



# Third quarter results 2009

4 November 2009

**NET PROFIT REACHED €914 MILLION IN 9M09, A 13.5% INCREASE**

- Net profit from January-September 2009 increased 13.5% with respect to the same period last year and amounted to €914 million in a context of reduced energy demand and significant volatility in energy prices and the currency and financial markets.
- The company's 50.0% stake in Unión Fenosa was equity-accounted from 28 February 2009. Later, and following settlement of the takeover bid and of certain financial instruments, GAS NATURAL owns 95.2% of Unión Fenosa, which has been fully consolidated since 30 April 2009.
- The merger with Unión Fenosa was completed on 7 September 2009 after shares issued to Unión Fenosa shareholders in the exchange were listed and the company was delisted.
- Consolidated EBITDA in the period totalled €2,884 million, an increase of 49.7% with respect to the same period of 2008, mainly as a result of the integration of Unión Fenosa since 30 April 2009.
- In proforma terms<sup>1</sup>, EBITDA increased 1.0% to €3,664 million, compared with €3,626 million in the same period of 2008. Despite the contraction in energy demand and the sharp decline in electricity prices in Spain, growth in income from regulated activities, buoyed by efficient management of the global portfolio, enabled the company to maintain operating profit on par with 2008. The results obtained in the above-mentioned context highlight the value of GAS NATURAL's business model, which is based on an appropriate balance of regulated and liberalised business in gas and electricity markets.
- EBITDA in the regulated gas distribution business amounted to €1,134 million, an 5.4% increase on 9M08, and accounted for 39.3% of consolidated EBITDA.
- In proforma terms, regulated electricity distribution contributed €431 million in EBITDA, i.e. 6.9% more than in the same period of 2008.
- In August 2009, GAS NATURAL obtained authorisation to operate in Belgium's gas market.
- In October 2009, GAS NATURAL completed three euro-denominated bond issues: €500 million at 3 years, €1,000 million at 7 years and €750 million at 12 years.
- On 17 October 2009, GAS NATURAL agreed to sell its stake in Colombian company EPSA for US\$1,100 million.

<sup>1</sup> For a more homogeneous comparison between the figures for the first nine months of 2009 and 2008, proforma figures are presented by aggregating both companies as of 1 January in both years.

## ACQUISITION OF UNIÓN FENOSA

On 11 February 2009, Spain's National Competition Commission (CNC) authorised the acquisition of Unión Fenosa subject to the commitments presented by GAS NATURAL, which included the divestment of 600,000 gas distribution connections and the related portfolio of customers, 2,000 MW of operational CCGT capacity and the stake in Enagás. GAS NATURAL also made a number of commitments in connection with corporate governance at Cepsa and Unión Fenosa Gas Comercializadora.

Those assets are of significant value, and they will be divested with the necessary resources to enable buyers to operate them on a standalone basis. Moreover, these divestments are consistent with the planned transaction structure and enable GAS NATURAL to maintain the gas-electricity convergence model it pursued by integrating Unión Fenosa.

In accordance with the terms of the agreement signed on 30 July 2008, GAS NATURAL acquired the rest of ACS's stake on 26 February 2009, thus attaining 50.0% of Unión Fenosa, and launched a mandatory takeover bid for the remaining Unión Fenosa shares, in accordance with Law 24/1998, of 28 July, on the Securities Market, and with Royal Decree 1066/2007.

On 21 April 2009, the Comisión Nacional del Mercado de Valores (CNMV) published the outcome of the takeover bid, whose acceptance deadline was 14 April 2009. The bid was accepted by shares representing 34.7% of Unión Fenosa's capital and by 69.5% of the voting rights actually addressed by the bid.

Following settlement of the takeover bid and of the financial instruments on Unión Fenosa shares arranged with a number of banks, GAS NATURAL owns 95.2% of Unión Fenosa.

The General Shareholders' Meetings held by GAS NATURAL (26 June 2009) and Unión Fenosa (29 June 2009) approved the merger of Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into Gas Natural SDG, S.A. via dissolution without liquidation of the absorbed companies and the transfer en bloc of their total equity to Gas Natural SDG, S.A.

The approved merger proposal posited an exchange ratio of three shares of Gas Natural SDG, S.A. for every five shares of Unión Fenosa, S.A., and received a favourable report from an independent expert appointed by the Barcelona Mercantile Registry.

The merger process, which commenced in July 2008 and was completed in September 2009, achieved the goal of integrating the gas and electricity businesses to create a single company with extensive experience in the energy sector that is able to compete effectively in markets which are becoming increasingly integrated, globalised and competitive.

The result is the largest integrated gas and electricity company in Spain and Latin America and one of the top ten utilities in Europe, operating in 23 countries worldwide. The deal puts the company on another plane as an integrated gas and electricity operator because of the very good fit between the two companies' businesses throughout their value chains. The resulting group has over 20 million customers and an installed capacity of 18,721 MW, including 7,249 MW of CCGT capacity in Spain and 4,057 MW in other countries.

## Financing of the operation

Early in April 2009, GAS NATURAL signed an agreement with a syndicate of 27 banks to underwrite an €18,260 million loan to finance the deal and refinance part of the current debt at GAS NATURAL and Unión Fenosa; currently, 53 banks are participating.

With a view to ensuring a solid, flexible financial structure, GAS NATURAL launched a €3,502 million capital increase in March 2009 which was fully subscribed and paid. In April 2009, the net proceeds of the capital increase (€3,410 million) were used to partially repay the loan.

Moreover, with a view to optimising the financial structure and maturities calendar, GAS NATURAL completed a two-tranche euro-denominated bond issue in June 2009: €2,000 million at 5 years and €500 million at 10 years; it was paid in early July 2009. In October 2009, GAS NATURAL completed another three euro-denominated issues: €500 million at three years, €1,000 million at seven years and €750 million at 12 years.

The allocation of the net proceeds from the capital increase, plus the fact that the takeover bid was not accepted 100% (€788 million) and the use of the proceeds from asset sales and bond issues in June 2009 reduced the loan to €10,364 million at 30 September 2009.

## Divestments

In accordance with the established plan, certain stakes (Cepsa, Red Eléctrica, Isagén, Enagás and Indra) have been sold, providing gross total revenues of €1,135 million.

On 20 July 2009, GAS NATURAL agreed to sell 248,000 gas supply connections for €330 million, in compliance with the commitments to Spain's National Competition Commission (CNC).

On 17 October 2009, GAS NATURAL agreed to sell its stake in Colombia's Empresa de Energía del Pacífico S.A. (EPSA) for US\$1,100 million. Divestments completed or agreed to date amount to approximately €2,300 million, in line with the company's commitment to divest around €3,000 million in assets in 2009.

## Synergies and integration

Initial estimates of synergies amounting to €215 million in costs and €75 million in revenues have been revised upward to €260 million in costs and €90 million in revenue; it has been confirmed that they will be attained in full as from 2011.

Moreover, the joint operation of GAS NATURAL and Unión Fenosa will save €200 million in recurring capital expenditure, compare with the €100 million envisaged initially.

Integration is advancing on schedule and the organisation structure has been specified for the company as a whole, in response to the strategic priority of successfully integrating the companies, ensuring the transfer of best practices between the businesses and geographic areas, maximising energy management earnings worldwide, actively managing the financial structure and promoting processes for management oversight and risk management, maximising returns on assets in the regulated gas and electricity segments, and integrated management of gas and electricity customers.

## 1.- MAIN AGGREGATES

### 1.1.- Main financial aggregates

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
4,047	3,286	23.2	Net sales	10,527	9,702	8.5
1,243	629	97.6	EBITDA	2,884	1,926	49.7
737	443	66.4	Operating income	1,820	1,371	32.7
292	242	20.7	Net profit	914	805	13.5
-	-	-	Average number of shares (million) <sup>2</sup>	772	516	49.6
-	-	-	EBITDA per share (€)	3.74	3.73	0.1
-	-	-	Net profit per share (€)	1.18	1.56	-24.1
922	1,943	-52.5	Investments	14,957	2,364	-
-	-	-	Net financial debt (at 30/09)	21,919	4,939	-

### 1.2.- Ratios

	9M09	9M08
Leverage <sup>3</sup>	63.3%	41.9%
EBITDA/Financial income	5.0x	9.8x
Net financial debt /EBITDA	4.5x	2.0x
P/E	11.9x	11.3x
EV/EBITDA	7.3x	6.6x

Share performance and balance sheet at 30 September. Proforma EBITDA.

<sup>2</sup> Calculated in accordance with IAS 33.

<sup>3</sup> Net financial debt/(Net financial debt + Equity).

### 1.3.- Main physical aggregates

Gas and electricity distribution:

3Q09	3Q08	%		9M09	9M08	%
90,655	111,829	-18.9	Gas distribution (GWh):	297,802	354,740	-16.1
49,314	57,072	-13.6	Spain:	167,237	198,558	-15.8
-37	-716	-94.8	Tariff gas sales	-631	14,100	-
49,351	57,788	-14.6	TPA <sup>4</sup>	167,868	184,458	-9.0
41,341	54,757	-24.5	International:	130,565	156,182	-16.4
28,939	41,298	-29.9	Tariff gas sales	84,319	110,642	-23.8
12,402	13,459	-7.9	TPA	46,246	45,540	1.6
12,614	-	-	Electricity distribution (GWh):	19,841	-	-
7,791	-	-	Spain:	12,663	-	-
-182	-	-	Tariff gas sales	1,727	-	-
7,973	-	-	TPA	10,936	-	-
4,823	-	-	International:	7,178	-	-
4,483	-	-	Tariff gas sales	6,603	-	-
340	-	-	TPA	575	-	-
-	-	-	Gas distribution connections, ('000) (at 30/09):	11,701	11,401	2.6
-	-	-	Spain	5,923	5,803	2.1
-	-	-	International	5,778	5,598	3.2
-	-	-	Electricity distribution connections, ('000) (at 30/09):	9,406	-	-
-	-	-	Spain	3,546	-	-
-	-	-	International	5,860	-	-
13	-	-	ICEIT <sup>5</sup> (minutes)	21	-	-

<sup>4</sup> Includes also TPA services in the secondary network.

<sup>5</sup> Net of the impact of Hurricane Klaus in Galicia, which is classified as force majeure.

## Energy businesses:

3Q09	3Q08	%		9M09	9M08	%
22,696	8,006	-	Electricity generated (GWh):	43,314	14,616	-
14,555	4,322	-	Spain:	19,642	4,255	-
399	4,322	-	Hydroelectric	769	-	-
1,205	-	-	Nuclear	1,903	-	-
-12	-	-	Coal	365	-	-
-2	-	-	Oil/gas	2	-	-
7,688	4,145	85.5	CCGT	15,385	3,642	-
5,277	177	-	Renewables	1,218	613	98.7
8,141	3,684	-	International:	23,672	10,361	-
624	-	-	Hydroelectric	2,796	-	-
7,074	3,684	92.1	CCGT	19,728	10,361	90.4
442	-	-	Oil-fired	1,147	-	-
-	-	-	Installed capacity (MW):	18,721	6,513	-
-	-	-	Spain:	13,324	4,026	-
-	-	-	Hydroelectric	1,860	-	-
-	-	-	Nuclear	589	-	-
-	-	-	Coal	2,048	-	-
-	-	-	Oil/gas	617	-	-
-	-	-	CCGT	7,249	3,642	99.0
-	-	-	Renewables	961	384	-
-	-	-	International:	5,397	2,487	-
-	-	-	Hydroelectric	1,034	-	-
-	-	-	CCGT	4,055	2,487	63.1
-	-	-	Oil-fired	308	-	-
59,175	68,941	-14.2	Gas supply (GWh):	183,253	210,087	-16.7
47,863	52,439	-8.7	Spain	146,128	181,591	-19.5
11,312	16,502	-31.5	Rest	37,125	38,496	-3.6
13,462	-	-	UF Gas <sup>6</sup>	22,395	-	-
1,043	-	-	Gas supply in Spain (GWh)	2,970	-	-
			Trading (GWh)			
28,031	32,761	-14.4	Gas transportation - EMPL (GWh)	78,723	105,666	-25.5

<sup>6</sup> Including 100% of the company's figures.

