

Throughout 2010 the Committee continued to review the limited quarterly report issued by the auditors, as in previous years.

Specifically, it analysed, in conjunction with Deloitte, the reports issued by the latter for the first, second and third quarters, respectively. Performing these reviews enables the Committee to minimise the impact of any accounts issues arising in the course the year and the members of the Committee and Board of Directors to keep abreast of the opinions of the Company's external auditors on annual developments in the balance sheet and income statement.

The Audit Committee considers that both the quarterly reviews carried out by the external auditor and the Committee's own analysis of these reports are essential to ensuring strict control over the Company's accounting while facilitating the issue of an unqualified year-end report.

The Committee also reviews and approves, in line with the good corporate governance recommendations it has adopted, the financial information that the Company makes public each quarter.

It made a specific report on the financial statements for the first half-year which, on its recommendation, were approved by the Board of Directors at its July meeting.

5.- Report on the activities of the Business Principles Supervisory Committee (Ethical Channel).

The Committee was informed of the activities of the Business Principles Supervisory Committee (Ethical Channel) and approved its 2010 report in which no incidences worthy of mention occurred.

6.- Activities after the end of the reporting period

In the opening months of 2011, the Committee continued with its usual activities, in particular assisting the Board of Directors in drawing up the financial statements. As in the previous financial year, the Audit and Compliance Committee has issued a prior favourable report on the 2010 financial statements which will be submitted to the 2011 General Meeting for adoption.

At its meeting on 31 January 2011, the Committee resolved to recommend to the General Meeting the re-appointment of Deloitte, S.L. as auditors of the Company's financial statements.

This report was prepared and adopted by the Audit and Compliance Committee at the meeting held on 31 January 2011 and was approved by the Board of Directors at a meeting held on the same day.