



# **Third quarter results 2012**

**6 November 2012**

**NET PROFIT IN THE FIRST NINE MONTHS OF 2012  
AMOUNTED TO €1,115 MILLION**

- Net profit in the first nine months of 2012 was €1,115 million, up 0.1% year-on-year, despite lower gains on asset sales with respect to the same period of 2011.
- In recurrent terms, i.e. adjusting for gains/losses on asset divestments in the first nine months of 2012 and 2011, net profit would have expanded by 22.8%. That growth is the result of positive EBITDA performance in a demanding macroeconomic context and of financial discipline, reflected by the gradual normalisation of debt and decline in financial expenses.
- Consolidated EBITDA in the period amounted to €3,827 million, an 8.1% increase with respect to 9M11, supported by GAS NATURAL FENOSA's diversification, the growing contribution from the international business, and its balanced business profile, which offset the stagnation in the contribution from the businesses in Spain, which were impacted by the divestments in 2011 and by Royal Decree-Act 13/2012.
- Standardising for divestments in 2011 and 2012, EBITDA would have expanded by 10.0%.
- The results obtained in this context highlight the solid fundamentals of GAS NATURAL FENOSA's business model, which is based on an appropriate balance of regulated and liberalised gas and electricity businesses, including a growing, diversified international presence.
- EBITDA from GAS NATURAL FENOSA'S international activities accounted for 42.7% of the consolidated total in the first nine months of 2012, compared with 36.6% in the same period last year.
- Divestments, the company's sound, balanced business profile, and strict discipline in finances and capital expenditure have enabled the company to steadily reduce leverage, to 52.9% at 30 September 2012, which is particularly efficient since the debt structure, cost and maturities are in line with GAS NATURAL FENOSA's business profile.
- GAS NATURAL FENOSA successfully placed two bond issues, in September and October 2012, totalling €1,300 million. Despite restrictions in the capital markets and very demanding maturity dates in terms of liquidity, the issues were six times oversubscribed, evidencing the company's sound position and balanced business and risk profile.

## 1.- MAIN AGGREGATES

### 1.1.- Main financial aggregates

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
5,979	5,110	17.0	Net sales	18,418	15,315	20.3
1,268	1,153	10.0	EBITDA	3,827	3,539	8.1
752	667	12.7	Operating income	2,334	2,365	-1.3
348	292	19.2	Net profit	1,115	1,114	0.1
-	-	-	Average number of shares (million) <sup>1</sup>	995	941	5.7
-	-	-	Net profit per share (€)	1.12	1.18	-5.1
295	381	-22.6	Investments	846	901	-6.1
-4	568	-	Net financial debt (at 30/09)	16,935	17,349	-2.4

### 1.2.- Ratios

(unaudited)		
	9M12	9M11
Leverage <sup>2</sup>	52.9%	54.5%
EBITDA/ Financial result	6.4x	5.5x
Net financial debt /EBITDA	3.4x	3.9x
P/E	8.3x	10.6x
EV/EBITDA	5.7x	6.7x

Share performance and balance sheet data at 30 September.

<sup>1</sup> Calculated in accordance with IAS 33.

<sup>2</sup> Net financial debt/(Net financial debt + Equity).

### 1.3.- Main physical aggregates

Gas and electricity distribution:

3Q12	3Q11	%		9M12	9M11	%
92,068	91,065	1.1	Gas distribution (GWh):	299.822	294.041	2.0
40,626	42,033	-3.3	Europe:	148,653	151,676	-2.0
193	212	-9.0	Tariff gas sales	2,119	2,012	5.3
40,433	41,821	-3.3	TPA <sup>3</sup>	146,534	149,664	-2.1
51,442	49,033	4.9	Latin America:	151,169	142,365	6.2
34,598	32,457	6.6	Tariff gas sales	93,559	86,758	7.8
16,844	16,576	1.6	TPA	57,610	55,607	3.6
13,257	13,539	-2.1	Electricity distribution (GWh):	40,662	41,192	-1.3
8,639	9,214	-6.2	Europe:	27,261	27,780	-1.9
584	558	4.7	Tariff gas sales	1,853	1,780	4.1
8,055	8,656	-6.9	TPA	25,408	26,000	-2.3
4,618	4,325	6.8	Latin America:	13,401	13,412	-0.1
4,356	4,106	6.1	Tariff gas sales	12,677	12,728	-0.4
262	219	19.6	TPA	724	684	5.8
-	-	-	Gas distribution connections ('000)	11,576	11,271	2.7
-	-	-	(at 30/09):			
-	-	-	Europe	5,538	5,449	1.6
-	-	-	Latin America	6,038	5,822	3.7
-	-	-	Electricity distribution connections ('000) (at	8,261	8,081	2.2
-	-	-	30/09):			
-	-	-	Europe	4,596	4,558	0.8
-	-	-	Latin America	3,665	3,523	4.0
-	-	-	ICEIT in Spain (minutes)	25	30	-16.7

<sup>3</sup> Also includes TPA services in the secondary network.

## Energy businesses:

3Q12	3Q11	%		9M12	9M11	%
14,602	14,650	-0.3	Electricity generated (GWh):	42,603	43,558	-2.2
9,627	9,440	2.0	Spain:	28,348	28,690	-1.2
357	216	65.3	Hydroelectric	1,140	2,579	-55.8
1,236	1,162	6.4	Nuclear	3,317	3,182	4.2
2,075	1,220	70.1	Coal	5,991	2,524	-
-	-1	-	Oil/gas	-	-3	-
5,380	6,363	-15.4	CCGT	15,933	18,679	-14.7
579	480	20.6	Renewables	1,967	1,729	13.8
4,975	5,210	-4.5	International:	14,255	14,868	-4.1
105	118	-11.0	Hydroelectric	261	268	-2.6
4,402	4,637	-5.1	CCGT	12,676	13,182	-3.8
468	455	2.9	Oil-gas	1,318	1,418	-7.1
-	-	-	Installed capacity (MW):	15,495	15,870	-2.4
-	-	-	Spain:	12,803	13,187	-2.9
-	-	-	Hydroelectric	1,904	1,868	1.9
-	-	-	Nuclear	603	595	1.3
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	157	617	-74.6
-	-	-	CCGT	6,998	6,998	-
-	-	-	Renewables	1,093	1,061	3.0
-	-	-	International:	2,692	2,683	0.3
-	-	-	Hydroelectric	73	73	-
-	-	-	CCGT	2,298	2,289	0.4
-	-	-	Oil-gas	321	321	-
71,409	73,856	-3.3	Gas supply (GWh):	244,815	226,495	8.1
53,188	53,640	-0.8	Procurement Spain	179,108	173,870	3.0
219	167	31.1	Retail Procurement Italia	2,127	1,970	8.0
18,002	20,049	-10.2	Rest	63,580	50,655	25.5
13,008	15,331	-15.2	UF Gas <sup>4</sup>	42,627	42,293	0.8
6,695	5,684	17.8	Gas supply in Spain (GWh)	21,593	18,157	18.9
17,394	20,215	-14.0	Rest (GWh)	83,597	83,187	0.5
			Gas transportation - EMPL (GWh)			

<sup>4</sup> Assuming 100%.

## 2.- ANALYSIS OF CONSOLIDATED RESULTS

### 2.1.- Changes in group size

The main changes in consolidated group size in the period from January to September 2012 with respect to the same period in 2011 are as follows:

- In May 2011, the company divested the electricity distribution companies in Guatemala.
- Also in May 2011, the company executed the agreement to break up and redistribute Eufer's assets by swapping stakes in a number of wind farm companies. As a result, Gas Natural Fenosa Renovables received approximately one-half of Eufer's net assets, i.e. over 500 MW of installed capacity in operational assets.
- On 30 June 2011, the company disposed of Bis Distribución de Gas, which had 304,000 gas supply points in Madrid.
- In September 2011, GAS NATURAL FENOSA acquired 66.66% of Energías Ambientales (EASA) and 25.0% of Explotaciones Eólicas Sierra de Utrera from ACS; it now owns 100% and 75%, respectively, of those companies, which are now fully consolidated.
- In December 2011, the company acquired, from Gamesa, 100% of Sistemas Energéticos Alto do Seixal, which is now fully consolidated.
- In December 2011, the company acquired 100% of Favellato Reti Gas (Italy), which is now fully consolidated.
- In February 2012, the company sold certain gas clients and associated contracts in the Madrid region.

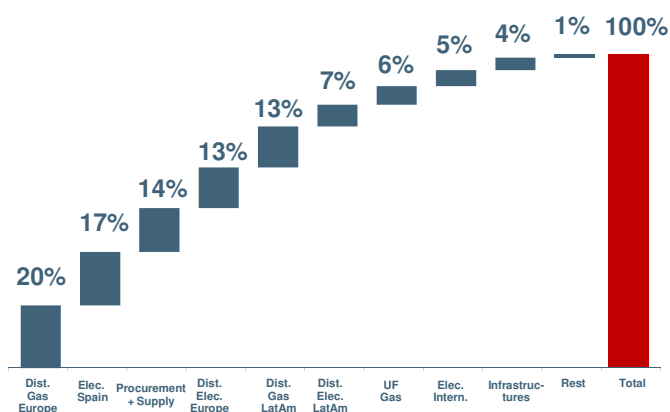
### 2.2.- Analysis of results

#### 2.2.1.- Net sales

Net sales totalled €18,418 million in 9M12, a 20.3% increase over 9M11, due basically to overall growth in the wholesale gas business (both Procurement and Supply, and UF Gas).