## 2.- ANALYSIS OF CONSOLIDATED RESULTS

### 2.1.- Changes in group size

The main changes in consolidated group size in 2009 with respect to 2008 are as follows:

- In July 2008, the Company acquired Italian gas distribution company Pitta Costruzioni, which has been fully consolidated since 3 July 2008.
- In March 2009, the company acquired an additional 35.3% of Unión Fenosa, which, added to the 14.7% it had at 2008 year-end, increased its stake to 50.0%, which was equity-accounted from 28 February 2009.
- In April 2009, the company acquired an additional 45.2% of Unión Fenosa, increasing its stake to 95.2% and giving it effective control; this holding has been fully consolidated since 30 April 2009. Unión Fenosa was merged into GAS NATURAL in September 2009.

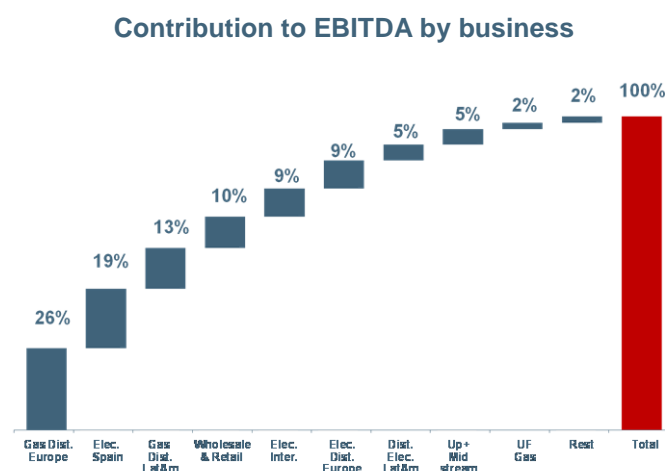
### 2.2.- Analysis of results

The acquisition of Unión Fenosa and its full consolidation since 30 April 2009 and the merger by absorption effective 1 September 2009 led to significant changes in the year-on-year comparison and complicates an analysis of the performance of GAS NATURAL's businesses. Accordingly, in order to facilitate a more uniform comparison, proforma figures produced by aggregating Unión Fenosa from 1 January this year and last year are presented wherever possible.

#### 2.2.1.- Net sales

Net sales in 9M09 amounted to €10,527 million, i.e. 8.5% more than in 9M08 due to the addition of Unión Fenosa and despite the decline in electricity prices and the lower electricity output in Spain with respect to last year.

#### 2.2.2.- EBITDA and operating income



EBITDA in 9M09 totalled €2,884 million, 49.7% more than in 9M08 due to the additions of Unión Fenosa.

Distribution of gas and electricity in Spain and other countries accounts for 53.3% of GAS NATURAL's EBITDA. Regulated gas distribution in Spain is the largest single source of EBITDA (24.9%).

Depreciation charges increased by 79.2% while provisions rose from €21 million to €107 million, with the result that operating income amounted to €1,820 million, a 32.7% increase year-on-year.

In proforma terms, EBITDA was similar to last year despite the current economic situation, evidencing the strength of the contribution by the regulated businesses.



### 2.2.3.- Financial results

The breakdown of financial results is as follows:

(unaudited)				
3Q09	3Q08	(€ Mn)	9M09	9M08
-236	-80	Cost of net financial debt	-555	-193
6	-2	Exchange differences, net	3	3
22	5	Capitalized interest	42	18
-49	-16	Other financial expenses/revenues	-69	-25
<b>-257</b>	<b>-93</b>	<b>Financial result</b>	<b>-579</b>	<b>-197</b>

The cost of net financial debt was €555 million; the increase was due basically to the increase in average gross debt as a result of the debt taken on for the acquisition of Unión Fenosa and of consolidating that company. Nevertheless, the interest rate on the gross interest-bearing debt declined by 223 basis points between December 2008 and in September 2009 as a result of the decline in interest rates and the change in the structure of the debt.

### 2.2.4.- Income on disposal of financial instruments

The sale of the 5% stake in Enagás as a result of the commitments made to the CNC provided a gain of €101 million in 2009.

### 2.2.5.- Equity income

This section includes the €47 million contribution from Unión Fenosa while it was equity-accounted (from 28 February 2009 to 30 April 2009). Other items include results from minority stakes in Indra and gas distribution companies in Spain (Gas Aragón). Income from holdings in associates amounted to €57 million in the period.

### 2.2.6.- Corporate income tax

GAS NATURAL is taxed in Spain under the consolidated taxation system, in which the tax group is viewed as the taxpayer and its tax base is determined by aggregating the tax bases of its component companies. The other Spanish-resident companies that are not part of the tax group file individual returns, and those not resident in Spain are taxed in their respective countries; the tax rate on company income (or the equivalent tax) that is in force is applied to income for the period.

The corporate income tax expense totalled €351 million, i.e. an effective tax rate of 25.1%, compared with 25.5% the previous year. The difference with respect to the general tax rate was due to tax credits (mainly on the sale of 5% of Enagás), different tax systems applied to companies operating outside Spain and the effect of net income from equity-accounted affiliates.

### 2.2.7.- Minority interest

The main items in this account are the minority shareholders of EMPL, the subgroup of subsidiaries in Gas Natural ESP Colombia, Gas Natural BAN, Gas Natural Mexico, CEG and CEG Rio in Brazil, as well as other companies in Spain. Since 1 April 2009, this item includes the minority interests of Unión Fenosa subsidiaries.

Income attributed to minority interests in 2009 amounted to €134 million, i.e. €51 million more than in 2008, €27 million of which relate to the minority interests arising on full consolidation of the Unión Fenosa subgroup.

### 3. BALANCE

#### 3.1.- Investments

Investments amounted to €14,957 million, including the financial investment to buy 80.5% of Unión Fenosa in 2009.

The breakdown of investments by type is as follows:

(unaudited)			
(€ Mn)	9M09	9M08	%
Capital expenditure	1,185	622	90.5
Investments in intangible assets	43	35	22.8
Financial investments	13,729	1,706	-
<b>Total investments</b>	<b>14,957</b>	<b>2,364</b>	<b>-</b>

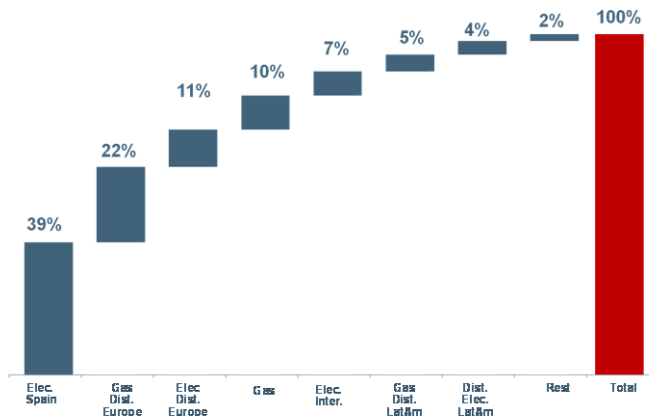
Capital expenditure amounted to €1,185 million in 9M09, 90.5% more than in 9M08, basically as a result of including Unión Fenosa's investments in electricity generation and distribution. Financial investments amounting to €13,729 million are due basically to the aforementioned acquisition of 80.5% of Unión Fenosa in 2009.

The breakdown of capital expenditure by line of business is as follows:

(unaudited)			
(€ Mn)	9M09	9M08	%
Gas distribution:	323	396	-18.4
Spain	230	273	-15.8
Italy	33	44	-25.0
Latin America	60	79	-24.1
Electricity distribution:	179	-	-
Spain	125	-	-
Moldova	10	-	-
Latin America	44	-	-
Electricity:	543	197	-
Spain	458	175	-
International	85	22	-
Gas:	121	19	-
Up + Midstream	108	13	-
Wholesale & Retail	10	6	66.7
UF Gas	3	-	-
Rest	19	10	90.0
<b>Total capital expenditure</b>	<b>1,185</b>	<b>622</b>	<b>90.5</b>

Investment in gas distribution totalled €323 million, 18.4% less than in the first nine months of 2008.

### Capital expenditure by activity



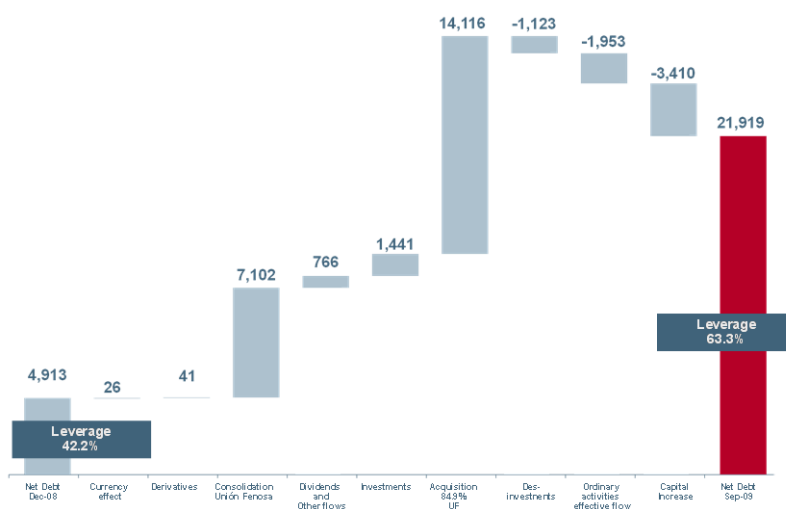
GAS NATURAL allocated 38.6% of capital expenditure to the electricity business in Spain, mainly to develop the Málaga and Barcelona Port combined cycle plants, the desulphuration facilities at the La Narcea and La Robla thermal power plants, adaptation of the Meirama thermal power plant, and development of wind farms.

In 9M09, 19.4% of capital expenditure was allocated to gas distribution in Spain, by adding 2,454 km of gas grid in the last 12 months, a 5.1% increase, which will enable the company to sustain a rapid pace of growth in distribution connections despite the slowdown in new building.

### 3.2.- Debt

At 30 September 2009, net financial debt amounted to €21,919 million and leverage was 63.3%.

#### Net financial debt (€Mn)



The figure shows GAS NATURAL's consolidated net debt and indebtedness between 31 December 2008 and 30 September 2009, when it amounted to €21,919 million. Excluding the tariff deficit (€941 million, recognised under settlement 7 by Spain's National Energy Commission) and the proceeds from the sale of assets due to be settled in 4Q09 (€1,052 million)<sup>7</sup>, net debt is €19,926 million, i.e. leverage of 61.0%.

The increase in net debt is due basically to the finance raised to acquire 80.5% of Unión Fenosa in the first half of 2009,

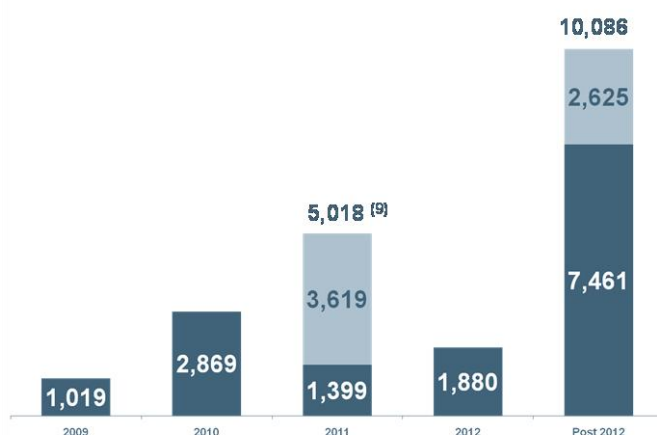
and the deferral of payment for the 4.7% of Unión Fenosa acquired in December 2008.

The net debt/EBITDA ratio was 4.5 (4.1 in terms of adjusted net debt) and EBITDA/net financial result was 5.0 at 30 September 2009.

The figure shows the debt maturity calendar, including bonds (€4,750 million), revenues from asset sales that have been completed (€2,175 million) and not including the tariff deficit.

<sup>7</sup> Includes the sale of gas distribution assets to Naturgas (€330 million), the sale of EPSA (US\$1,100 million) and the deconsolidation of the latter's debt.

Gross debt<sup>8</sup> maturity (€Mn)



A total of 67.9% of gross interest-bearing debt is at fixed interest rates and the other 32.1% is at floating rates<sup>8</sup>.

