Press Release

FIRST QUARTER 2005 Results

Enagás records net income of 48.2 million euros, 22.6% up on the same period in 2004.

- **Enagás presents its quarterly financial statements adapted to the International Financial Reporting Standards. This adaptation had no significant impact on the Balance Sheet or the Company Income Statement.**
- **Investments for the quarter rose to 80.3 million euros and the assets put into operation in the same period totalled 65.2 million euros.**
- **The General Shareholders' Meeting approved the distribution of a total gross dividend of €0.33 per share for the 2004 financial year.**

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Enagas obtained a Net Income for the quarter of 48.2 million euros, up 22.6% from the 39.3 million euros earned in the first quarter of 2004. This increase was largely due to the significant rise in revenues from the investments put into operation throughout 2004 and the reduction in operating costs.

The Operating Profit (EBIT) for the first quarter of 2005 totalled 84.7 million euros, an increase of 24% on the same period in 2004.

Operating Cash Flow (EBITDA) reached 120.3 million euros, up 22.8% from the 98 million euros obtained in the first quarter of 2004

Operating Highlights

In the first quarter of 2005, the demand for transported gas in the System rose by 19.6% over the first quarter in the previous financial year, with Enagás transporting

Jan-Mar 2004	DEMAND FOR TRANSPORTED GAS (Markets)	Jan-Mar 2005
	(GWh)	
25,078	Tariff Market	22,946
62,077	Liberalised Market	81,270
87,155	**Total demand transported**	**104,216**

92.5% (96.394 GWh) of the total amount.

Of the total demand transported in the first three months of the year, 22.7% was used for generating electricity from natural gas, as compared to 14.9% in the same period for the previous year.

Assets put into operation

Over the first quarter of the year, assets valued at 65.2 million euros were put into operation.

The most significant assets put into operation during this period were the expansions to two compression stations (Villafranca de Córdoba and Almendralejo); phase two of the Cartagena-Lorca gas pipeline; and the increase in emission capacity at the Cartagena Plant to 900,000 m^3/h.

In the first quarter of the year Enagás made investments totalling 80.3 million euros. During this period, the Spanish Government granted direct authorisation for the construction of the transversal line between the Cordoba-Madrid and Alicante-Valencia pipelines.

Financial Structure

The Company's net financial debt as of 31 March 2005 amounted to 1,464.1 million euros, as compared to the 1,421 million euro debt recorded at the end of 2004. The net debt ratio (calculated as net debt over total assets) at the end of the quarter was 46.1%, as compared to 45.8% at the end of the previous quarter.

The net average cost of the Company's debt as of March 31 was 3.37%, compared to 2.98% at the end of the previous quarter. The instruments covering interest rate contingencies taken out for the 2005-2008 period set a maximum and minimum interest rate applicable to a total of 1,000 million euros. They entered into effect at the beginning of January 2005 and mature in April 2008 at a maximum fixed cost of 4.32%.

Main Highlights

- **General Shareholders' Meeting**

The General Shareholders' Meeting of Enagas was held on 22 April 2005. In the course of the meeting, Company Chairman Mr. Antonio González-Adalid summarised the main highlights of the 2004 financial year and the progress made toward the Company's strategic goals. As regards the outlook for 2005 he made the following points:

- A maximum increase of 16% with regard to remuneration for regulated activities.
- An increase in operating cash flow of between 15 and 20%, thanks to progress made in cost-efficiency policies.
- In terms of net profit, estimations run in the area of 15%.
- A high level of investment and assets put into operation will be maintained in an environment of strong growth in gas demand.

All the proposed resolutions on the Agenda were approved, and are available in full along with related documentation at www.enagas.es. The aforementioned resolutions included:

- The distribution of a total gross dividend for the 2004 financial year of 0.33 euros per share.
- Messrs. Salvador Gabarró Serra, Martí Parellada Sabata and Ramón Pérez Simarro were appointed to the Enagas Board of Directors.
- Messrs. Martí Parellada Sabata and Ramón Pérez Simarro will be Independent Directors, thus maintaining the balance existing on the Board between Independent and External Controlling Directors.
- The elimination of the single temporary provision of the Company Bylaws. Pursuant to the elimination of this provision, shareholders may no longer exercise their rights on stakes of over 5 percent of Company share capital.
- Approval of the remuneration for members of the Company Board of Directors, which remains the same for the third successive year.

Madrid, 10 May 2005

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