#### 2.2.2.- EBITDA and operating income

Contribution to EBITDA by business



Consolidated EBITDA in the first nine months of 2012 amounted to €3,827 million, an increase of 8.1% with respect to the same period of 2011, in a very tough context in macroeconomic, energy and financial terms; this result was achieved due to an appropriate balance of regulated and liberalised gas and electricity businesses, including a growing, diversified international contribution, which offset the EBITDA impact of divestments in 2011 and the impact of Royal Decree-Act 13/2012.

Regulated gas and electricity distribution in Spain (30.2%) and other countries (21.9%) accounts for 52.1% of GAS NATURAL FENOSA's EBITDA.

In Spain, the Gas business expanded by 44.3% and accounts for 23.8% of consolidated EBITDA. The electricity business declined in importance, and now accounts for 22.6% of consolidated EBITDA.

EBITDA from GAS NATURAL FENOSA's international activities accounted for 42.7% of the consolidated total in the first nine months of 2012, compared with 36.3% in the same period last year.

Depreciation charges increased by 2.6%, while provisions increased by €37 million to €179 million in the first nine months of 2012. Gains from asset disposals totalled €20 million (+€268 million in 9M11), providing operating profit of €2,334 million, i.e. 1.3% lower than the same period last year.

Standardising for capitals gains/losses on divestments in 9M11, EBITDA would have increased by 10.0%.

### 2.2.3.- Financial results

The breakdown of financial results is as follows:

(unaudited)				
3Q12	3Q11	(€ Mn)	9M12	9M11
-206	-211	Cost of net financial debt	-594	-636
-11	-	Other financial expenses/revenues	-54	-65
<b>-217</b>	<b>-211</b>	<b>Financial result</b>	<b>-648</b>	<b>-701</b>

The cost of net interest-bearing debt was €594 million in 9M12, i.e. lower than in 9M11 due to the combined effect of lower net debt and the lower cost of debt.

### 2.2.4.- Corporate income tax

GAS NATURAL FENOSA 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 rate for corporate income tax (or the equivalent tax) applicable to income for the period is applied.

The income tax expense is recognised based on the effective tax rate envisaged for the year as a whole. The effective tax rate in the first nine months of 2012 was 24.9%, on par with last year's figure. The difference between the theoretical tax rate and the effective tax rate was due to the application of tax credits for reinvestment of extraordinary gains, the different tax systems applied to companies operating outside Spain, and the effect of net income from equity-accounted affiliates.

### 2.2.5.- Minority interest

The main items in this account are the minority shareholders of EMPL, investees in Colombia, gas distribution companies in Brazil, and electricity generation and distribution companies in Panama.

Income attributed to minority interest in 2012 amounted to €159 million, i.e. €20 million more than in the same period of 2011.

### 3. BALANCE SHEET

#### 3.1.- Investments

The breakdown of investments by type is as follows:

(unaudited)			
(€ Mn)	9M12	9M11	%
Capital expenditure and intangible assets	822	832	-1.2
Financial assets	24	69	-65.2
<b>Total investments</b>	<b>846</b>	<b>901</b>	<b>-6.1</b>

Investments in property, plant & equipment and intangible assets amounted to €822 million in the period, a decline of 1.2% year-on-year.

In 2008, the Costa Rican Institute of Electricity (ICE) awarded GAS NATURAL FENOSA the contract to build and operate the Torito hydroelectric plant (50 MW) for a 20-year period. Capital expenditure amounted to €21 million in 9M12; by application of IFRIC 12 "Service Concession Arrangements", that amount is classified as financial assets.

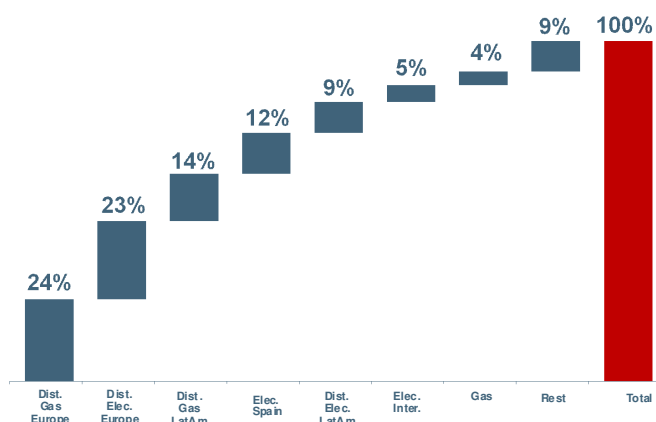
The breakdown of investment in property, plant and equipment and intangible assets by line of business is as follows:

(unaudited)			
(€ Mn)	9M12	9M11	%
Gas distribution:	306	271	12.9
Spain	170	159	6.9
Latin America	111	89	24.7
Italy	25	23	8.7
Electricity distribution:	262	264	-0.8
Spain	179	177	1.1
Latin America	75	76	-1.3
Moldova	8	11	-27.3
Electricity:	144	175	-17.7
Spain	101	141	-28.4
International	43	34	26.5
Gas:	34	38	-10.5
Infrastructure	14	22	-36.4
Procurement & Supply	14	10	40.0
UF Gas	6	6	-
Rest	76	84	-9.5
<b>Total capital expenditure</b>	<b>822</b>	<b>832</b>	<b>-1.2</b>

GAS NATURAL FENOSA allocated 69.1% of capital expenditure to regulated gas and electricity distribution, which will strengthen their contribution to consolidated EBITDA.



### Total capital expenditure and intangible assets by activity



A total of 63.5% of capital expenditure in the period corresponds to Spain (68.6% in the same period of 2011), whereas 36.5% of capital expenditure corresponds to other countries, an increase of 14.9% with respect to the same period last year.

Capital expenditure in Latin America remains focused on Mexico, Brazil and Colombia, and capital spending on gas distribution expanded by a notable 24.7%.

### 3.2.- Debt

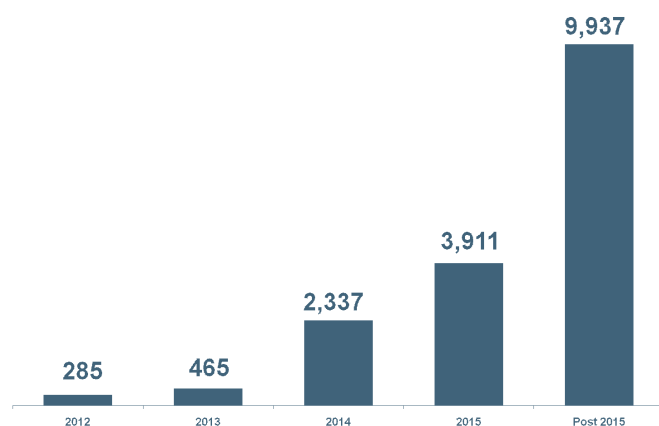
At 30 September 2012, net financial debt amounted to €16,935 million and leverage was 52.9%. Excluding the outstanding tariff deficit at 30 September 2012 (€1,357 million), net debt would be €15,578 million, i.e. leverage of 50.8%.

The net debt/EBITDA ratio was 3.4 (3.2 if the tariff deficit is excluded from net debt) and the EBITDA/net interest ratio was 6.4 at 30 September 2012.

Since the Fondo de Amortización del Déficit Eléctrico (FADE) launched an inaugural bond issue backed by rights assigned by Spain's electricity system on 11 January 2011, new issues and taps under previous issues have totalled €13,081 million, of which €3,270 were issued in 2012. GAS NATURAL FENOSA has received a total of €1,469 million, including €367 million in the first quarter of 2012.

The figure shows GAS NATURAL FENOSA's net debt maturity calendar at 30 September 2012.

### Adjusted net debt maturity (€Mn)



A total of 81.8% of the net interest-bearing debt at 30 September 2012 matures in or after 2015. The average term of the debt is 4.7 years.

A total of 78.3% of net interest-bearing debt is at fixed interest rates and the other 21.7% is at floating rates. Of the net financial debt, 4.3% is short term and 95.7% is long term.

At 30 September 2012, cash and cash equivalents together with available bank finance totalled over €9,000 million, providing the company with sufficient liquidity to cover its debt maturities for more than 24 months.

Additionally, at 30 September 2012 the company had €3,584 million available in the form of shelf registrations for financial instruments, including €2,400 million in the Euro Medium Terms Notes (EMTN) programme, €804 million in the Euro Commercial Paper (ECP) programme, and €380 million in the stock market certificates programmes on the Mexico Stock Exchange and the commercial paper

programme on the Panama Exchange. In October 2012, a new 500,000 million peso programme commenced in Colombia; the first issue was on 24 October 2012.

The total amount issued under the EMTN programme since June 2009 is over €9,600 million, with an average coupon of 4.89% and an average maturity of close to 7 years. That includes an €800 million issue on 10 September with a fixed coupon of 6%, maturing in January 2020. In October, GAS NATURAL FENOSA issued €500 million with a fixed coupon of 4.12%, maturing in April 2017; this reduced the average interest rate for all issues to 4.86%.

In December 2011 and March 2012, GAS NATURAL FENOSA obtained credit lines from the European Investment Bank (EIB) amounting to a total of €500 million and maturing up to 15 years. At 30 September 2012, the company had €150 million undrawn under those lines. The company also obtained bilateral bank loans and credit lines in 2012.