Of the gross financial debt, 15.6% is short term and 84.4% is long term.

A total of 48.3% of the gross interest-bearing debt matures after 2012. The average term of the debt is over 4 years.

At 30 September 2009, cash and cash equivalents totalled €944 million; together with available bank funding, the company has immediate liquidity of close to €3,800 million.

Financial instruments available in the capital markets totalled close to €7,500 million at 30 September 2009 and included €4,975 million under the Euro Medium Term Note (EMTN programme), €1,000 million under the Euro Commercial Paper (ECP) programme and €1,545 million under the commercial paper programme.

Two bond issues were placed in the capital markets at the end of June, payment being received on 9 July: a 5-year issue amounting to €2,000 million and a 10-year issue amounting €500 million. Three bonds were placed in the capital markets on 14 October: €500 at 5 years, with an annual coupon of 3.125%; €1,000 million at 7 years (4.375%); and €750 million at 10 years (5.125%).

The breakdown of the net financial debt by currency at 30 September 2009, in absolute and relative terms, is as follows:

(unaudited)

(€ Mn)	30/09/09	%
EUR	18,909	86.3
US\$	2,000	9.1
COP	444	2.0
BRL	350	1.6
MXN	165	0.8
ARS	43	0.2
Other currencies	8	-
<b>Total net financial debt</b>	<b>21,919</b>	<b>100.0</b>

Net dollar-denominated financial debt relates mainly to EMPL (the company which manages the Maghreb-Europe gas pipeline), the Fenosa subgroup and EcoEléctrica<sup>10</sup>, and the cash and cash equivalents from the companies in Mexico that use the US\$ as their functional currency and whose balance sheets, income statements and cash flow are in dollars.

Once the takeover bid for Unión Fenosa was completed, in June 2009 the rating agencies ended creditwatch negative and confirmed GAS NATURAL's ratings in line with the objectives set during the acquisition process.

<sup>8</sup> Total gross interest-bearing debt is €20,872 million.

<sup>9</sup> Includes the recognised outstanding tariff deficit, amounting to €941 million. Excluding the deficit, total UNIÓN FENOSA debt maturing in 2011 would be €4,560 million.

<sup>10</sup> EcoEléctrica is proportionately consolidated.

The credit ratings of GAS NATURAL's short- and long-term debt are as follows:

Agency	Long term	Short term
Moody's	Baa2	P-2
Standard & Poor's	BBB+	A-2
Fitch	A-	F2

### 3.3.- Goodwill

Consolidation goodwill on the balance sheet at 30 September 2009 amounted to €6,112 million, of which €5,566 million was the provisional goodwill on the acquisition of 95.2% of Unión Fenosa.

As a result of the process of allocating the acquisition price, in connection with the carrying value of Unión Fenosa at the acquisition date, the main assets and liabilities identified at fair value are as follows:

- Intangible assets, corresponding basically to electricity distribution concessions and gas procurement contracts.
- Property, plant and equipment, corresponding to combined cycle plants, nuclear plants, hydroelectric plants, wind farms, electricity distribution networks and other installations.
- Deferred tax liabilities corresponding to the aforementioned revaluations.

This provisional allocation will increase annual depreciation and amortisation charges by an estimated €260 million.

The resulting provisional goodwill is attributable to the high returns on the acquired business and to the profits and synergy expected as a result of the acquisition and integration of Unión Fenosa.

This business combination has been accounted for on a provisional basis because, at the date of drafting the financial statements, the process of measuring the acquired assets and assumed liabilities had not yet been completed and the 12-month period established in IFRS 3 had not yet elapsed since the acquisition of Unión Fenosa.

### 3.4.- Shareholders' equity

Between 14 and 28 March 2009, GAS NATURAL performed a capital increase (rights issue) in which it issued 447,776,028 new shares of the same class and series and with the same political and economic rights as the shares then outstanding. The new shares were issued at €7.82, i.e. €1 par value each plus an issue premium of €6.82, for a total of €3,502 million.

The capital increase was fully subscribed and paid, and it was registered in the Mercantile Registry on 2 April 2009; the new shares were listed on 3 April 2009.

On 26 June 2009, the Ordinary Shareholders' Meeting voted to allocate €663 million to dividends, including an extraordinary dividend of €90 million. That figure represents a pay-out of 62.7%, i.e. exceeding the 2008 target of 52%-55%.

The supplementary dividend of 40 euro cent per share was paid on 3 July 2009 along with the extraordinary dividend of 10 euro cent per share.

The merger with Unión Fenosa was completed in September 2009 with the issue of 26,204,895 new shares and their delivery to minority shareholders of that company as part of the exchange. Capital stock is currently represented by 921,756,951 shares.

At 30 September 2009, GAS NATURAL's shareholders' equity, including the capital increase, totalled €12,732 million. Of that total, €10,788 million is attributable to GAS NATURAL.

#### 4.- ANALYSIS OF RESULTS BY ACTIVITY PROFORMA

For more uniform comparison between the figures for 9M09 and 9M08, this section presents proforma data created by aggregating the two companies' figures from 1 January in both years.

The criteria used to assign amounts to the activities are as follows:

- The margin on intercompany transactions is allocated on the basis of the market which is the final destination of the sale.
- All revenues and expenses relating directly and exclusively to a specific business activity are allocated directly to it.
- Corporate expenses and revenues are assigned on the basis of their use by the individual business lines.

##### 4.1.- Gas distribution in Spain

This area includes gas distribution, third-party access and secondary transportation, as well as the distribution activities that are charged for outside the regulated remuneration (meter rentals, customer connections, etc.) in Spain.

The figures for 2008 included bundled-tariff supply, which was discontinued on 30 June 2008 and, therefore, is not included in the 2009 accounts.

##### 4.1.1.- Results

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
342	328	4.3	Net sales	1,028	1,366	-24.7
-9	8	-	Purchases	-35	-344	-89.8
-18	-13	38.5	Personnel costs, net	-52	-53	-1.9
-54	-85	-36.5	Other expenses/income	-222	-274	-19.0
<b>261</b>	<b>238</b>	<b>9.7</b>	<b>EBITDA</b>	<b>719</b>	<b>695</b>	<b>3.5</b>

Net sales in the gas distribution business in Spain totalled €1,028 million, 24.7% less than in 9M08. This was due to the discontinuation of the bundled tariff on 1 July 2008, in accordance with Law 12/2007 and Order ITC/2309/2007.

EBITDA amounted to €719 million, €24 million more than in the same period last year, despite the discontinuation of the bundled tariff business. Greater remuneration for regulated distribution in 2009 and containment of costs amply offset the loss of the EBITDA contribution from supply at the bundled tariff.

#### 4.1.2.- Main aggregates

The main aggregates in gas distribution in Spain were as follows:

3Q09	3Q08	%		9M09	9M08	%
49,314	57,072	-13.6	<i>Gas activity sales (GWh):</i>	167,237	198,558	-15.8
-37	-716	-94.8	Tariff gas sales:	-631	14,100	-
-36	-725	-95.0	Residential	-630	13,833	-
-1	9	-	Industrial	-1	267	-
49,351	57,788	-14.6	TPA	167,868	184,458	-9.0
515	625	-17.6	Distribution network (km)	50,346	47,892	5.1
28	26	7.7	Change in distribution connections ('000)	82	122	-32.8
-	-	-	Distribution connections (000) (at 30/09)	5,923	5,803	2.1

Regulated gas sales in Spain, which encompassed bundled tariff gas supply until 30 June 2008 as well as third-party access (TPA), for both gas distribution and secondary transportation, amounted to 167,237 GWh in 9M09, a 15.8% decrease on 2008, and includes adjustments due to discontinuation of the residential business.

Distribution and secondary transportation services for third-party access (TPA) declined by 9.0%, affected by the decline in industrial activity since 4Q08, and amounted to 167,868 GWh, of which 68,761 GWh (-22.6%) are related to services provided to third parties, and the remaining 99,107 GWh (+3.6%) to supply by GAS NATURAL, which is the main operator in the liberalised gas market.

GAS NATURAL continues to expand its distribution network, having added 2,454 km in the last twelve months and connected another 15 municipalities in 2009. The number of distribution connections increased by 120,000 in the last 12 months, including 82,000 added in the first nine months of this year (i.e. 32.8% less than in the same period of 2008 due basically to the reduction in new home construction).

At 30 September 2009, the distribution grid measured 50,346 km, having increased by 5.1%, and there were a total of 5,923,000 distribution connections, 2.1% more than last year.

#### 4.2.- Gas distribution in Italy

This area refers to gas distribution in Italy.

##### 4.2.1.- Results

(unaudited)						
3Q09	3Q08	%	(€ Mn)	1S09	1S08	%
23	21	9.5	Net sales	141	116	21.6
-7	-12	-41.7	Purchases	-76	-73	4.1
-4	-3	33.3	Personnel costs, net	-12	-10	20.0
-3	-4	-25.0	Other expenses/income	-10	-9	11.1
<b>9</b>	<b>2</b>	<b>-</b>	<b>EBITDA</b>	<b>43</b>	<b>24</b>	<b>79.2</b>

Gas distribution in Italy contributed €43 million in EBITDA, i.e. 79.2% more than in 2008.

The increase in EBITDA year-on-year was due mainly to the higher distribution remuneration under the new regulatory system for 2009-2012. The figure was also boosted by the sale of more gas due to weather conditions, the inclusion of Pitta Costruzioni and improved procurement prices.

#### 4.2.2.- Main aggregates

3Q09	3Q08	%		9M09	9M08	%
294	250	17.6	Gas activity sales (GWh):	2,518	2,025	24.3
238	198	20.2	Tariff gas sales	2,170	1,851	17.2
56	52	7.7	TPA	348	174	-
21	488	-95.7	Distribution network (km)	5,611	5,449	3.0
-	-	-	Distribution connections ('000) (at 30/09)	409	390	4.9

On 3 July 2008, GAS NATURAL acquired gas distribution company Pitta Costruzione, which operates in the Puglia region in southern Italy. The acquired group has a license to supply natural gas to 11 municipalities with a total of 15,000 clients and a distribution grid measuring 393 km.

With this deal, GAS NATURAL expanded its distribution area in Italy to 187 municipalities in 8 regions: Molise, Abruzzo, Puglia, Calabria, Sicily, Basilicata, Campania and Lazio.

After adding 12,650 new distribution points in 9M09, GAS NATURAL has 409,400 natural gas distribution points in Italy, thus attaining one of its first commercial goals.

A total of 2,518 GWh of gas were distributed in Italy, i.e. 24.3% more than in 2008, due basically to weather conditions and the inclusion of Pitta (+134 GWh).

#### 4.3.- Gas distribution in Latin America

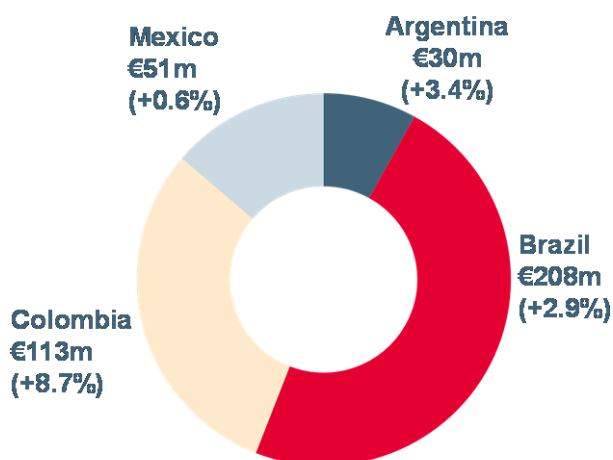
This division involves gas distribution in Argentina, Brazil, Colombia and Mexico.

##### 4.3.1.- Results

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
467	714	-34.6	Net sales	1,423	1,864	-23.7
-269	-527	-49.0	Purchases	-883	-1,326	-33.4
-18	-18	-	Personnel costs, net	-52	-51	2.0
-42	-45	-6.7	Other expenses/income	-116	-131	-11.5
<b>138</b>	<b>124</b>	<b>11.3</b>	<b>EBITDA</b>	<b>372</b>	<b>356</b>	<b>4.5</b>

Revenues from distribution in Latin America in 9M09 were affected by the negative performance of currencies with respect to the euro in the last twelve months.



