



Enagás' Board of Directors to be dominated by independent directors

- **Enagás holds its Annual General Meeting tomorrow, 25 March**
- **For the fourth year running, the company delivered on all the guidance contained in the Business Plan**
- **The DPS was increased by 11.9%, in line with bottom-line growth, to €0.84**
- **This is the first AGM to allow electronic voting and will debut the new shareholder forum**
- **The Chairman of Enagás has insisted on the importance of strategic storage capacity and international connections to guarantee security of supply**
- **Llardén underscored that “the flexibility offered by the natural gas supply chain is the only way to guarantee energy supply when other energy sources are not available”**

Enagás' chairman, Antonio Llardén, said today that following the Board appointments to be approved by the company's shareholders in general meeting tomorrow, the number of directors will be set at 15. Llardén highlighted that the majority of Enagás' Board members qualify as independent directors. This means that the company has gone beyond Spanish and European corporate governance standards, complying with the most stringent international guidelines.

The company's shareholders will also be asked to approve a reduction in the number of shares required to vote at general meetings from 100 to one, a change which will foster greater involvement by minority shareholders.



The proposed dividend from 2010 profits is €0.84 per share, marking growth of 11.9% year-on-year, in line with net profit growth.

In reference to the company's shareholder structure, Antonio Llardén said that today "approximately 72% of investors, including investors with board representation and institutional investors, are foreign, compared to just 37% in 2007". He also remarked on the company's "ability to attract international investors, notwithstanding the challenging economic environment, which is good for the company and good for Spain".

Llardén underscored the fact that Enagás' free float currently stands at 75%, one of the highest among the Ibex 35 members, endowing the stock with good liquidity.

In terms of new additions to the general meeting in 2011, Enagás' Chairman flagged the creation of a shareholder forum and the introduction of electronic voting.

Earnings

Antonio Llardén gave a positive assessment of the company's earnings performance in 2010, noting that for the fourth year running it had surpassed all guidance, despite the tough economic backdrop. Between 2010 and 2014, Enagás will invest €3.5 billion with the objective of ensuring the security of supply of the Spanish energy system. This sum implies average annual investment of €700 million, similar to investing activity from 2007 to 2009.

Enagás' guidance for 2011 calls for net profit growth of at least 5%, and investing in and starting up €650 million of assets, in line with the parameters established in the 2010-2014 Business Plan.

Natural gas demand

Turning to demand for natural gas in 2010, Antonio Llardén referred to stability year-on-year, pointing out, however, that "conventional demand from household and industrial users rose a sharp 10%, driven by a degree of recovery in the manufacturing segment



coupled with the impact of low temperatures. Based on trends so far this year, we think it is likely that overall demand for gas will grow by 1.5% in 2011."

Security of supply

As for the prevailing geopolitical environment, Llardén said that "Spain has a reasonable buffer for tackling a short-lived conflict in a supplier nation such as Libya". However, this prompted him to go on to note that "it is crucial to increase Spain's strategic storage capacity" because "if this situation were to spread to other nations and last for some time, the gas system is susceptible to operating issues." He also noted that an increase in storage capacity and interconnection capacity with France would shore up security of supply in Spain and Europe and boost competitiveness.

The Chairman of Enagás recalled that storage and extraction capacity in Spain is currently significantly below that of neighbouring nations, noting that "this situation will improve with the launch of all the strategic storage initiatives under development: Yela, Castor, Marismas and the Gaviota extension."

Lastly, Llardén stressed that the "serious situation unfolding in Japan has further highlighted the extraordinary flexibility offered by the natural gas supply chain, which, coupled with the availability of gas supply infrastructure, is the only way to guarantee energy supply when other energy sources are not available."

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Communications Department
Tel: 917 099 340
www.enagas.es
dircom@enagas.es