The breakdown of the net financial debt by currency at 30 September 2012, in absolute and relative terms, is as follows:

(unaudited)

(€ Mn)	30/09/12	%
EUR	14,421	85.2
US\$	1,182	7.0
COP	564	3.3
MXN	333	2.0
JPY	226	1.3
BRL	191	1.1
ARS	18	0.1
Other	-	-
<b>Total net financial debt</b>	<b>16,935</b>	<b>100.0</b>

The credit ratings of GAS NATURAL FENOSA'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	BBB+	F2

### 3.3.- Shareholders' equity

The dividend proposal approved by the Ordinary Shareholders' Meeting on 20 April 2012 includes the payment of a dividend amounting to €360 million (equal to the 2011 interim dividend, which was paid on 9 January 2012) as well as a scrip dividend through the issuance of new ordinary shares for a maximum reference market value of €461 million.

The trading period for the warrants corresponding to the scrip dividend out of 2011 income ended on 13 June 2012. The holders of 81.8% of the warrants accepted the irrevocable purchase commitment by GAS NATURAL FENOSA, which, as a result, acquired 811,328,072 warrants for €379 million gross. The other 18.2% opted to receive new shares. As a result, the definitive number of ordinary shares with a unit face value of one euro issued as scrip dividend was 9,017,202. The capital increase was registered with the Mercantile Register on 22 June 2012 and the shares were listed on 29 June 2012.

At 30 September 2012, the total number of ordinary shares was 1,000,689,341, represented by book entries, with a par value of one euro each. All of the outstanding shares are fully paid-up and have the same political and economic rights.

At 30 September 2012, GAS NATURAL FENOSA shareholders' equity totalled €15,097 million. Of that total, €13,455 million is attributable to GAS NATURAL FENOSA, a 4.5% increase with respect to 30 September 2012.

## 4.- ANALYSIS OF RESULTS BY ACTIVITY

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 (TPA) and secondary transportation, as well as the distribution activities that are charged for outside the regulated remuneration (meter rentals, customer connections, etc.) in Spain.

In line with the action plan approved by Spain's National Competition Commission in connection with the purchase of Unión Fenosa, the company completed the sale of 304,456 natural gas supply points in Madrid (with a consumption of 1,439 GWh) to the Madrileña Red de Gas group on 30 June 2011. As a result, there are notable variations when comparing the two periods.

#### 4.1.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
327	319	2.5	Net sales	958	944	1.5
-6	-4	50.0	Purchases	-17	-11	54.5
-18	-19	-5.3	Personnel costs, net	-54	-57	-5.3
-64	-60	6.7	Other revenues and expenses	-197	-178	10.7
<b>239</b>	<b>236</b>	<b>1.3</b>	<b>EBITDA</b>	<b>690</b>	<b>698</b>	<b>-1.1</b>
-72	-69	4.3	Depreciation and amortization	-213	-210	1.4
-	1	-	Change in operating provisions	-2	1	-
<b>167</b>	<b>168</b>	<b>-0.6</b>	<b>EBIT</b>	<b>475</b>	<b>489</b>	<b>-2.9</b>

Net sales in the gas distribution business totalled €958 million and EBITDA €690 million.

Excluding the effect of the divestment of assets in the Madrid region and of non-recurring revenues in 9M11, net sales would have expanded by 4% and EBITDA by 3%, in line with the increase in remuneration.

#### 4.1.2.- Main aggregates

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

3Q12	3Q11	%		9M12	9M11	%
40,327	41,718	-3.3	Gas TPA sales (GWh)	145,844	149,058	-2.2
295	-949	-	Distribution network (km)	46,080	43,608	5.7
12	16	-25.0	Change in connection points ('000)	43	52	-17.3
-	-		Connection points ('000) (at 30/09)	5,093	5,021	1.4

Excluding divestment proceeds, revenues in the regulated gas business in Spain, which includes TPA (third-party access) services in the gas distribution network and secondary transportation, declined by 1% (-1,250 GWh) with respect to the same period of 2011, due to the decline in industrial consumption caused by the crisis in Spain.

GAS NATURAL FENOSA continues to expand its distribution network and to increase the number of supply connections. The low level of activity in the new building market continues to impact growth in supply connections, which the company is offsetting by increasing connections in the existing building market. New customers in that market which are signed but not yet connected expanded by 12% with respect to the same period of 2011.

Order IET/3587/2011 was published on 31 December 2011, establishing the tolls and fees for third-party access to gas installations and remuneration for regulated gas activities for 2012. The order maintains the system for calculating the distribution remuneration as amended the previous year, updating the remuneration for 2012 in accordance with the actual IPH index for October 2011. The remuneration recognised for GAS NATURAL FENOSA from distribution and transportation activities in 2012 is €1,119 million.

The measures approved under Royal Decree-Act 13/2012 of 30 March, which transposes EU directives relating to the internal electricity and gas markets, are a first step towards reforming the electricity and gas sectors. The measures focus on the causes of the gas deficit, which is a temporary result basically of the decline in demand caused by the economic crisis. Those measures will maintain the system's financial equilibrium with moderate toll increases. They will not have any impact on the company's gas distribution revenues in 2012.

## 4.2.- Gas Distribution in Latin America

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

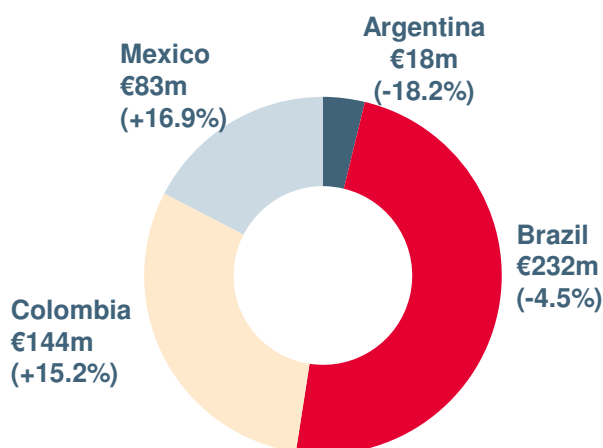
### 4.2.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
708	657	7.8	Net sales	2,085	1,942	7.4
-449	-420	6.9	Purchases	-1,350	-1,249	8.1
-24	-22	9.1	Personnel costs, net	-75	-67	11.9
-68	-56	21.4	Other revenues and expenses	-183	-165	10.9
<b>167</b>	<b>159</b>	<b>5.0</b>	<b>EBITDA</b>	<b>477</b>	<b>461</b>	<b>3.5</b>
-30	-28	7.1	Depreciation and amortization	-88	-84	4.8
-4	-3	33.3	Change in operating provisions	-16	-8	-
<b>133</b>	<b>128</b>	<b>3.9</b>	<b>EBIT</b>	<b>373</b>	<b>369</b>	<b>1.1</b>

EBITDA amounted to €477 million, a 3.5% increase on 9M11, and was positively impacted by appreciation of the Colombian peso (+9.2%), the Argentine peso (+1.4%) and the Mexican peso (+5.0%) and negatively impacted by the devaluation of the Brazilian real (-2.5%).

Net sales totalled €2,085 million, an improvement of 7.4%, and with a sales volume that was 6.2% higher than in 9M11.

#### EBITDA in Latin America by countries



The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to 2011.

Brazil accounted for 48.6% of EBITDA on a 19.5% increase in sales with respect to 9M11, and a 4.3% increase in the energy margin, mainly due to the Consumer Price Index update.

Colombia's contribution to EBITDA amounted to 15.2%, taking into consideration the effect of the wealth tax booked against 1H11 earnings, which does not apply in 2012.

EBITDA in Mexico accounted for 17.5% of the total, and the energy margin rose 14.3% with respect to the same period in 2011. The average bill for residential customers in the Bajios area will decline by approximately 45% since, under the new tariff framework (rolled-in), the gas pipeline remuneration cost will be included in the transportation cost of the entire Mexican system, and not just for the customers in that zone. This will allow for strong development of natural gas in the region, a market with 400,000 potential customers.

#### 4.2.2.- Main aggregates

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

3Q12	3Q11	%		9M12	9M11	%
51,442	49,033	4.9	Gas activity sales (GWh):	151,169	142,365	6.2
34,598	32,457	6.6	Tariff gas sales	93,559	86,758	7.8
16,844	16,576	1.6	TPA	57,610	55,607	3.6
439	363	20.9	Distribution network (km)	66,852	65,350	2.3
52	60	-13.3	Change in connection points ('000)	156	157	-0.6
-	-	-	Connection points ('000) (at 30/09)	6,038	5,822	3.7

The key physical aggregates by country in 2012 are as follows:

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh):	57,950	44,017	12,979	36,223	151,169
Change vs. 9M11 (%)	1.6	19.5	-1.0	2.4	6.2
Distribution network (km)	23,518	6,229	19,741	17,364	66,852
Change vs. 30/09/2011 (km)	278	137	425	662	1,502
Connection points ('000 at 30/09)	1,515	862	2,374	1,287	6,038
Change vs. 30/09/2011, ('000)	31	28	113	44	216

There were a total of 6,038,594 gas distribution connections in 2012. Year-on-year growth remains high, with the company adding 215,715 distribution connections (of which 112,722 in Colombia alone). The company has more than 1.5 million customers in Argentina.

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 151,169 GWh, a 6.2% increase with respect to the same period in 2011.

The distribution grid expanded by 1,502 km (+2.3%) in the last 12 months, to 66,852 km at the end of September 2012.