**EBITDA in Latin America, by country**


Net sales totalled €1,423 million, a 23.7% decline, due basically to currency fluctuations.

The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to 9M08.

EBITDA amounted to €372 million, a 4.5% decrease on 9M08. Excluding the currency effect, EBITDA increased by 14.5% with respect to the same period last year.

Brazil and Colombia's contributions were particularly noteworthy: together they accounted for 78.2% of EBITDA.

**4.3.2.- Main aggregates**

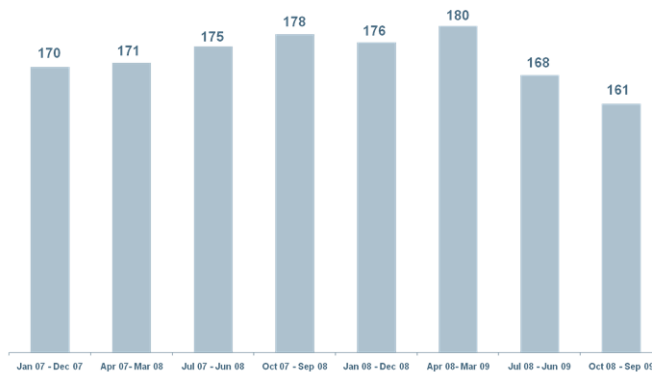
The main physical aggregates in gas distribution in Latin America are as follows:

3Q09	3Q08	%		9M09	9M08	%
41,047	54,507	-24.7	Gas activity sales (GWh):	128,047	154,157	-16.9
28,701	41,100	-30.2	Tariff gas sales	82,149	108,791	-24.5
12,346	13,407	-7.9	TPA	45,898	45,366	1.2
972	389	-	Distribution network (km)	62,647	60,683	3.2
39	47	-17.0	Change in distribution connections ('000)	116	131	-11.5
-	-	-	Distribution connections (000) (at 30/09)	5,369	5,208	3.1

The main physical aggregates by country in 2009 are as follows:

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh)	52,126	32,807	12,014	31,100	128,047
Change vs. 9M08 (%)	-1.3	-41.6	-3.9	-4.9	-16.9
Distribution network	22,856	5,974	17,494	16,323	62,647
Change vs. 30/09/2008 (km)	586	185	647	546	1,964
Distribution connections ('000 at 30/09)	1,419	796	2,005	1,149	5,369
Change vs. 30/09/2008 ('000)	34	12	104	11	161

### Increase in gas distribution connections, ('000)



There were a total of 5,369,000 gas distribution connections at 30 September 2009. High year-on-year growth rates were maintained, and the number of distribution connections increased by 161,000; notably, Colombia added 104,000 distribution connections and exceeded the 2 million customer mark due to a faster rate of customer acquisition in Bogotá and the Altiplano Cundiboyacense area .

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 128,047 GWh, a 16.9% decrease with respect to the previous year, basically in

consumption by power plants and industry.

The distribution grid was extended by 1,964 km (3.2%) in the last twelve months to 62,647 km at 30 September 2009; this is in line with the 3.1% growth in the number of distribution connections.

Highlights of activities in Latin America:

- Negotiations continue with the Argentine government over the application of a new tariff framework. In September 2009, a technical agreement was reached with ENARGAS regarding the increase in the index of costs for 2009 and is pending approval by the Ministry of Planning.
- On 31 March, a new tariff framework for 2008-2012 in the Rio de Janeiro area was approved by the Brazilian government, providing an additional increase of 11.8% for CEG Rio and 11.3% for CEG.
- In Colombia, the automotive gas market continues to grow: the number of service stations rose 11.4%, from 149 in September 2008 to 166 in September 2009. The number of vehicles fitted to run on LNG rose by 10.4%, from 105,413 at 30 September 2008 to 116,384 at 30 September 2009.
- On 23 July 2009, the tariff orders for the Monterrey, Nuevo Laredo, Toluca and Saltillo concessions were approved for 2008-2012, providing an 18.5% average increase.

## 4.4.- Electricity distribution in Spain

Electricity Distribution in Spain includes the regulated distribution of electricity as well as network services for customers, principally connection fees, meter rental, etc.

### 4.4.1.- Results

(unaudited)

3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
206	209	-1.4	Net sales	623	605	3.0
-	-	-	Purchases	-	-	-
-26	-28	-7.1	Personnel costs, net	-81	-84	-3.6
-36	-46	-21.7	Other expenses/income	-111	-118	-5.9
<b>144</b>	<b>135</b>	<b>6.7</b>	<b>EBITDA</b>	<b>431</b>	<b>403</b>	<b>6.9</b>

Revenues recognised in the regulated electricity distribution business (transmission, distribution and supply at the tariff) increased by 5.25% year-on-year. Other regulated revenues associated with network services (connections fees, meter rental, etc.) are in line with 2008 figures despite the economic slowdown.

Supply at the bundled tariff was abolished on 1 July 2009.

EBITDA reflects the performance of regulated revenues and improvements in operating efficiency. At 30 September 2009, EBITDA amounted to €431 million, a 6.9% increase.

#### 4.4.2.- Main aggregates

3Q09	3Q08	%		9M09	9M08	%
7,791	8,678	-10.2	Electric activity sales (GWh):	24,332	27,015	-9.9
-182	4,915	-	Tariff electricity sales	8,888	17,996	-50.6
7,973	3,763	-	TPA	15,444	9,019	71.2
-	-	-	Distribution connections (000) (at 30/09)	3,546	3,502	1.3
13	18	-27.8	ICEIT (minutes)	42	55	-23.6

Demand for energy in the markets associated with the distribution network performed similarly to the rest of the country, with consumption falling around 7% in terms of demand on the grid (around 6% in like-for-like terms).

The bundled tariff was abolished on 1 July 2009 and all customers were transferred to social tariff or liberalised market suppliers. The fact that energy supplied declined 1% more than demand is attributable to the time lag between consumption and billing and to the treatment of energy consumed but not yet billed.

Excluding factors of force majeure (basically the impact of hurricane Klaus in Galicia and, to a lesser extent, Castilla & León), service quality indicators performed well and were better than in 2008 (when they were the best in the industry). The Installed Capacity Equivalent Interrupt Time (ICEIT) was less than 42 minutes in the first nine months of 2009, almost 13 minutes lower than in the same period of 2008.

#### 4.5.- Electricity distribution in Moldova

The business in Moldova consists of regulated distribution of electricity and the supply of electricity at the bundled tariff in the capital city and the central and southern regions.

##### 4.5.1.- Results

(unaudited)

3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
36	38	-5.3	Net sales	133	106	25.5
-26	-24	8.3	Purchases	-102	-73	39.7
-2	-2	-	Personnel costs, net	-6	-5	20.0
-2	-4	-50.0	Other expenses/income	-7	-8	-12.5
<b>6</b>	<b>8</b>	<b>-25.0</b>	<b>EBITDA</b>	<b>18</b>	<b>20</b>	<b>-10.0</b>

In the same period in 2008, revenues from applying the tariff did not include adjustments for tariff deviations as a function of energy costs; as a result, EBITDA at that time was overstated with respect to the applicable regulatory scheme. This was corrected November 2008, and EBITDA at the end of the year was around €17 million.

EBITDA at September 2009 was €18 million due to lower energy losses (which affect the electricity margin) and to enhanced operations, which allow for improvements in efficiency and therefore reduced operating costs.

#### 4.5.2.- Main aggregates

3Q09	3Q08	%		9M09	9M08	%
511	520	-1.7	Electric activity sales (GWh):	1,662	1,638	1.5
511	520	-1.7	Tariff electricity sales:	1,662	1,638	1.5
-	-	-	TPA	-	-	-
-	-	-	Distribution connections (000) (at 30/09)	803	791	1.5
-	-	-	Network loss index (%)	12.9	14.3	-9.8

Electricity demand in Moldova remained flat with respect to the previous year, and amounted to 1,662 GWh.

Improvements in operating processes, such as power control measures, investment and operation and maintenance actions under way, have reduced the index of energy loss in the distribution networks to 12.9%, compared with 14.3% in 9M08. Although this indicator's performance may be affected in the winter, there is every indication that it will improve significantly by 2009 year-end.

#### 4.6.- Electricity Distribution in Latin America

This division involves regulated electricity distribution in Colombia, Guatemala, Nicaragua and Panama.

##### 4.6.1.- Results

(unaudited)

3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
483	454	6.4	Net sales	1,326	1,326	-
-323	-329	-1.8	Purchases	-913	-972	-6.1
-12	-11	9.1	Personnel costs, net	-38	-35	8.6
-50	-46	8.7	Other expenses/income	-126	-121	4.1
<b>98</b>	<b>68</b>	<b>44.1</b>	<b>EBITDA</b>	<b>249</b>	<b>198</b>	<b>25.8</b>

EBITDA in the distribution business in Latin America increased by 15.8% with respect to the first nine months of 2008, amply offsetting the 6.8% depreciation by the Colombian peso with respect to last year.

The Colombian distribution business contributed €129 million, an 11.7% increase (ignoring the negative currency effect). This growth was driven by a 2.8% increase in demand because of high temperatures in recent months.

EBITDA of the distribution companies in Central America amounted to €120 million, a 60.2% increase due basically to the distribution companies in Nicaragua, where EBITDA amounted to €34 million as a result of improvements in the tariff system following the signature and subsequent ratification of the Protocol of Understanding between the Nicaraguan government and the Group, and of the decline in procurement prices.

#### 4.6.2.- Main aggregates

3Q09	3Q08	%		9M09	9M08	%
4,823	4,581	5.3	Electric activity sales (GWh):	13,955	13,618	2.5
4,483	4,244	5.6	Tariff electricity sales:	12,945	12,568	3.0
340	337	0.9	TPA	1,009	1,049	-3.8
-	-	-	Distribution connections (000) (at 30/09)	5,057	4,507	12.2

Electricity sales amounted to 13.955 GWh, a 2.5% increase, and customer numbers exceeded 5 million, a 12.2% increase due to rapid growth in this variable in Colombia.

	Colombia	Guatemala	Nicaragua	Panama	Total
Electric activity sales (GWh)	8,412	1,356	1,700	2,487	13,955
Change vs. 9M08 (%)	2.1	-0.1	1.8	5.6	2.5
Distribution connections ('000 at 30/09)	2,535	1,359	712	451	5,057
Change vs. 30/09/2008 ('000)	481	22	29	18	550
Network loss index (%)	11.7	17.5	22.2	10.1	-

Despite the economic recession, energy demand in Central America increased by 2.5%, including a notable 6% increase in distribution in Panama due to the longer dry season.

The basic operating indicators in the business, associated with energy management, the power loss index and the debt collection index, improved with respect to the previous year and are in line with the goals of the action plans currently under way.

#### 4.7.- Electricity in Spain

This area includes power generation in Spain, wholesale electricity trading, and the wholesale and retail supply of electricity in the liberalised market in Spain.

#### 4.7.1.- Results

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
1,247	1,146	8.8	Net sales	3,010	3,444	-12.6
-798	-763	4.6	Purchases	-1,836	-2,237	-17.9
-28	-26	7.7	Personnel costs, net	-91	-80	13.8
-115	-122	-5.7	Other expenses/income	-274	-328	-16.5
<b>306</b>	<b>235</b>	<b>30.2</b>	<b>EBITDA</b>	<b>809</b>	<b>799</b>	<b>1.3</b>

Net sales in the electricity business in 3Q09 amounted to €3,010 million, 12.6% less than in the same period in 2008, primarily as a result of lower electricity prices and output.

EBITDA increased by 1.3% in the first nine months of 2009 to €809 million for the aforementioned reasons. That increase contrasts with the decline in both production (22.6%) and wholesale power prices (40%), because the power supplied and traded in the forward markets and contracts to supply gas at prices indexed to the electricity pool price provided the Group with a hedge against around 90% of the variation in pool prices in annual terms.

Electricity demand in mainland Spain slumped as a result of the recession, including notably a decline in industrial activity. Electricity demand in mainland Spain in the first nine months of 2009 totalled 188,244 GWh, 4.8% less than in the same period of 2008. Adjusting for the different number of working days and the temperature, demand actually declined by 5.3%. Additionally, the 27.9% reduction in electricity exports to neighbouring countries reduced net power production in Spain by 5.6%.