Highlights in Latin America:

- In Argentina, growth in residential/commercial customer numbers slowed by 13.0% compared with the same period of 2011 as a result of the low level of commercial activity. Gas and TPA sales increased by 1.6% as a result of the weather effect, and the company continued to curtail expenditure sharply in a situation of high inflation (23%).
- The business performed very well in Brazil, with a 21.4% net increase in residential/commercial customer numbers and a 19.5% increase in gas and TPA sales, especially in the residential/commercial, automotive LNG and power generation segments. Electric power plant dispatching in the first nine months of 2012 increased by 71% year-on-year, and sales also performed very well. Reservoir levels in September 2012 were 47.9%, i.e. below the historical average (60.7%).

- In Colombia, residential/commercial customer numbers increased by 6.0% and sales of appliances by 16.1% with respect to 9M11 (from 27,668 to 32,129), reflecting 3.4% sales growth in this market.
- In Mexico, installations increased by 35.3% with respect to 9M11, with notable improvements in central Mexico (Metrogas and Toluca) and in the north (Monterrey, Nuevo Laredo and Saltillo). As for gas and TPA sales, there was a notable increase with respect to 9M11 in the residential/commercial market (+8.7%) and TPA (+5.4%).

### 4.3.- Gas distribution in Italy

This area refers to regulated gas distribution and retail sales of gas in Italy.

#### 4.3.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
47	46	2.2	Net sales	208	171	21.6
-22	-24	-8.3	Purchases	-115	-91	26.4
-4	-4	-	Personnel costs, net	-12	-11	9.1
-6	-4	50.0	Other revenues and expenses	-20	-16	25.0
<b>15</b>	<b>14</b>	<b>7.1</b>	<b>EBITDA</b>	<b>61</b>	<b>53</b>	<b>15.1</b>
-6	-6	-	Depreciation and amortization	-18	-17	5.9
-2	-1	-	Change in operating provisions	-4	-2	-
<b>7</b>	<b>7</b>	<b>-</b>	<b>EBIT</b>	<b>39</b>	<b>34</b>	<b>14.7</b>

Gas distribution and supply in Italy contributed €61 million in EBITDA, i.e. 15.1% more than in 9M11.

The year-on-year increase in EBITDA is due to the higher remuneration for regulated gas distribution (+€6 million) as a result of the increase in the number of supply points. This increase is also due to the improvement in the margin on gas sales and to greater volume of gas sold.

#### 4.3.2.- Main aggregates

GAS NATURAL FENOSA has 445,035 gas distribution points in Italy, a 4.0% increase with respect to 30 September 2011.

3Q12	3Q11	%		9M12	9M11	%
299	315	-5.1	Gas activity sales (GWh):	2,809	2,619	7.3
193	212	-9.0	Tariff gas sales	2,119	2,013	5.3
106	103	2.9	TPA	690	606	13.9
43	41	4.9	Distribution network (km)	6,831	6,385	7.0
-	-	-	Connection points ('000) (a 30/09)	445	428	4.0
219	167	31.1	Retail gas procurement (Gwh)	2,127	1,970	8.0

A total of 2,809 GWh of gas were distributed, i.e. 7.3% more than in 9M11, due to growth of the distribution network and to weather conditions.

The distribution grid expanded by 446 km in the last 12 months, to 6,831 km at 30 September 2012. This growth included the acquisition of the Favellato Reti group on 22 December 2011, which added 324 km to the grid.

#### 4.4.- Electricity distribution in Spain

The electricity distribution business in Spain includes regulated distribution of electricity and network services for customers, basically connections and hook-ups, metering and other actions associated with third-party access to GAS NATURAL FENOSA's distribution network.

##### 4.4.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
213	238	-10.5	Net sales	637	704	-9.5
-	-	-	Purchases	-	-	-
-24	-26	-7.7	Personnel costs, net	-74	-85	-12.9
-32	-26	23.1	Other revenues and expenses	-98	-84	16.7
<b>157</b>	<b>186</b>	<b>-15.6</b>	<b>EBITDA</b>	<b>465</b>	<b>535</b>	<b>-13.1</b>
-55	-54	1.9	Depreciation and amortization	-166	-160	3.8
-	-1	-	Change in operating provisions	1	1	-
<b>102</b>	<b>131</b>	<b>-22.1</b>	<b>EBIT</b>	<b>300</b>	<b>376</b>	<b>-20.2</b>

Royal Decree-Act 13/2012, of 30 March 2012, adopting measures to correct imbalances between costs and revenues in the electricity and gas sectors, establishes a decline in regulated revenues associated with distribution and commercial management of access. This decline amounted to approximately €110 million for GAS NATURAL FENOSA with respect to the 2012 figures established under Order IET/3586/2011 (Official State Gazette of 31/12/2011).

In this context, net revenues declined by 9.5% year-on-year.

EBITDA in the first nine months of 2012 declined by 13.1% year-on-year as a result of the estimated negative impact of the above-mentioned Royal Decree-Law.

##### 4.4.2.- Main aggregates

3Q12	3Q11	%		9M12	9M11	%
8,055	8,656	-6.9	Electric activity sales (GWh):	25,408	26,000	-2.3
-	-	-	Tariff electricity sales	-	-	-
8,055	8,656	-6.9	TPA	25,408	26,000	-2.3
-	-	-	Connection points ('000) (at 30/09)	3,767	3,741	0.7
-	-	-	ICEIT (minutes)	25	30	-16.7



Although energy supplied was on par with the same period in 2011, electricity demand fell by around 1.1% in like-for-like terms, in line with performance nationwide. The number of distribution connections increased by 0.7%, to 3,767,339.

There were no relevant incidents in the period due to the facilities' good performance as a result of investment in recent years and ongoing maintenance, together with favourable weather. As a result, the ICEIT (installed capacity equivalent interrupt time) was 25 minutes, compared to 30 minutes in 9M11, i.e. an improvement of 16.7%.

The performance by quality, service and network energy efficiency indicators reflects the success of the capital expenditure plans, the quality of the network architecture and the allocation of considerable human resources and funds to operation and maintenance.

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

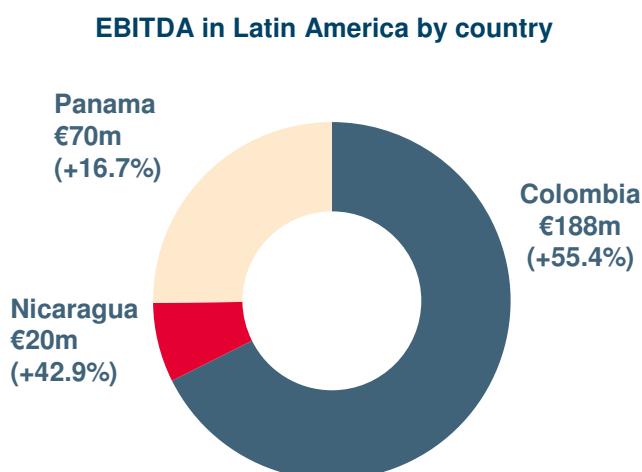
This division involves electricity distribution in Colombia, Nicaragua and Panama.

The sale of the electricity distribution business in Guatemala led to its deconsolidation on 1 June 2011.

##### 4.5.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
659	545	20.9	Net sales	1,889	1,736	8.8
-492	-414	18.8	Purchases	-1,416	-1,307	8.3
-18	-10	80.0	Personnel costs, net	-46	-39	17.9
-52	-38	36.8	Other revenues and expenses	-149	-170	-12.4
<b>97</b>	<b>83</b>	<b>16.9</b>	<b>EBITDA</b>	<b>278</b>	<b>220</b>	<b>26.4</b>
-18	-15	20.0	Depreciation and amortization	-53	-55	-3.6
-32	-28	14.3	Change in operating provisions	-95	-81	17.3
<b>47</b>	<b>40</b>	<b>17.5</b>	<b>EBIT</b>	<b>130</b>	<b>84</b>	<b>54.8</b>

EBITDA from the electricity distribution business in Latin America amounted to €278 million, 26.4% more than in the same period last year.



Excluding the currency effect and the divestment of electricity distribution companies in Guatemala, EBITDA would have expanded by 29.1%. Moreover, excluding from 2011 EBITDA the wealth tax in Colombia, which was a non-recurring item, EBITDA would have improved by 4.9%.

The distribution business in Colombia contributed €188 million to EBITDA, i.e. a 1.7% improvement excluding the effect of the wealth tax in 2011. That increase reflects greater year-on-year demand, which was affected by a very strong cold wave in winter 2012. This weather event

also impacted energy prices, which had a notable impact on the tariff as a result of the pass-through clauses.

EBITDA from distribution companies in Central America totalled €90 million, i.e. up 22%, driven by higher demand in Panama (+9%) and Nicaragua (+5%). This absorbed the impact of the higher cost of unrecognised losses due to higher energy purchasing prices, especially in Nicaragua, where procurement costs increased by around 6% on average.

#### 4.5.2.- Main aggregates

3Q12	3Q11	%		9M12	9M11	%
4,618	4,325	6.8	Electric activity sales (GWh):	13,401	13,412	-0.1
4,356	4,106	6.1	Tariff electricity sales:	12,677	12,728	-0.4
262	219	19.6	TPA	724	684	5.8
-	14	-	Connection points ('000) (at 30/09)	3,665	3,523	4.0

Electricity sales totalled 13,401 GWh, a slight decline of 0.1% year-on-year as a result of the divestment of distribution companies in Guatemala. Excluding those companies, sales expanded by 6.5% due to growing demand in all countries.

The number of customers (distribution connections) increased by 4.0%.

The key physical aggregates by country in 2012 are as follows:

	Colombia	Nicaragua	Panama	Total
Electric activity sales (GWh)	8,300	2,046	3,055	13,401
Change vs. 9M11 (%)	6.1	5.3	8.7	-0.1
Connection points ('000) (a 30/09)	2,286	874	505	3,665
Change vs. 30/09/2011 ('000)	91	34	17	142
Network loss ratio (%)	17.5	20.3	10.2	16.0

The performance of basic operating indicators reflects good business management and growth, as envisioned in the plan to reduce losses and bad debts.

Plans to reduce losses implemented in the various countries have enabled the company to lessen the negative effect of the increase in demand on the power loss ratio.

#### 4.6.- 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. GAS NATURAL FENOSA is responsible for 70% of electricity distribution in Moldova.

#### 4.6.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
54	42	28.6	Net sales	179	144	24.3
-41	-32	28.1	Purchases	-139	-110	26.4
-2	-2	-	Personnel costs, net	-6	-6	-
-4	-2	-	Other revenues and expenses	-10	-7	42.9
<b>7</b>	<b>6</b>	<b>16.7</b>	<b>EBITDA</b>	<b>24</b>	<b>21</b>	<b>14.3</b>
-2	-1	-	Depreciation and amortization	-5	-4	25.0
-	-	-	Change in operating provisions	-	-	-
<b>5</b>	<b>5</b>	<b>-</b>	<b>EBIT</b>	<b>19</b>	<b>17</b>	<b>11.8</b>

Net revenues reflect the pass-through effect of procurement costs together with the capex plan and operation and maintenance performed in accordance with the country's current regulations.

In local currency terms, the spark spread (revenues-procurement costs) increased by 8.5% with respect to the same period of 2011, reflecting basically the regulated remuneration for electricity distribution and electricity supply at the regulated tariff.

As a result, EBITDA amounted to €24 million, a 14.3% increase over the same period of 2011. The increase was 8.1% in local currency terms. The strength of the local currency against the euro explains the larger increase in EBITDA in euro.

#### 4.6.2.- Main aggregates

3Q12	3Q11	%		9M12	9M11	%
584	558	4.7	Electric activity sales (GWh):	1,853	1,780	4.1
584	558	4.7	Tariff electricity sales:	1,853	1,780	4.1
-	-	-	TPA	-	-	-
-	-	-	Connection points ('000) (at 30/09)	829	817	1.5
-	-	-	Network loss ratio (%)	12	13	-7.7

Energy supply expanded by 4.1%, i.e. faster than electricity demand at national level (+2.1%) as a result of plans to improve the energy efficiency of the grids and of loss-reducing actions. Supply connections totalled 828,832 at the end of September 2012, i.e. up 1.5% year-on-year.

GAS NATURAL FENOSA continues to implement its plan to improve management in Moldova, focusing essentially on processes linked to energy control in the distribution networks, operating processes associated with the entire customer management cycle, and optimisation of facility O&M; the plan is achieving its objectives.

This plan is driving a steady improvement in basic operating indicators, particularly the network loss ratio, which has improved by slightly more than one percentage point compared with last year (from 13% to 12%), making it possible to maximise regulated revenues.

## 4.7.- Electricity in Spain

This area basically includes power generation in Spain, wholesale and retail electricity supply in the liberalised market in Spain, and electricity supply at the last-resort tariff.

### 4.7.1.- Results

(unaudited)

3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
1,586	1,250	26.9	Net sales	4,575	4,094	11.7
-1,201	-939	27.9	Purchases	-3,412	-3,066	11.3
-38	-35	8.6	Personnel costs, net	-111	-109	1.8
-132	-107	23.4	Other revenues and expenses	-386	-290	33.1
<b>215</b>	<b>169</b>	<b>27.2</b>	<b>EBITDA</b>	<b>666</b>	<b>629</b>	<b>5.9</b>
-113	-138	-18.1	Depreciation and amortization	-402	-426	-5.6
-14	-9	55.6	Change in operating provisions	-32	-19	68.4
<b>88</b>	<b>22</b>	<b>-</b>	<b>EBIT</b>	<b>232</b>	<b>184</b>	<b>26.1</b>

Net sales in the electricity business amounted to €4,575 million in the first nine months of 2012, 11.7% more than in the same period of 2011.

EBITDA amounted to €666 million in the first nine months of 2012, a 5.9% increase year-on-year.

The effect of fuel prices, the change in the electricity production mix (lower hydroelectric output) and their impact on generation costs was managed adequately, since the company was able to increase EBITDA in a context of production prices in Spain that were on par in cumulative terms with the first nine months of 2011.

Electricity demand in mainland Spain amounted to 63,138 GWh in the third quarter of 2012, a decline of 1.9% with respect to the same period last year, although demand in the last month of the quarter declined by a notable 5%. Demand amounted to 190,846 GWh in the first nine months, a decline of 0.7% with respect to the same period of 2011. Adjusting for the different number of working days and temperatures, demand actually declined by 1.6% in 9M12.

In the third quarter of 2012, hourly capacity utilisation peaked at 38,293 MW at the end of August, i.e. nearly 200 MW below the 2011 summer record and far from the almost 42,000 MW attained two summers ago.

The balance of international power flows was a net export in physical terms in the third quarter of 2012, amounting to 2.3 TWh, i.e. 0.5 TWh less than in the second quarter, while exports in the first 9 months totalled 7.9 TWh, i.e. up 69.1% with respect to the first nine months of 2011.

The increase in exports (92.0%) and in pumped storage (117.5%) in the third quarter of 2012 was partly offset by the decline in electricity demand in mainland Spain (-1.9%). Nevertheless, net power generation increased in Spain by 1.1% in the quarter due to the sharp increase in special regime output (+16.6%); ordinary regime output, however, declined (-5.9%).

The aforementioned increase in special regime power generation in the quarter was attributable mainly to wind power, which expanded by 22.3% in the quarter, and by 71.0% compared with 9M11. Wind power in September set a new demand coverage record: on the morning of the 24th, it covered 64.25% of demand in mainland Spain, i.e. 13,285 MW out of 20,677 MW, exceeding the record set on 19 April (61.06%).

Wind output as a whole increased by 15.2% with respect to the same period of 2011.

Output from the other special regime energies expanded by 12.8% in the quarter due to the sharp increase in solar output, both photovoltaic and solar thermal, having exceeded 10 TWh so far this year.

Special regime output increased by 11.8% in 2012, and covered 40.0% of total Spanish mainland demand, i.e. almost 5 points more than in 9M11.

Ordinary regime output declined by 5.9% in the quarter, maintaining the negative trend after the upswing in the first quarter of 2012. Hydroelectric, nuclear (due to scheduled shut-downs) and imported coal output increased. Output from the other ordinary regime technologies (i.e. Spanish coal and, especially, CCGTs) declined in the quarter.

Hydroelectric output increased in the quarter, by 3.8% with respect to the third quarter of 2011, due to the 10.0% increase in July. Nevertheless, and given the scant hydrological contribution in recent months, hydroelectric energy capacity in 2012 has been extremely dry, with an exceedance probability of 99% when compared with the historical average: i.e. statistically, 99 out of every 100 years would be wetter than 2012. Only May, which had an exceedance probability of 38%, was able to palliate the situation slightly. Hydroelectric output declined by 38.0% in 9M12.

Nuclear output increased by 5.2% in the quarter and by 9.1% in the first nine months of the year; this figure was affected by changes in the dates of scheduled shut-downs.

Coal-fired output increased by 2.8% in the third quarter of 2012. Spanish coal-fired output declined by 8.8%, contrasting with imported coal-fired output, which increased by 22.8%; together they covered 21.1% of Spanish demand, i.e. one point more than in the third quarter of 2011.

Since the start of the year, coal-fired output in general has increased by 37.7%. Spanish coal-fired output increased by 20.5%, clearly impacted by the entry into force of the Royal Decree on Security of Supply on 26 February 2011. Imported coal-fired output increased by 69.4%, evidence of its competitiveness compared with other technologies.

There was no oil-fired output in 2011 or 2012.

CCGT output declined by 29% year-on-year in the third quarter of 2012, covering 15.5% of demand, compared with 21.4% in the third quarter of 2011. In the first nine months of 2012, CCGT output declined by 26.7%, covering 15.1% of demand (almost 5.5 points less than in 2011).

The slight upswing in crude and coal prices in the quarter was reflected in market prices. Despite the slide in demand in the third quarter and the sharp increase in special regime output, prices averaged €50.0/MWh in the quarter, i.e. an increase of 7% with respect to the second quarter, but a decline of 10% compared with the same period of 2011.

Prices in 3Q12 were lower than in 2011, especially in September, when the price difference with respect to September 2011 was almost €12/MWh, due mainly to the sharp decline in demand in the month (-5.0%) and to the high contribution from the special regime (42.2%). In 9M12, the weighted average price in the electricity pool was €49.8/MWh, i.e. €0.16/MWh less than in 9M11.

Brent crude increased from \$108.2/bbl on average in the second quarter of 2012 to \$109.6/bbl (+1.3%) in the third quarter of 2012, and prices increased to close to \$120/bbl several times during the quarter. API 2, Europe's main coal price indicator, remained on par with second quarter figures, increasing from just \$90.0/tonne to \$90.7/tonne in the third quarter of 2012. The price of CO<sub>2</sub> emission rights (EUAs on Bluenext) averaged €7.6/tonne (maturing in 2012), i.e. higher than the 2Q12 average (€7.2/tonne).