Capacity utilisation peaked this year on 13 January at an hourly average of 44,440 MW, i.e. 436 MW lower than the all-time record established in December 2007.

This reduction in domestic demand, coupled with the increase in "special regime" electricity production (18.4% year-on-year in 2009, covering almost 30% of demand) led to a 12.7% reduction in "ordinary regime" power production.

All "ordinary regime" technologies experienced a decline in output in January-September 2009 with respect to the same period of 2008. The only exception was hydroelectric, whose output increased by 8.8% as a result of higher precipitation. The exceedance probability in the first nine months of 2009 was 82%, i.e. statically 82 out of every 100 years would be wetter than 2009 (the same as in 2008).

Nuclear output declined by 10.6% as maintenance shutdowns had a greater impact this year than in 2008, although maintenance had a greater impact on thermal power plants (CCGTs and, above all, coal-fired plants).

CCGT output fell by 16.1%, coal-fired output by 19.7%. Combined cycle plants contributed 29.6% to national electricity production, compared with 33.3% in the same period of 2008. Expressed in terms of "ordinary regime" output, combined cycle plants accounted for 41.5% of the total in the first nine months of 2009, compared with 43.2% in the same period last year.

The reduction in domestic demand, particularly for CCGT and coal-fired output (the two technologies that generally set the pool price), led to a decline in prices in the electricity market which was amplified by the very significant decline in international commodity prices (around 50% between January and September).

The price of Brent crude went from \$111.1/bbl in 2008 to \$57.2/bbl on average in the same period of 2009 (a 48.5% reduction). API 2, Europe's main coal price indicator, fell 58%, from \$163.2/tonne in

2008 to \$68.5/tonne in 2009. CO<sub>2</sub> was also affected by these trends, and prices fell from an average of €24.6/tonne in January-September 2008 to €13.2/tonne in the same period of 2009 (a 46.3% decline).

As a result, the weighted average price in the electricity pool in the first nine months of 2009 was €39.3/MWh, i.e. 40% less than in 9M08 (€65.6/MWh).

#### 4.7.2.- Main aggregates

The key figures of GAS NATURAL's electricity activities in Spain are as follows:

3Q09	3Q08	%		9M09	9M08	%
-	-	-	Installed capacity (MW):	13,324	12,879	3.5
-	-	-	Ordinary Regime	12,363	12,066	2.5
-	-	-	Hydroelectric	1,860	1,860	-
-	-	-	Nuclear	589	589	-
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	617	774	-20.3
-	-	-	CCGT	7,249	6,795	6.7
-	-	-	Special Regime <sup>11</sup>	961	813	18.2
14,555	17,584	-17.2	Electricity generated (GWh):	28,938	37,406	-22.6
9,278	11,845	-21.7	Ordinary Regime	27,303	36,022	-24.2
399	543	-26.5	Hydroelectric	2,310	1,917	20.5
1,205	1,212	-0.6	Nuclear	3,005	3,177	-5.4
-12	1,719	-	Coal	1,598	5,029	-68.2
-2	10	-	Oil/gas	13	255	-94.9
7,688	8,361	-8.1	CCGT	20,377	25,644	-20.5
5,277	5,738	-8.0	Special Regime <sup>11</sup>	1,635	1,384	18.1
9,820	5,996	63.8	Electricity sales (GWh):	21,195	15,479	36.9
6,797	5,996	13.4	Liberalised market	18,172	15,479	17.4
3,023	-	-	TUR	3,023	-	-

GAS NATURAL produced 28,938 GWh in mainland Spain, 22.6% less than in the same period of 2008. Of that figure, 27,303 GWh were "ordinary regime" (a 24.2% decline). "Special regime" power generation increased by 18.1% to 1,635 GWh.

Hydroelectric output was much higher than in the first nine months of 2008 (+20.5%) as a result of the hydrological characteristics of the year; although it qualifies as a dry year overall, the exceedance probability in GAS NATURAL's watersheds was slightly better than in the period of 2008 (80%, vs. 88%). Potential hydroelectric output was slightly lower than last year (2,290 GWh vs. 1,956 GWh). Reservoirs in the watersheds where GAS NATURAL operates were 26.4% full, 2.3 percentage points higher than the same period of 2008 (24.1%).

Nuclear output declined by 5.4% due to longer refuelling and maintenance shutdowns at the Trillo and Almaraz plants.

Lower demand plus higher "special regime" output reduced coal-fired output by 68.2% with respect to the first nine months of 2008. CCGT output amounted to 20,377 GWh in January-September 2009;

<sup>11</sup> Includes 50% of Eufér.

combined with coal- and oil-fired output, total thermal output declined by 28.9% with respect to the same period of 2008.

GAS NATURAL had a 19.5% share of the "ordinary regime" power generation market in 9M09.

At 30 September 2009, GAS NATURAL had started up 147 MW of "special regime" facilities (counting Eufes's 50% stake): 103 MW of wind capacity, 21.5 MW of GWh (i.e. 17.3% of the supply market). Supply under the social tariff, which has been in force since 1 July 2009, amounted to 3,023 GWh.

GAS NATURAL continued trading actively in 9M09; transactions maturing in 9M09 amounted to over 9,986 GWh and the company traded over 7,030 GWh in the period.

As regards crossborder trading between Spain-France, France-Germany and Germany-Austria, GAS NATURAL participated in the monthly and daily interconnection small hydroelectric capacity, and 22 MW of cogeneration capacity. Additionally, in the third quarter of 2009, the Canary Islands auction for wind capacity was concluded and GAS NATURAL was awarded 55.6 MW of attributable capacity.

The electricity supply area sold 21,195 GWh in the first nine months of 2009, including supply to the liberalised market and under the social tariff. Sales to the liberalised market were 17.4% higher than in the first nine months of 2008 and amounted to 18,172 capacity auctions, trading over 1,097 GWh in the period and managing power in the various markets in those countries. The company also continued to participate in the French virtual power plants (VPP) as another mechanism for purchasing electricity.

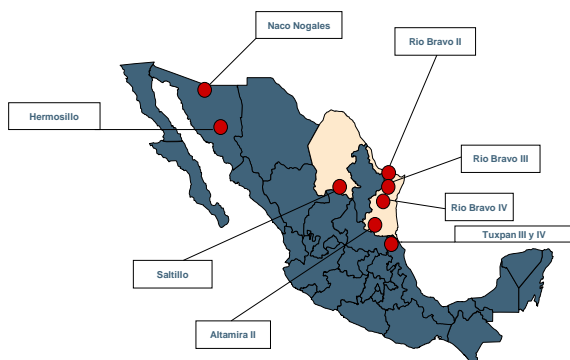
GAS NATURAL's operations in the French, German and Austrian markets are a further step towards expanding its energy trading business into other European markets so as to optimise its position in electricity through a more diversified portfolio of countries and products.

As regards trading of CO<sub>2</sub> emission permits, in 9M09 the company traded a total of 44.6 Mt through numerous deals involving EUA rights and CER credits, both in organised markets (BLUENEXT, ECX) and with different counterparties, in spot, forward and structured products. GAS NATURAL also managed its portfolio of emission rights and credits on a comprehensive basis for hedging purposes.

This activity enables the company to actively manage its position and optimise margins and risk exposure.

#### 4.8.- Electricity Mexico

CCGTs in Mexico (3,803 MW)



The assets acquired in Mexico are the Anáhuac power plant (Río Bravo II: 495 MW), the Lomas del Real power plant (Río Bravo III: 495 MW), Valle Hermoso power plant (Río Bravo IV: 500 MW), and Electricidad Águila de Altamira (Altamira II: 495 MW), all of which are located in the state of Tamaulipas, in north-western Mexico, as well as a 54-kilometre gas pipeline that supplies gas to those four plants; the Hermosillo (270 MW) and Naco Nogales (300 MW) plants in the state of Sonora; the Tuxpan III and IV plants (1,000 MW) in the state of Veracruz; and the Saltillo (248 MW) power plant in Coahuila state, also in north-western Mexico.



#### 4.8.1.- Results

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
178	337	-47.2	Net sales	599	1,017	-41.1
-114	-269	-57.6	Purchases	-390	-831	-53.1
-2	-4	-50.0	Personnel costs, net	-8	-11	-27.3
-12	-14	-14.3	Other expenses/income	-42	-36	16.7
<b>50</b>	<b>50</b>	<b>-</b>	<b>EBITDA</b>	<b>159</b>	<b>139</b>	<b>14.4</b>

EBITDA in the period amounted to €159 million, up 14.4%, primarily as a result of plants' greater availability and higher load factor with respect to the same period last year, and to the good performance of the dollar/euro exchange rate.

#### 4.8.2.- Main aggregates

3Q09	3Q08	%		9M09	9M08	%
-	-	-	Electric generation capacity (MW)	3,803	3,803	-
6,555	5,776	13.5	Electric energy production (GWh)	18,515	17,124	8.1

A total of 18,515 GWh were generated in 9M09, i.e. 8.1% more than in 9M08, with a load factor of 75.9%, 8.5 points higher due to higher dispatching by Comisión Federal de Electricidad as a result of gas being competitive in the area.

Availability, which is the pivotal factor for revenues at the Mexican CCGT plants, was 91.5%, 3.3 points higher than in the same period of 2008. The plants' efficiency improved by 0.5 points overall.

Construction continues on the Norte combined cycle plant in the state of Durango; the project is 92% complete. This 450 MW plant was awarded on 6 March 2007 and is expected to enter commercial operation in the first quarter of 2010.

#### 4.9.- Other electricity

This section covers electricity generation assets in Puerto Rico, Colombia, Costa Rica, Panama, the Dominican Republic and Kenya.

##### 4.9.1.- Results

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
178	184	-3.3	Net sales	500	499	0.2
-85	-85	-	Purchases	-233	-226	3.1
-5	-5	-	Personnel costs, net	-15	-14	7.1
-24	-26	-7.7	Other expenses/income	-57	-59	-3.4
<b>64</b>	<b>68</b>	<b>-5.9</b>	<b>EBITDA</b>	<b>195</b>	<b>200</b>	<b>-2.5</b>

EBITDA in the period amounted to €195 million, i.e. a 2.5% decline due to the sharp devaluation of the Colombian peso (-6.8%) since the end of 2008.

#### 4.9.2.- Main aggregates

3Q09	3Q08	%		9M09	9M08	%
52	-	-	Installed capacity (MW):	1,596	1,537	3.8
-	-	-	Puerto Rico (CCGT) <sup>12</sup>	254	254	-
-	-	-	Colombia (hydroelectric)	950	950	-
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric and thermal)	33	26	26.9
-	-	-	Dominican Republic (oil-fired)	198	198	-
52	-	-	Kenya (oil-fired)	110	58	89.2
1,586	1,813	-12.5	Electricity generated (GWh):	5,157	5,846	-11.8
519	517	0.4	Puerto Rico (CCGT) <sup>12</sup>	1,213	1,431	-15.2
528	837	-36.9	Colombia (hydroelectric)	2,542	3,109	-18.2
73	83	-12.0	Costa Rica (hydroelectric)	205	196	4.6
24	21	14.3	Panama (hydroelectric and thermal)	50	47	5.9
307	275	11.6	Dominican Republic (oil-fired)	835	823	1.5
135	81	66.7	Kenya (oil-fired)	312	240	30.1

Electricity output in the first nine months of 2009 amounted to 5,157 GWh. Output in Colombia totalled 2,542 GWh, 18.2% less than in the same period of 2008, which was the wettest year in 23 years and marked the beginning of the impact of El Niño on the country's reservoir levels.

Production by the Puerto Rico power plant declined by 15.2% as a result of the low load factor in the period: 73.0%, compared with 85.8% in the same period of 2008, since gas ceased to be competitively priced in the first half of the year.

Production increased by 7% in the Dominican Republic, Kenya and Costa Rica, and capacity utilization was 2.6 points higher than in the same period of 2008. In Kenya, the 52 MW expansion of the 58 MW plant was completed, involving the addition of seven diesel engines which came into commercial operation in the third quarter of 2009, increasing electricity production by 30.1% with respect to the previous year.

#### 4.10.- Gas

##### 4.10.1.- Up + Midstream

This area includes the development of integrated liquefied natural gas (LNG) projects, hydrocarbon exploration, development and production, maritime transportation, and the operation of the Maghreb-Europe gas pipeline.

<sup>12</sup> Figures at 50%.

#### 4.10.1.1- Results

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
64	64	-	Net sales	208	200	4.0
-10	-8	25.0	Purchases	-31	-39	-20.5
-2	-1	-	Personnel costs, net	-5	-4	25.0
-12	-13	-7.7	Other expenses/income	-38	-37	2.7
<b>40</b>	<b>42</b>	<b>-4.8</b>	<b>EBITDA</b>	<b>134</b>	<b>120</b>	<b>11.7</b>

Net sales in the Upstream+Midstream business totalled €208 million, a 4.0% increase.

EBITDA amounted to €134 million in 2009, 11.7% more than in 2008. These results were due to the higher utilisation of the gas carrier fleet in comparison with last year, and also to favourable evolution of the dollar exchange rate.

Gas exploration and production operations are booked using the "successful efforts" method, under which costs prior to drilling are expensed as they are incurred and the costs of the drilling phase are capitalised provisionally as construction in progress until such time as it is determined whether there are proven reserves to justify commercial development.

#### 4.10.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

3Q09	3Q08	%		9M09	9M08	%
28,031	32,761	-14.4	Gas transportation-EMPL (GWh):	78,723	105,666	-25.5
8,175	9,350	-12.6	Portugal-Morocco	20,309	27,556	-26.3
19,856	23,411	-15.2	GAS NATURAL	58,414	78,110	-25.2

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 78,723 GWh in 9M09, a 25.5% decline. Of that figure, 58,414 GWh were transported for GAS NATURAL through Sagane and 20,309 GWh for Portugal and Morocco. Lower energy demand in the Iberian Peninsula and optimisation of GAS NATURAL's supply/demand balance led to a lower volume of gas being shipped and, consequently, lower utilisation of the Maghreb-Europe pipeline.

On 27 March 2009, an auction of underground storage capacity was held in Spain for the period 1 April 2009 to 31 March 2010, for a total of 4,257 GWh. The auction, organised by OMEL (the electricity market operator) under the supervision of the CNE (Spain's National Energy Commission), was conducted via an ascending clock auction method, closing at a price of €1,767/GWh. GAS NATURAL was awarded 37% of the capacity auctioned (1,586 GWh), in line with its projections.

GAS NATURAL is also participating with Repsol in an off-shore well in the Montanazo concession (off Tarragona, on Spain's Mediterranean coast), where drilling concluded at the end of May 2009 with positive results, and the paperwork for project development commenced. Geological prospection and data acquisition work is also continuing in connection with the hydrocarbon prospection permit in Villaviciosa (Asturias), which GAS NATURAL owns 90%. GAS NATURAL is also participating in the Loquiz-Urederra permit (Álava and Navarra, Spain), where drilling of an exploratory well concluded in July 2009 with negative results.

GAS NATURAL and Repsol, in consortium with other companies, signed a partnership agreement in 2008 to develop an integrated gas project in Angola in which they will initially assess available gas reserves and subsequently undertake the necessary investments to develop them as LNG. The company Gas Natural West Africa (60% Repsol, 40% GAS NATURAL) was created to manage the project. The Angola government granted a Concession Decree in March 2009 which provides the legal framework for developing the project. Seismic exploration work is currently under way and will continue throughout 2010. The first exploratory well (Garoupa-2) is planned for 2010.



GAS NATURAL's projects to build two regasification plants in Italy (Trieste-Zaule and Taranto) continue to make progress towards obtaining the required permits and licenses. The Trieste-Zaule project obtained a positive report from the Ministry of Cultural Assets and Activities (MiBAC) in January 2009 and Ministerial Environmental Authorisation in July 2009, culminating the permit process at national level. The process of obtaining permits for the Taranto project, as required under Italian legislation, is continuing.

The permit process and the negotiations with the authorities are expected to conclude before the end of the year, with a view to making the final investment

decision in the first quarter of 2010.

Both projects are on-shore, located in the port areas of the respective cities, and have a planned regasification capacity of 8 bcm/year; investment per terminal will be approximately €500 million. The Trieste terminal is expected to be in service in 2013.

These plants will enable the company to diversify its sources of natural gas supply in Italy and provide continuity in this energy source, which is one of the objectives of the Italian government's energy policy.

GAS NATURAL and Gazprom signed a Memorandum of Understanding (MOU) under which they undertake to reach LNG sale agreements in the coming years and to cooperate in other areas, such as the emissions market and power generation.

Under the MOU, GAS NATURAL and Gazprom will negotiate medium- and long-term LNG sale agreements. Both companies will also explore commercial agreements to develop their gas businesses in north-western Europe.

#### **4.10.2.- Wholesale & Retail**

This area includes wholesale and retail gas supply in Spain and other countries, and the supply of other related products and services in Spain.

#### 4.10.2.1.- Results

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
1,198	1,844	-35.0	Net sales	4,897	5,556	-11.9
-1,033	-1,648	-37.3	Purchases	-4,321	-5,053	-14.5
-14	-14	0.0	Personnel costs, net	-47	-46	2.2
-93	-82	13.4	Other expenses/income	-239	-141	69.5
<b>58</b>	<b>100</b>	<b>-42.0</b>	<b>EBITDA</b>	<b>290</b>	<b>316</b>	<b>-8.2</b>

Net sales amounted to €4,897 million, an 11.9% decline with respect to the same period of last year. EBITDA in the first nine months of 2009 amounted to €290 million, 8.2% less than in the same period of 2008.

Diversification of the portfolio of commodities and combined management of the commodity and dollar risks mitigated the decline in EBITDA in a context of significant volatility in the energy and currency markets.

#### 4.10.2.2.- Main aggregates

The main aggregates in the gas procurement and supply activity are as follows:

3Q09	3Q08	%		9M09	9M08	%
59,175	68,941	-14.2	Gas supply (GWh):	183,253	220,087	-16.7
47,863	52,439	-8.7	Spain:	146,128	181,591	-19.5
-	-	-	Regulated market	-	17,383	-
47,863	52,439	-8.7	Liberalised market:	146,128	164,208	-11.0
32,820	44,916	-26.9	GAS NATURAL <sup>13</sup>	109,854	140,312	-21.7
15,043	7,523	-	Supply to third parties	36,274	23,896	51.8
11,312	16,502	-31.5	International:	37,125	38,496	-3.6
3,383	871	-	France	11,489	4,403	-
7,929	15,631	-49.3	Other	25,636	34,093	-24.8
-	-	-	Multiutility contracts (at 30/09)	2,130,108	2,120,614	0.4
-	-	-	Contracts per customer (at 30/09)	1.39	1.38	0.7

Until 1 July 2008, the gas procured for the regulated market was supplied to Enagás which, in addition to inventory management, supplied the gas to distribution companies, both in the GAS NATURAL group and third parties. This business amounted to 17,383 GWh in 2008.

GAS NATURAL supplied 109,854 GWh in the liberalised market, a 21.7% decline on 9M08 as a result of lower gas consumption for power generation by combined cycle plants (caused by lower electricity demand and lower pool prices) and of the decline in economic activity. GAS NATURAL sold 36,274 GWh of gas for supply to the liberalised market by other supply companies (a 51.8% increase).

<sup>13</sup> Does not include exchanges with other energy companies.

In view of the decline in consumption by industrial end customers, GAS NATURAL is participating actively in other businesses in order to diversify demand:

- As a result, it bid successfully in the auction to sell 714 GWh of natural gas to REN Armazenagem in order to fill the new salt dome in Carrizo, Portugal.
- And in the June 2009 auction for the social tariff in Spain, GAS NATURAL was awarded 20 blocks of baseload gas, equivalent to 720 GWh, as well as 40 blocks of winter gas, equivalent to 1,100 GWh (i.e. a total of 1,820 GWh). This represents approximately one-third of the total amount auctioned.

GAS NATURAL also participated actively in the process headed by the ERGEG group to develop infrastructure to greatly increase interconnection capacity between Spain and France. The initiative is a success since demand exceeded the capacity on offer.

Supply in Europe increased notably due to growth in natural gas supply in France. GAS NATURAL consolidated its presence in the international market by entering new markets.

In gas trading, GAS NATURAL was the first Spanish company to form part of the Zeebrugge gas hub in Belgium and, consequently, it has capacity to operate in that country by buying and selling gas in the Belgian wholesale market through new agreements that enable it to trade in that market and to supply gas to the industrial and domestic market in the future.

GAS NATURAL is taking steps to promote the use of natural gas as vehicle fuel in Spain, in both the public and private sectors. GAS NATURAL is already an expert player in this line of business in several Latin American countries and Italy, where automotive natural gas is widely used; in Spain, it markets this application of natural gas under the "gn auto" brand.

Under the "gn auto" project, GAS NATURAL undertakes end-to-end management of the process, from construction of the service station (capital cost and subsequent operation and maintenance) to the supply of compressed natural gas, thereby ensuring maximum availability of the facilities.

GAS NATURAL presented its plan for expansion into the automotive natural gas markets at the GNV Conference in Madrid in June 2009. The group has reached a number of agreements that strengthen its plan for expansion into the automotive natural gas markets:

- The company signed an agreement with CESPAs to expand its service station in Madrid and supply other vehicles such as taxis and commercial fleets.
- GAS NATURAL will supply fuel to the company's fleet of municipal waste collection vehicles in Barcelona for a period of eight years starting in November.
- Under an agreement with Transportes Campillo, GAS NATURAL will supplement its range of supply in the city of Valencia.
- Additionally, GAS NATURAL has acquired the Ros Roca automotive natural gas service station in Lleida, which currently supplies gas to the fleet of 12 municipal waste collection vehicles and other heavy vehicles in that city.
- Also, GAS NATURAL and Skoda España have begun to work together on enabling that automaker's vehicles to run on natural gas. A vehicle is expected to be ready for the market in the fourth quarter of 2009, initially focused on use as a taxi.

Also, through the "gnSolar" business line, GAS NATURAL seeks to promote the joint use of solar energy and natural gas in residential and tertiary buildings by providing advice for property developers and builders as well as a maintenance service for such installations.

At the Construmat and Genera trade fairs, GAS NATURAL presented new energy solutions based on natural gas to improve the efficiency of installations and save primary energy. The main new product presented by the company was a gas-fired heat pump for centralized installations which produces heat and cold using natural gas while consuming less energy than a traditional heat pump.

GAS NATURAL has also created a new web site, [www.gestonatural.es](http://www.gestonatural.es), to promote more sustainable consumption habits and showcase the company's initiatives in the area of sustainability and energy efficiency, and to develop the solar-gas combination, solar energy, and energy management in buildings.

GAS NATURAL also increased the number of multi-utility contracts with its customers by 0.4% to 2,130,108, boosting the number of contracts per customer from 1.38 to 1.39 at 30 September 2009.

#### 4.10.3.- Unión Fenosa Gas (UF Gas)

This area includes wholesale and retail gas procurement and supply in Spain and other countries performed by Unión Fenosa Gas, including the liquefaction plants in Damietta (Egypt) and Qalhat (Oman), the Reganosa and Sagunto regasification plants, and the gas carrier fleet.

##### 4.10.3.1.- Results

Unión Fenosa Gas is owned 50% by GAS NATURAL and is proportionately consolidated.

(unaudited)						
3Q09	3Q08	%	(€ Mn)	9M09	9M08	%
133	193	-31.1	Net sales	442	553	-20.1
-81	-107	-24.3	Purchases	-256	-282	-9.2
-4	-2	-	Personnel costs, net	-9	-7	28.6
-9	-9	-	Other expenses/income	-21	-21	-
<b>39</b>	<b>75</b>	<b>-48.0</b>	<b>EBITDA</b>	<b>156</b>	<b>243</b>	<b>-35.8</b>

EBITDA in the first nine months of 2009 amounted to €156 million, 35.8% less than in the same period last year due to a decline in activity and to the less favourable energy market situation.

##### 4.10.3.2.- Main aggregates<sup>14</sup>

There was a 2.7% reduction in gas supply in the first nine months of 2009. Sales to industry fell by 8.7% and to other supply companies by 13.3%. Sales to combined cycle plants remained stable and accounted for 62.3% of the total. A total of 10,581 GWh of electricity was sold in trading operations.