#### 4.7.2.- Main aggregates

The main aggregates in GAS NATURAL FENOSA's electricity business in Spain were as follows:

Power generation capacity:

3Q12	3Q11	%		9M12	9M11	%
-	-	-	Installed capacity (MW):	12,803	13,187	-2.9
-	-	-	Ordinary Regime:	11,710	12,126	-3.4
-	-	-	Hydroelectric	1,904	1,868	1.9
-	-	-	Nuclear	603	595	1.3
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	157	617	-74.6
-	-	-	CCGT	6,998	6,998	-
-	-	-	Special Regime:	1,093	1,061	3.0
-	-	-	Wind	957	925	3.5
-	-	-	Small hydroelectric	69	69	-
-	-	-	Cogeneration and others	67	67	-

The change in ordinary regime installed capacity with respect to 2011 is due to a number of factors:

- The 32 MW increase at the Belesar, Albarellos and Tambre 2 hydroelectric plants in the fourth quarter of 2011.
- The 4 MW increase (in 2012) at the Tambre I hydroelectric plant, and the 8 MW increase at unit 2 of the Almaraz nuclear plant.
- Discontinuation of activity in 2011 of the two oil-fired units at the Sabón plant (460 MW).

Electricity generated and sold:

3Q12	3Q11	%		9M12	9M11	%
9,627	9,440	2.0	Electricity generated (GWh):	28,348	28,690	-1.2
9,048	8,960	1.0	Ordinary Regime	26,381	26,961	-2.2
357	216	65.3	Hydroelectric	1,140	2,579	-55.8
1,236	1,162	6.4	Nuclear	3,317	3,182	4.2
2,075	1,220	70.1	Coal	5,991	2,524	-
-	-1	-	Oil/gas	-	-3	-
5,380	6,363	-15.4	CCGT	15,933	18,679	-14.7
579	480	20.6	Special Regime:	1,967	1,729	13.8
408	317	28.7	Wind	1,431	1,185	20.8
53	44	20.5	Small hydroelectric	188	214	-12.1
118	120	-1.7	Cogeneration and others	348	330	5.5
9,130	8,723	4.7	Electricity sales (GWh):	27,075	27,255	-0.7
7,413	6,911	7.3	Liberalised market	21,338	20,525	4.0
1,717	1,812	-5.2	Last resort tariff	5,737	6,730	-14.8

GAS NATURAL FENOSA generated 9,627 GWh of electricity in mainland Spain in the third quarter of 2012, i.e. 2.0% more than in the same period of 2011. Of that figure, 9,048 GWh were ordinary regime (a 1.0% increase). Special regime power generation increased by 20.6%, to 579 GWh.

GAS NATURAL FENOSA's electricity output on mainland Spain declined by 1.2%, with ordinary regime output falling by 2.2% (mainly due to divestments and lower hydroelectric output), while special regime output increased by 13.8%, outstripping overall growth in mainland Spain (+11.8%)

Hydroelectric output in the third quarter of 2012 amounted to 357 GWh, i.e. 65.3% higher than the 216 GWh in 3Q11; however, output for the year as a whole amounted to 1,140 GWh, i.e. less than half of the 2011 figure (-55.8%).

Overall, 2012 has been extremely dry, with an exceedance probability of 99%. Reservoirs in the GAS NATURAL FENOSA watersheds were at 23.1% of capacity, i.e. 10 points less than one year ago.

Nuclear output increased by 6.4% in the quarter and by 4.2% in the year, due to changes in scheduled shutdown dates.

The entry into force of the Royal Decree on Security of Supply resulted in GAS NATURAL FENOSA's Anllares, La Robla 2 and Narcea 3 plants working continuously, with coal-fired output in the quarter totalling 2,075 GWh, compared with 1,220 GWh in the same quarter of 2011.

In the first nine months of 2012, coal-fired output amounted to 5,991 GWh, i.e. more than double the 9M11 figure. Of that, 2,025 GWh corresponded to Meirama, for which output amounted to just 333 GWh in 9M11.

The Sabón and Aceca oil-fired plants have not been operational this year.

The company's CCGT output in the third quarter of 2012 totalled 5,380 GWh, a 15.4% decline compared with 3Q11 (approximately half of the decline registered by CCGTs nationwide: -29.0%). In the first nine months of 2012, CCGT output amounted to 15,993 GWh, i.e. 14.7% less than in 9M11, reflecting the divestment of the Arrúbal and Plana de Vent plants; in like-for-like terms, the decline would have been 10.9%.

GAS NATURAL FENOSA attained a 20.8% share of the ordinary regime power generation market in the first nine months of 2012, 0.2 percentage points less than in the same period of 2011; however, these figures were affected by divestments of the Arrúbal and Plana de Vent CCGTs mentioned above.

The electricity supply area sold 27,075 GWh in 9M12, including supply to the liberalised market and under the social last-resort tariff. The electricity supply portfolio is in line with the company's strategy of maximising margins, optimising market share, and hedging against price variations in the electricity market.

Emissions of CO<sub>2</sub> in the third quarter of 2012 from GAS NATURAL FENOSA's thermal power plants and CCGTs that are affected by the regulation governing greenhouse gas emission trading totalled 4 million tonnes, compared with 3.5 million tonnes in the same period of 2011. In cumulative terms, the company's CO<sub>2</sub> emissions totalled 11.5 million tonnes in 9M12, compared with 9.3 million tonnes in the same period of 2011. GAS NATURAL FENOSA applies a comprehensive approach to its CO<sub>2</sub> emission right hedges for the Kyoto (2008-2012) and post-Kyoto (2013-2020) periods, acquiring the emission rights and credits needed through active participation in the secondary market, primary projects and carbon funds.

On 20 June, all of GAS NATURAL FENOSA's emission allowances were migrated from the Spanish National Register of Greenhouse Gas Emission Rights (RENADE) to the European Union Registry, which replaced all national registers.

### GNF Renovables

At 30 September 2012, Gas Natural Fenosa Renovables (GNF Renovables) had a consolidable total installed capacity of 1,093 MW, of which 957 MW are wind, 69 MW are small hydroelectric and 67 MW are cogeneration.

Output was 13.8% higher than in 2011 (1,967 GWh vs. 1,729 GWh). This is primarily attributable to the 20.8% increase in wind output due to including all production by EASA companies (acquired from ACS at the end of the third quarter of 2011), to the acquisition of the Alto do Seixal wind farm at the end of 2011, and to the greater winds this quarter compared with the previous year. Small hydroelectric output has declined by 12.1% due to scant precipitation in this year. Co-generation output expanded by 5.5%. EBITDA increased by 14.4% to €111 million.

Work continues on schedule for the construction of the Belesar II and Peares II small hydroelectric plants in Galicia and the J. García Carrión cogeneration plant in Castilla-La Mancha, which will become operational in the fourth quarter of 2012.

### 4.8.- Electricity in Latin America

This section includes electricity generation in Mexico, Puerto Rico, Costa Rica, Panama and the Dominican Republic.

#### 4.8.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
230	227	1.3	Net sales	629	669	-6.0
-143	-151	-5.3	Purchases	-376	-436	-13.8
-4	-3	33.3	Personnel costs, net	-12	-11	9.1
-16	-14	14.3	Other revenues and expenses	-49	-39	25.6
<b>67</b>	<b>59</b>	<b>13.6</b>	<b>EBITDA</b>	<b>192</b>	<b>183</b>	<b>4.9</b>
-29	-24	20.8	Depreciation and amortization	-82	-70	17.1
-	-	-	Change in operating provisions	-	-1	-
<b>38</b>	<b>35</b>	<b>8.6</b>	<b>EBIT</b>	<b>110</b>	<b>112</b>	<b>-1.8</b>

EBITDA amounted to €192 million, a 4.9% increase on the same period of 2011. Excluding the currency effect, EBITDA declined by 4.5%.

In Mexico, EBITDA declined (by 7% excluding the currency effect) with respect to 2011, due mainly to lower gas sales prices and greater costs as a result of the incident at the Tuxpan plant, which occurred in October 2011 during maintenance work on block 3. The recovery plan enabled 100% of capacity to be restored by the first half of February 2012.

EBITDA in Puerto Rico increased (by 4.2% excluding the currency effect) due to greater sales in the spot market resulting from greater dispatching of available capacity.



#### 4.8.2.- Main aggregates

3Q12	3Q11	%		9M12	9M11	%
-	-	-	Installed capacity (MW):	2,580	2,571	0.4
-	-	-	Mexico (CCGT)	2,035	2,035	-
-	-	-	Puerto Rico (CCGT) <sup>5</sup>	263	254	3.5
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric)	22	22	-
-	-	-	Panama (oil-fired)	11	11	-
-	-	-	Dominican Republic (oil-fired)	198	198	-
4,807	5,012	-4.1	Electricity generated (GWh):	13,766	14,288	-3.7
3,915	4,191	-6.6	Mexico (CCGT)	11,378	11,936	-4.7
487	446	9.2	Puerto Rico (CCGT) <sup>5</sup>	1,298	1,246	4.2
77	79	-2.5	Costa Rica (hydroelectric)	189	187	1.1
28	39	-28.2	Panama (hydroelectric)	72	81	-11.1
-1	9	-	Panama (oil-fired)	7	17	-58.8
301	248	21.4	Dominican Republic (oil-fired)	822	821	0.1

Output in Mexico declined due to the decline in functioning of the Tuxpan plant as a result of the incident in October 2011, which impeded it from operating at 100%, as visible in the plant's availability. On 8 June 2012, the company signed an agreement with Grupo México to sell capacity at the Naco Nogales plant (up to 50 MW). It is expected to become operational during the fourth quarter of the year.