During the period, the gas acquired under long-term contracts with Egypt and Oman covered practically all the gas needs in the Spanish market, and only 6.9% of total gas needed to be obtained from other sources.

The main infrastructures in the gas business (liquefaction, carrier fleet, regasification) maintained the expected levels of availability and efficiency.

<sup>14</sup> Figures at 100%.

3Q09	3Q08	%		9M09	9M08	%
13,462	13,400	0.5	Gas supply in Spain (GWh)	39,753	40,872	-2.7
1,043	5,846	-82.2	Trading (GWh)	10,581	18,580	-43.1
9,745	9,621	1.3	Liquefaction (GWh)	39,264	35,473	10.7
5,672	4,620	22.8	Group	22,852	17,034	34.2
4,073	5,001	-18.6	Other operators	16,412	18,439	-11.0
20,469	24,601	-16.8	Regasification (GWh)	62,440	66,927	-6.7
10,189	9,536	6.8	Group	31,137	26,492	17.5
10,280	15,065	-31.8	Other operators	31,303	40,435	-22.6

The Damietta (Egypt) liquefaction plant operated at a high level in the period, processing 39,264 GWh, 10.7% more than in the same period of 2008. A total of 44 carrier-loads were shipped, of which 26 corresponded to Unión Fenosa Gas.

The Sagunto regasification plant processed 50,401 GWh, i.e. 75 shiploads, 32 of which were for Unión Fenosa Gas (28,334 GWh, 56.2% of the total).

The Reganosa regasification plant produced 12,039 GWh, i.e. 15 shiploads. Of that amount, 2,803 GWh were for Unión Fenosa Gas (23.3% of the total).

Preliminary studies are continuing with regard to a second liquefaction train in Egypt, an expansion of the Sagunto regasification plant, and investment in underground storage capacity. On 29 May 2009, the Industry and Energy Department of Valencia's Regional Government announced the start-up of the third storage tank, more than a month ahead of schedule.



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Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1 January 2009:

- GAS NATURAL files the press advertisement announcing the interim dividend payment out of 2008 income (disclosed 2 January 2009, registration number 27907).
- GAS NATURAL files the calendar for publication of its financial results in 2009 (disclosed 9 January 2009, registration number 27925).
- GAS NATURAL publishes the invitation to the conference call to discuss its 4Q08 earnings (disclosed 28 January 2009, registration number 28019).
- GAS NATURAL reports the decisions adopted by the Board of Directors on 30 January 2009 (disclosed 30 January 2009, registration number 28046).
- GAS NATURAL calls a Special Shareholders' Meeting to be held on 10 May 2009 in order to authorise a capital increase with pre-emptive subscription rights (disclosed 3 February 2009, registration number 103340).
- GAS NATURAL publishes its 4Q08 results (disclosed 10 February 2009, registration number 103558).
- GAS NATURAL files the presentation of earnings for the fourth quarter of 2008 (disclosed 10 February 2009, registration number 28107).
- GAS NATURAL files the presentation given at the press conference to present the earnings for the fourth quarter of 2008 (disclosed 10 February 2009, registration number 28108).
- GAS NATURAL files the Advance Report of earnings for the fourth quarter of 2008 (disclosed 12 February 2009, registration number 103666).
- The National Competition Commission (CNC) authorises the acquisition of Unión Fenosa (disclosed 12 February 2009, registration number 103696).
- The National Competition Commission (CNC) issues a press release in connection with the approval of the commitments in the GAS NATURAL/UNIÓN FENOSA concentration transaction (disclosed 12 February 2009, registration number 103697).
- GAS NATURAL publishes its Annual Corporate Governance Report (disclosed 16 February 2009, registration number 103746).
- GAS NATURAL files the Ministry's decision on the concentration transaction consisting of GAS NATURAL acquiring exclusive control of Unión Fenosa (disclosed 17 February 2009, registration number 103843).
- GAS NATURAL discloses that Standard & Poor's has downgraded the company's rating (disclosed 23 February 2009, registration number 104336).
- GAS NATURAL discloses that Fitch Ratings has downgraded the company's rating (disclosed 26 February 2009, registration number 104520).
- GAS NATURAL publishes the announcement of the takeover bid for the shares of Unión Fenosa (disclosed 26 February 2009, registration number 104538).
- GAS NATURAL discloses that Moody's has downgraded the company's rating (disclosed 2 March 2009, registration number 104898).

- GAS NATURAL discloses a cooperation agreement with Gazprom (disclosed 3 March 2009, registration number 104964).
- GAS NATURAL discloses that it has joined the Board of Directors of Unión Fenosa (disclosed 4 March 2009, registration number 28299).
- GAS NATURAL discloses that it has scheduled a special meeting of the Board of Directors immediately before the Shareholders' Meeting (disclosed 9 March 2009, registration number 105302).
- GAS NATURAL discloses the motions laid before the Shareholders' Meeting (disclosed 10 March 2009, registration number 105313).
- GAS NATURAL files the presentation for the press conference prior to the Special Shareholders' Meeting (disclosed 10 March 2009, registration number 28326).
- GAS NATURAL files the press release in connection with the Special Shareholders' Meeting (disclosed 10 March 2009, registration number 28328).
- The Comisión Nacional del Mercado de Valores (CNMV) suspends trading of GAS NATURAL shares on a precautionary basis (disclosed 10 March 2009, registration number 105306).
- The Comisión Nacional del Mercado de Valores (CNMV) lifts the precautionary suspension imposed on that same day (disclosed 10 March 2009, registration number 105316).
- GAS NATURAL files the decisions adopted by the Special Shareholders' Meeting (disclosed 10 March 2009, registration number 105331).
- GAS NATURAL files a presentation updating the transaction with Unión Fenosa (disclosed 16 March 2009, registration number 28353).
- GAS NATURAL announces the appointment of five new directors to the Board of Directors of Unión Fenosa (disclosed 25 March 2009, registration number 28417).
- GAS NATURAL announces the discovery of gas deposits off the Moroccan coast (disclosed 30 March 2009, registration number 28430).
- GAS NATURAL discloses the outcome of the capital increase (disclosed 31 March 2009, registration number 106390).
- GAS NATURAL reports that it has attained 400,000 distribution customers in Italy (disclosed 7 April 2009, registration number 28470).
- GAS NATURAL discloses the approval of its new code of ethics (disclosed 8 April 2009, registration number 28477).
- The Comisión Nacional del Mercado de Valores publishes the outcome of the takeover bid for Unión Fenosa shares by GAS NATURAL whose acceptance deadline was 14 April 2009 (disclosed 16 April 2009, registration number 106948).
- GAS NATURAL reports on the outcome of the takeover bid and its final stake in Unión Fenosa (disclosed 16 April 2009, registration number 106950).
- GAS NATURAL announces that, as provided in the Prospectus for the takeover bid for Unión Fenosa, it will not apply for a squeeze-out of Unión Fenosa shareholders and the latter may not require that GAS NATURAL buy them out (disclosed 16 April 2009, registration number 106952).

- The CNMV announces precautionary suspension of trading in GAS NATURAL shares (disclosed 23 April 2009, registration number 107292).
- GAS NATURAL announces that the Board of Directors of Unión Fenosa has approved the proposal to absorb Unión Fenosa into GAS NATURAL, and the proposed share exchange ratio. Additionally, GAS NATURAL appoints six directors to Unión Fenosa's Board of Directors and Rafael Villaseca is appointed CEO to facilitate integration of the two companies (disclosed 23 April 2009, registration number 28530).
- The CNMV lifts the precautionary suspension of trading imposed that same day (disclosed 23 April 2009, registration number 107300).
- GAS NATURAL announces that the Board of Directors of Unión Fenosa has approved the proposal to absorb Unión Fenosa and Unión Fenosa Generación into GAS NATURAL, and the proposed share exchange ratio. (disclosed 24 April, registration number 107418).
- GAS NATURAL files a press release on the merger (disclosed 24 April 2009, registration number 28543).
- GAS NATURAL files a press release on the merger (disclosed 24 April 2009, registration number 28543).
- GAS NATURAL files the text of the proposal to merge Unión Fenosa, S.A. and Unión Fenosa Generación into GAS NATURAL (disclosed 24 April 2009, registration number 107420).
- GAS NATURAL notifies a change in the date of publication of its 1Q09 results (disclosed 24 April 2009, registration number 28544).
- GAS NATURAL publishes the invitation to the conference call to discuss the 1Q09 results (disclosed 27 April 2009, registration number 28552).
- GAS NATURAL files an amendment to the invitation to the conference call to discuss the 1Q09 results (disclosed 27 April 2009, registration number 28553).
- GAS NATURAL discloses information about the assets in Mexico (disclosed 29 April 2009, registration number 28597).
- GAS NATURAL discloses the delivery of the first shipload of liquefied natural gas (LNG) for Electricité de France (EDF) at the Montoir de Bretagne regasification plant in France (disclosed 4 May 2009, registration number 28628).
- GAS NATURAL publishes 1Q09 results (disclosed 6 May 2009, registration number 1079087).
- GAS NATURAL files the presentation of results for the first quarter of 2009 (disclosed 6 May 2009, registration number 28644).
- GAS NATURAL discloses that, through subsidiary GAS NATURAL INTERNACIONAL SDG, it has applied for authorization from the Colombian financial authorities (Superintendencia Financiera de Colombia -SFC) to launch takeover bids for the subsidiaries of Unión Fenosa in that country (disclosed 7 May 2009, registration number 108088).
- GAS NATURAL files the Group's new top-level organisation structure following the acquisition of Unión Fenosa. The new organization has been designed to ensure the Group's capacity to compete successfully in an integrated global energy market (disclosed 19 May 2009, registration number 108555).

- GAS NATURAL gives notice that its Ordinary Shareholders' Meeting will be held on 26 June 2009 (disclosed 21 May 2009, registration number 108741).
- GAS NATURAL files, as a supplement to the notice of the Shareholders' Meeting, the report by the Board of Directors with respect to article 116 bis of the Securities Market Law (disclosed 25 May 2009, registration number 108885).
- GAS NATURAL files the information related to the Ordinary Shareholders' Meeting (disclosed 25 May 2009, registration number 108890).
- GAS NATURAL discloses that it has reached an agreement to sell its 5% stake in Enagás, S.A. to Oman Oil Holdings Spain, S.L.U. (disclosed 1 June 2009, registration number 109244).
- GAS NATURAL discloses that Fitch Ratings has affirmed its short- and long-term Issuer Default Ratings (IDR) for Gas Natural SDG, S.A. at A- and F2, respectively (disclosed 4 June 2009, registration number 109447).
- GAS NATURAL discloses that Moody's rating agency has downgraded the long-term senior unsecured ratings of Gas Natural Finance BV and Gas Natural Capital Markets, S.A. from Baa1 to Baa2, outlook stable, while maintaining the short-term rating at Prime-2 (disclosed 5 June 2009, registration number 109536).
- GAS NATURAL discloses that Standard & Poor's rating agency has affirmed the long- and short-term ratings of Gas Natural SDG, S.A. at BBB+/A-2 (disclosed 5 June 2009, registration number 109551).
- GAS NATURAL files an updated presentation of the Group (disclosed 17 June 2009, registration number 29025).
- GAS NATURAL discloses that it has received authorization from Spain's National Competition Commission to sell its shares of Enagás S.A. to Oman Oil Holdings Spain, S.L.U. (disclosed 23 June 2009, registration number 110373).
- GAS NATURAL discloses completion of two bond issues comprising two tranches (5 and 10 years) in the euromarket amounted to €2,000 million and €500 million (disclosed 24 June 2009, registration number 110437).
- GAS NATURAL files the presentation for the press conference prior to the Ordinary Shareholders' Meeting (disclosed 26 June 2009, registration number 29102).
- GAS NATURAL discloses approval of the motions put before the Ordinary Shareholders' Meeting (disclosed 26 June 2009, registration number 110523).
- GAS NATURAL files the press release in connection with the Ordinary Shareholders' Meeting (disclosed 26 June 2009, registration number 29116).
- GAS NATURAL discloses the outcome of the takeover bid made on 3 June by GAS NATURAL, through subsidiary GAS NATURAL INTERNACIONAL SDG, for Unión Fenosa's Colombian subsidiary Compañía de Electricidad de Tuluá (CETSA) (disclosed 1 July 2009, registration number 110739).
- GAS NATURAL discloses the outcome of the takeover bid made on 3 June by GAS NATURAL, through subsidiary GAS NATURAL INTERNACIONAL SDG, for Unión Fenosa's Colombian subsidiary Empresa de Energía del Pacífico (EPSA) (disclosed 1 July 2009, registration number 110740).
- GAS NATURAL files the press advertisement announcing the supplementary and extraordinary dividend payment (disclosed 2 July 2009, registration number 29147).