Output in Panama declined by 19.4% with respect to the same period last year, due to lower dispatching of both thermal plants and hydroelectric plants by the National Dispatch Centre (CND) as a result of less frequent rainfall in the third quarter.

Output in Puerto Rico increased by 4.2% with respect to the same period last year. Dispatching of the plant continued to rise, exceeding the contracted level due to the lower availability of PREPA's system and the optimisation of its economic dispatching. The major overhaul of the plant took place in the first quarter of 2012, whereas the 2011 overhaul was brought forward to December 2010.

Output in the Dominican Republic was slightly higher than in the same period last year due to more efficient plants dropping out of the system and to the improvement in 3Q of our plants' position in the dispatching merit order.

#### 4.9.- Rest of Electricity (Kenya)

This area refers to power generation in Kenya. The dominant weather conditions in the area (greater precipitation) in the first three quarters of 2012 led to a decline in the use of thermal power plants, with the result that electricity output declined.

<sup>5</sup> Figures at 50%.

#### 4.9.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
33	33	-	Net sales	98	94	4.3
-25	-26	-3.8	Purchases	-77	-76	1.3
-	-	-	Personnel costs, net	-1	-1	-
-4	-3	33.3	Other revenues and expenses	-10	-6	66.7
<b>4</b>	<b>4</b>	<b>-</b>	<b>EBITDA</b>	<b>10</b>	<b>11</b>	<b>-9.1</b>
-1	-2	-50.0	Depreciation and amortization	-4	-4	-
-	-	-	Change in operating provisions	-	-	-
<b>3</b>	<b>2</b>	<b>50.0</b>	<b>EBIT</b>	<b>6</b>	<b>7</b>	<b>-14.3</b>

EBITDA amounted to €10 million in the first nine months of 2012. Although availability, the factor determining capacity revenues, was high (87.2%), the notable increase in world fuel prices during the first nine months of the year, together with the impact of scheduled and unscheduled maintenance shut-downs, led to a 9.1% decline in EBITDA with respect to the previous year.

#### 4.9.2.- Main aggregates

3Q12	3Q11	%		9M12	9M11	%
-	-	-	Electric generation capacity (MW)	112	112	-
169	198	-14.6	Electric energy production (GWh/year)	489	580	-15.7

Diesel-fired output in Kenya in 9M12 (489 GWh) was 15.7% lower than in 9M11. This decline is attributable to lower demand for thermal power in Kenya as a result of the greater precipitation in the period and, consequently, the higher level of water in the hydroelectric reservoirs.

### 4.10.- GAS

#### 4.10.1.- Infrastructure

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

#### 4.10.1.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
78	67	16.4	Net sales	231	206	12.1
-13	-22	-40.9	Purchases	-42	-49	-14.3
-2	-2	-	Personnel costs, net	-5	-6	-16.7
-5	-6	-16.7	Other revenues and expenses	-16	-32	-50.0
<b>58</b>	<b>37</b>	<b>56.8</b>	<b>EBITDA</b>	<b>168</b>	<b>119</b>	<b>41.2</b>
-19	-18	5.6	Depreciation and amortization	-58	-48	20.8
-	-	-	Change in operating provisions	-	-	-
<b>39</b>	<b>19</b>	<b>-</b>	<b>EBIT</b>	<b>110</b>	<b>71</b>	<b>54.9</b>

Net sales in the infrastructure business totalled €231 million in the half nine months, a 12.1% increase.

EBITDA in 2012 amounted to €168 million, i.e. 41.2% more than in the same period last year, due mainly to the positive currency effect on international transportation and to the 3% increase in transport tariffs in 2012. Moreover, revenues rose as a result of higher occupancy of the fleet and lower operating costs for exploration and development.

#### 4.10.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

3Q12	3Q11	%		9M12	9M11	%
17,394	20,215	-14.0	Gas transportation-EMPL (GWh):	83,597	83,187	0.5
5,953	4,064	46.5	Portugal-Morocco	26,272	22,804	15.2
11,441	16,151	-29.2	GAS NATURAL FENOSA	57,325	60,383	-5.1

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 83,597 GWh, 0.5% more than in 2011. Of that figure, 57,325 GWh were transported for GAS NATURAL FENOSA through Sagane and 26,272 GWh for Portugal and Morocco.

In October 2011, EMPL signed a contract with Morocco's Office National de l'Electricité (ONE) to transport 0.6 bcm of gas per year, delivered by Sonatrach at the Algeria-Morocco border, to ONE's power plants.

In the integrated project being developed in Angola by GAS NATURAL FENOSA (20%) with Repsol, since drilling in the first two wells gave positive results, a third well was drilled, also with positive results.

As part of the Villaviciosa concession in northern Spain, where GAS NATURAL FENOSA is the operator and has a 70% stake, additional geological studies are being completed so as to conclude the evaluation of its potential and determine the process going forward.

GAS NATURAL FENOSA performed geological and geophysical surveys in the Bages area (Barcelona province), recently completing the technical feasibility study for an underground natural gas storage in salt cavities. The administrative and environmental paperwork has commenced.

The company continued to advance the paperwork for the five exploration, production and storage projects planned for the coming years in the Guadalquivir Valley (Marismas, Aznalcázar and Romeral areas). On 30 September 2010, the company obtained an Environmental Impact Assessment (EIA) for the first of the five projects. On 14 November 2011, the Doñana Natural Space authorised the two projects in that area which, together with the other projects, are in the final phase of environmental paperwork for obtaining the EIA. On 15 July 2011, the Spanish Cabinet approved a Royal Decree for adapting the concessions in the Marismas district by authorising gas storage and setting the basic operational and economic conditions. The company commenced operation of this underground gas storage system on 2 April 2012.

As regards the Trieste-Zaule LNG regasification project in northern Italy, having secured the Environmental Impact Assessment (EIA) permit at national level, and after commencing a round of contacts at the end of 2011, GAS NATURAL FENOSA is awaiting the Single Authorisation from the regional government to commence construction; As part of the procedure for obtaining that authorisation, the decision has been transferred to the Ministry for Economic Development, from the Friuli-Venezia Giulia region by virtue of a decision handed down by the Council of State. The company expects to obtain authorisation in the first half of 2013.

The Trieste project (onshore) will have a regasification capacity of 8 bcm/year. This project will further diversify sources of natural gas, increase supply security in Italy, encourage competition among the various market actors and operators, and notably boost regional and local economic growth.

The Italian Environmental Ministry has shelved GAS NATURAL FENOSA's application for the Taranto regasification terminal.

#### 4.10.2.- Procurement and Supply

This area includes gas procurement and supply (wholesale and retail) in Spain and other countries, the supply in Spain of products and services related to retail supply, and supply of gas at the last-resort tariff in Spain.

##### 4.10.2.1.- Results

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
2,511	1,988	26.3	Net sales	8,311	6,063	37.1
-2,294	-1,851	23.9	Purchases	-7,606	-5,598	35.9
-12	-11	9.1	Personnel costs, net	-38	-34	11.8
-42	-23	82.6	Other revenues and expenses	-141	-122	15.6
<b>163</b>	<b>103</b>	<b>58.3</b>	<b>EBITDA</b>	<b>526</b>	<b>309</b>	<b>70.2</b>
-4	-3	33.3	Depreciation and amortization	-11	-10	10.0
-21	-14	50.0	Change in operating provisions	-48	-32	50.0
<b>138</b>	<b>86</b>	<b>60.5</b>	<b>EBIT</b>	<b>467</b>	<b>267</b>	<b>74.9</b>

Net revenues amounted to €8,311 million, i.e. 37.1% more than in the same period last year. EBITDA increased by 70.2% to €526 million, mainly due to the increase in operations outside Spain.

Diversification of the portfolio of commodities, combined management of the commodity and dollar risks and greater sales outside Spain helped improve 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:

3Q12	3Q11	%		9M12	9M11	%
71,190	76,060	-6.4	Gas supply (GWh):	242,688	227,213	6.8
53,188	53,640	-0.8	GAS NATURAL FENOSA supply <sup>6</sup>	179,108	173,870	3.0
37,917	34,915	8.6	Supply to third parties	132,293	122,031	8.4
15,271	18,726	-18.4		46,815	51,839	-9.7
			International:			
18,002	20,049	-10.2	Europe	63,580	50,655	25.5
2,914	3,629	-19.7	Other	12,285	10,736	14.4
15,088	16,420	-8.1		51,295	39,919	28.5
-	-		Multiutility contracts ('000) (at 30/09)	1,840	1,613	14.1
-	-		Contracts per customer (at 30/09)	1,39	1,33	4.5

In a situation of weak demand, the company supplied 179,108 GWh in the Spanish gas market, a 3.0% increase with respect to the same period last year, primarily due to higher sales to final customers of GAS NATURAL FENOSA, which increased by 8.4%, while sales to third parties declined by 9.7%.

Gas sales outside Spain, which maintained the trend from previous quarters, amounted to 63,580 GWh, i.e. 25.5% more with respect to 2011.

GAS NATURAL FENOSA participated in several auctions (last resort tariff, gas for operation and buffer storage), and was awarded 1,642 GWh.