- GAS NATURAL discloses that the Italian Environment Ministry has issued the definitive environmental approval decree (VIA decree) for the liquefied natural gas regasification plant which the company plans to build in the port of Trieste-Zaule, (disclosed 16 July 2009, registration number 29233).
- GAS NATURAL publishes the invitation to the conference call to discuss its 2Q09 results (disclosed 16 July 2009, registration number 29234).
- GAS NATURAL discloses the signature of a contract to sell 248,000 distribution connections in Spain (disclosed 20 July 2009, registration number 111531).
- GAS NATURAL notifies a change in the time of its conference call to discuss 2Q09 results (disclosed 24 July 2009, registration number 29312).
- GAS NATURAL publishes 2Q09 results (disclosed 29 July 2009, registration number 111917).
- GAS NATURAL files the Advance Report of results for the second quarter of 2009 (disclosed 29 July 2009, registration number 111918).
- GAS NATURAL files the presentation of results for the second quarter of 2009 (disclosed 29 July 2008, registration number 29359).
- GAS NATURAL discloses that it has obtained authorisation to operate in Belgium's gas market (disclosed 17 August 2009, registration number 29444).
- Suez Environnement files a communiqué in response to the request for information from the CNMV in connection with its stake in GAS NATURAL (disclosed 28 August 2009, registration number 113106).
- GDF Suez files a communiqué in response to the request for information from the CNMV in connection with its stake in GAS NATURAL (disclosed 28 August 2009, registration number 113168).
- GAS NATURAL discloses the rules and procedure for exchanging Unión Fenosa shares for GAS NATURAL shares in accordance with provisions in the Proposal to merge Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into GAS NATURAL SDG, S.A., and as agreed by the Ordinary General Shareholders' Meetings of the three companies, held on 26 June 2009 (Gas Natural SDG, S.A.) and 29 June 2009 (Unión Fenosa, S.A. and Unión Fenosa Generación, S.A.) (disclosed 1 September 2009, registration number 113227).
- GAS NATURAL notifies that it was included for the fifth consecutive year in the Dow Jones Sustainability Index (DJSI World) and was also included in Europe's selective DJSI STOXX index (disclosed 3 September 2009, registration number 29512).
- GAS NATURAL files the equivalent of a merger prospectus for the merger of Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into GAS NATURAL (disclosed 3 September 2009, registration number 113326).
- GAS NATURAL notifies the registration in the Barcelona Mercantile Register of the public instrument of merge of the companies Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. by GAS NATURAL, and, therefore, the official delisting of the shares of Unión Fenosa, S.A. (disclosed 4 September 2009, registration number 113454).
- GAS NATURAL files a press release on the completion of the merger with Unión Fenosa, S.A. after the new GAS NATURAL shares have been listed (disclosed 7 September 2009, registration number 113491).

- GAS NATURAL files a press release about the first Board of Directors meeting after the merger with Unión Fenosa, held at the headquarters in Galicia (disclosed 18 September 2009, registration number 29601).
- The Comisión Nacional del Mercado de Valores (CNMV) halts trading of GAS NATURAL shares on a precautionary basis (disclosed 1 October 2009, registration number 114337).
- Suez Environnement discloses that it has sold almost all of its minority stake in GAS NATURAL (disclosed 1 October 2009, registration number 114338).
- UBS Limited notifies the Comisión Nacional del Mercado de Valores (CNMV) that it has purchased 11.8 million shares of GAS NATURAL from Suez Environnement, for placement among institutional investors (disclosed 1 October 2009, registration number 114339).
- The Comisión Nacional del Mercado de Valores (CNMV) lifts the precautionary suspension imposed on that same day (disclosed 1 October 2009, registration number 114343).
- UBS Limited notifies the completion of placement of the 11.8 million shares of GAS NATURAL among investors at €14.80 per share (disclosed 1 October 2009, registration number 114350).
- GAS NATURAL issues a press release announcing that it ranked as the top Spanish utility in the United Nations Carbon Disclosure Project 2009 Global 500 Report, which recognises select global companies for their efforts in fighting climate change (disclosed 2 October 2009, registration number 29696).
- GAS NATURAL discloses completion of three bond issues in euro: €500 million at 3 years, €1,000 million at 7 years and €750 million at 12 years (disclosed on 14 October 2009, registration number 114855).
- GAS NATURAL discloses that it has signed an agreement to sell its stake in Colombian company EPSA for US\$1.1 billion (disclosed on 17 October 2009, registration number 115005).
- GAS NATURAL issues a press release about the signature of an agreement to sell its stake in Colombian company EPSA (disclosed on 17 October 2009, registration number 29790).
- GAS NATURAL notifies a change in the date of its conference call to discuss 3Q09 results (disclosed 30 October 2009, registration number 29930).
- GAS NATURAL publishes the invitation to the conference call to discuss its 3Q09 results (disclosed 30 October 2009, registration number 29931).

- GAS NATURAL: CONSOLIDATED PROFIT & LOSS ACCOUNT
- GAS NATURAL: ANALYSIS OF RESULTS BY ACTIVITY
- GAS NATURAL: CONSOLIDATED BALANCE SHEET
- GAS NATURAL: CONSOLIDATED CASH FLOW STATEMENT

(unaudited)

(€ Mn)	9M09	9M08
Net sales	10,527	9,702
Other operating revenues	109	60
Purchases	-6,404	-6,917
Personnel costs	-436	-260
Other operating costs	-912	-659
<b>EBITDA</b>	<b>2,884</b>	<b>1,926</b>
Depreciation and amortisation	-957	-534
Change in operating provisions	-107	-21
<b>OPERATING PROFIT</b>	<b>1,820</b>	<b>1,371</b>
Finance income	-579	-197
Gains on disposal of financial instruments	101	13
Income from associates	57	5
<b>CONSOLIDATED PRE-TAX PROFIT</b>	<b>1,399</b>	<b>1,192</b>
Income tax expense	-351	-304
Minority interest	-134	-83
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>914</b>	<b>805</b>



**EBITDA**

(unaudited)

(€ Mn)	1Q09	2Q09	3Q09	4Q09	2009
<b>GAS DISTRIBUTION</b>	370	356	408		
Spain	238	220	261		
Italy	23	11	9		
Latin America	109	125	138		
<b>ELECTRICITY DISTRIBUTION</b>	-	156	247		
Spain	-	96	143		
Moldova	-	5	5		
Latin America	-	55	99		
<b>ELECTRICITY</b>	130	251	423		
Spain	92	157	309		
Mexico	26	47	50		
Rest	12	47	64		
<b>GAS</b>	224	127	137		
Up + Midstream	51	43	40		
Wholesale & Retail	173	59	58		
UF Gas	-	25	39		
<b>REST</b>	8	19	28		
<b>TOTAL</b>	<b>732</b>	<b>909</b>	<b>1,243</b>		

(€ Mn)	1Q08	2Q08	3Q08	4Q08	2008
<b>GAS DISTRIBUTION</b>	365	346	365	313	1,389
Spain	238	219	238	191	886
Italy	17	5	2	12	36
Latin America	110	122	125	110	467
<b>ELECTRICITY DISTRIBUTION</b>	-	-	-	-	-
Spain	-	-	-	-	-
Moldova	-	-	-	-	-
Latin America	-	-	-	-	-
<b>ELECTRICITY</b>	170	127	108	110	515
Spain	137	93	73	63	366
Mexico	19	21	24	33	97
Rest	14	13	11	15	53
<b>GAS</b>	184	110	141	214	650
Up + Midstream	44	34	42	65	185
Wholesale & Retail	140	76	100	149	465
UF Gas	-	-	-	-	-
<b>REST</b>	7	-12	14	1	9
<b>TOTAL</b>	<b>726</b>	<b>571</b>	<b>629</b>	<b>638</b>	<b>2,564</b>

## Tangible investments

(unaudited)					
(€ Mn)	1Q09	2Q09	3Q09	4Q09	2009
GAS DISTRIBUTION	88	124	111		
Spain	63	89	78		
Italy	9	13	11		
Latin America	16	22	22		
ELECTRICITY DISTRIBUTION	-	68	111		
Spain	-	48	77		
Moldova	-	4	6		
Latin America	-	16	28		
ELECTRICITY	87	182	274		
Spain	75	160	223		
International	12	22	51		
GAS	10	13	98		
Up + Midstream	7	6	95		
Wholesale & Retail	3	3	4		
UF Gas	-	4	-1		
REST	1	6	12		
<b>TOTAL</b>	<b>186</b>	<b>393</b>	<b>606</b>		

(€ Mn)	1Q08	2Q08	3Q08	4Q08	2008
GAS DISTRIBUTION	88	151	156	267	662
Spain	60	109	104	188	461
Italy	11	17	15	22	65
Latin America	17	25	37	57	136
ELECTRICITY DISTRIBUTION	-	-	-	-	-
Spain	-	-	-	-	-
Moldova	-	-	-	-	-
Latin America	-	-	-	-	-
ELECTRICITY	74	66	59	154	353
Spain	57	59	60	134	310
International	17	7	-1	20	43
GAS	6	5	7	15	33
Up + Midstream	5	4	4	8	21
Wholesale & Retail	1	1	3	7	12
UF Gas	-	-	-	-	-
REST	2	4	4	10	20
<b>TOTAL</b>	<b>170</b>	<b>226</b>	<b>226</b>	<b>446</b>	<b>1,068</b>

(unaudited)

(€ Mn)	30/09/09	30/09/08
<b>Non-Current Assets-</b>	<b>41.579</b>	<b>13.853</b>
Tangible assets	27.302	9.850
Goodwil	11.179	1.610
Investment in associates	84	41
Non-current financial assets	1.961	2.043
Deferred income tax assets	1.053	309
<b>Current Assets-</b>	<b>6.559</b>	<b>3.799</b>
Inventories	784	531
Trade and other receivables	4.353	2.475
Other current financial assets	478	88
Cash and cash equivalents	944	705
<b>TOTAL ASSETS</b>	<b>48.138</b>	<b>17.652</b>

(unaudited)

(€ Mn)	30/09/09	30/09/08
<b>Equity-</b>	<b>12.732</b>	<b>6.857</b>
Net equity of Parent Company	10.788	6.474
Minority interest	1.944	383
<b>Non-Current Liabilities-</b>	<b>27.273</b>	<b>6.739</b>
Non-current financial liabilities	19.304	4.260
Provisions	1.918	694
Other non-current liabilities	6.051	1.785
<b>Current Liabilities-</b>	<b>8.133</b>	<b>4.056</b>
Current financial debt	3.563	1.423
Suppliers and other current liabilities	4.570	2.633
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48.138</b>	<b>17.652</b>

(unaudited)

(€ Mn)	9M09	9M08
<b>Cash flow from ordinary activities</b>	<b>1.953</b>	<b>1.730</b>
Income before taxes	1.399	1.192
Adjustments	1.372	832
Changes in working capital	-88	24
Other cash flows from operating activities	-730	-318
<b>Investment cash flow</b>	<b>-14.249</b>	<b>-2.436</b>
Investments	-15.557	-2.537
Disposals	1.123	48
Other cash flows from investing activities	185	53
<b>Financing cash flow</b>	<b>12.982</b>	<b>1.261</b>
Increase of capital	3.410	-
Net proceeds from instruments representing financial liabilities	10.314	1.844
Dividends paid	-749	-579
Other cash flows from financing activities	7	-4
<b>Effect of exchange rate variations</b>	<b>9</b>	<b>-3</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>695</b>	<b>552</b>
<b>Beginning cash and cash equivalents</b>	<b>249</b>	<b>152</b>
<b>Ending cash and cash equivalents</b>	<b>944</b>	<b>704</b>

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