With a view to guaranteeing gas exports from Spain to Portugal, GAS NATURAL FENOSA is using the gas grid connections in Campomaior (south-east) and Valença do Minho (north). GAS NATURAL FENOSA continues to strengthen its position as the leading independent supplier in Portugal, with a market share of almost 15% in the industrial segment.

Gas Natural Europe (the French subsidiary for supply in Europe) currently has 2,509 distribution connections in a range of sectors in France, from industrial companies (chemicals, paper mills, etc.) to local governments and the public sector, accounting for a total portfolio of 13.1 TWh per year.

The French subsidiary strengthened its position in Belgium, the Netherlands and Luxembourg with 320 supply points, representing a contracted portfolio of 4.5 TWh per year. It also commenced operating in the Netherlands and Germany, with 14 supply points and a contracted portfolio of 0.4 TWh.

GAS NATURAL FENOSA is also considering an entry into other central European markets in the short term by offering a combination of customised energy consulting with the advantage of a diversified, secure supply.

Gas Natural Vendita had a portfolio under contract amounting to 5,392 GWh/year in the Italian wholesale market in the first nine months of 2012.

Outside Spain, the company increased market diversification with gas sales in the Caribbean and South America as well as in Asia, favoured by strong demand in the area.

<sup>6</sup> Does not include exchange transactions.

GAS NATURAL FENOSA signed a contract to supply 3 bcm of liquefied natural gas (LNG) over the next three years to Gail, India's primary gas operator. The contract will become operational in January 2013, and is equivalent to 10% of Spain's current demand.

GAS NATURAL FENOSA has over 10.5 million active retail gas, electricity and services contracts. At the end of the quarter, more than 1.04 million residential customers had both electricity and gas supply contracts with GAS NATURAL FENOSA. The domestic maintenance contract portfolio was expanded to include 12 different types, and the company now has more than 1.84 million contracts with its own operating platform consisting of 165 associated firms connected via an online system, which has enabled it to improve service performance and quality.

GAS NATURAL FENOSA continues to add features and users to its online customer management system, and the website received 2.6 million hits in the third quarter of 2012. Over 380,000 customers now receive their bill online.

The company continues to take steps to develop energy options for vehicles in Spain, in both the public and private sectors. It is an expert in automotive LNG, a business which it already conducts in several Latin American countries and Italy, where automotive natural gas is widely used.

GAS NATURAL FENOSA undertakes end-to-end management of the process, from construction of service stations (capital cost, operation and maintenance) to the supply of compressed natural gas, thereby ensuring maximum availability of the facilities. It has 24 service stations with capacity to sell 701 GWh/year; it also has plans to add 8 new stations in 2012, which represent potential additional consumption of 170 GWh/year.

Of the new stations to be activated this year, 40% will be able to supply compressed natural gas and liquefied natural gas, making this fuel more viable for long-distance routes both inside Spain and internationally.

GAS NATURAL FENOSA is also working on actions to foster energy efficiency and the rational use of energy in the field of transport. As part of the electric mobility framework, the company is developing several lines of work and pilot projects, including the following:

- Urban infrastructure network for recharging electric vehicles in A Coruña (30 recharging stations in 7 different locations).
- Electromobility Pilot Project, with the Madrid city government, by which the municipal police force and traffic wardens will receive electric motorcycles for a two- year period.

GAS NATURAL FENOSA commenced operation of the Santiago de Compostela University Hospital Complex, which will require 21 GWh of gas and 37 GWh of electricity per year.

The company continues to develop new competitive energy efficiency services for our customers, such as geothermal energy and electric heat pumps, while also expanding and reinforcing traditional products.

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

This area includes gas procurement and supply performed by Unión Fenosa Gas (UF Gas), including the liquefaction plant in Damietta (Egypt), the Sagunto regasification plant, and the gas carrier fleet.

##### **4.10.3.1.- Results**

Unión Fenosa Gas (UF Gas) is owned 50% by GAS NATURAL FENOSA and is proportionately consolidated.

(unaudited)						
3Q12	3Q11	%	(€ Mn)	9M12	9M11	%
251	249	0.8	Net sales	886	686	29.2
-200	-174	14.9	Purchases	-645	-456	41.4
-3	-3	-	Personnel costs, net	-9	-9	-
-3	-4	-25.0	Other revenues and expenses	-14	-17	-17.6
<b>45</b>	<b>68</b>	<b>-33.8</b>	<b>EBITDA</b>	<b>218</b>	<b>204</b>	<b>6.9</b>
-39	-38	2.6	Depreciation and amortization	-116	-114	1.8
-	-	-	Change in operating provisions	-	-	-
<b>6</b>	<b>30</b>	<b>-80.0</b>	<b>EBIT</b>	<b>102</b>	<b>90</b>	<b>13.3</b>

EBITDA amounted to €45 million in the third quarter of 2012 and to €218 million in the first nine months of the year, i.e. 6.9% more than the same period in 2011. This increase was attributable mainly to seizing opportunities for LNG sales outside Spain, where UF Gas continued to operate actively.

#### 4.10.3.2.- Main aggregates<sup>7</sup>

Gas supply in Spain amounted to 42,627 GWh in 9M12, on par with the same period last year. Sales to electric utilities increased by 3.3% while sales to the industrial segment declined by 7.2%.

A total of 21,593 GWh of energy was traded in international transactions.

3Q12	3Q11	%		9M12	9M11	%
13,008	15,331	-15.2	Gas supply in Spain (GWh)	42,627	42,923	-0.7
6,695	5,684	17.8	Other gas sales (GWh)	21,593	18,157	18.9

The Spanish Ministry for Industry and Trade issued a resolution at the beginning of the year to include the initial Sagunto regasification plant facilities (2006) in the remuneration regime. An upward revision of the initial plant's regulatory asset base is under consideration.

<sup>7</sup> Magnitudes at 100%.

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1 January 2012:

- GAS NATURAL FENOSA announces the payment of an interim dividend out of 2011 income (disclosed 4 January 2012, registration number 156015).
- GAS NATURAL FENOSA discloses completion of a 6-year bond issue in the euromarket amounting to €750 million (disclosed 30 January 2012, registration number 157215).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 4Q11 earnings (disclosed 1 February 2012, registration number 157295).
- GAS NATURAL FENOSA publishes its 4Q11 results (disclosed 21 February 2012, registration number 158476).
- GAS NATURAL FENOSA files the presentation of earnings for the fourth quarter of 2011 (disclosed 21 February 2012, registration number 158485).
- GAS NATURAL FENOSA publishes its Annual Corporate Governance Report for 2011 (disclosed 27 February 2012, registration number 159035).
- GAS NATURAL FENOSA publishes a press release on the sale of around 245,000 gas customers and other contracts in the Madrid region to Endesa (disclosed 29 February 2012, registration number 159260).
- GAS NATURAL FENOSA discloses information on earnings for the second half of 2011 (disclosed 29 February 2012, registration number 159280).
- GAS NATURAL FENOSA calls an Ordinary Shareholders' Meeting for 20 April 2012 (disclosed 15 March 2012, registration number 160260).
- GAS NATURAL FENOSA files the presentation used at the press conference before the Ordinary Shareholders' Meeting (disclosed 20 April 2012, registration number 161866).
- GAS NATURAL FENOSA discloses that the Ordinary Shareholders' Meeting has approved all proposals contained in the Agenda submitted by the Board of Directors (disclosed 20 April 2012, registration number 161937).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 1Q11 earnings (disclosed 25 April 2011, registration number 162234).
- GAS NATURAL FENOSA discloses commencement of the supply of natural gas to Puerto Rico's Electric Power Authority for the next two years (disclosed 26 April 2012, registration number 162354).
- GAS NATURAL FENOSA discloses the tentative calendar for the scrip dividend (disclosed 27 April 2012, registration number 162600).
- GAS NATURAL FENOSA files the Advance Report of earnings for the first quarter of 2012 (disclosed 8 May 2012, registration number 163310).
- GAS NATURAL FENOSA files the presentation of earnings for the first quarter of 2012 (disclosed 8 May 2012, registration number 163324).
- GAS NATURAL FENOSA files the documentation on its scrip dividend out of 2011 income (disclosed 14 May 2012, registration number 164085).



- GAS NATURAL FENOSA discloses that the Board of Directors has established the economic terms of the capital increase (disclosed 25 May 2012, registration number 165435).
- GAS NATURAL FENOSA announces the conclusion of the period for trading the subscription rights and the outcome of the rights to free subscription acquired by the Company (disclosed 13 June 2012, registration number 166770).
- GAS NATURAL FENOSA informs the market that it has completed the necessary paperwork to list the newly-issued shares resulting from the scrip dividend, which will commence trading on 29 June 2012 (disclosed 29 June 2012, registration number 168530).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 1H12 earnings (disclosed 13 July 2012, registration number 169748).
- GAS NATURAL FENOSA discloses information on earnings for the first half of 2012 (disclosed 24 July 2012, registration number 170539).
- GAS NATURAL FENOSA files the presentation of earnings for the first half of 2012 (disclosed 24 July 2012, registration number 170582).
- GAS NATURAL FENOSA announces implementation of the employee stock ownership plan that was approved by the Shareholders' Meeting of 20 April 2012 (disclosed 25 July 2012, registration number 170848).
- GAS NATURAL FENOSA discloses information on earnings for the first half of 2012 (disclosed 25 July 2012, registration number 170890).
- GAS NATURAL FENOSA discloses that Fitch Ratings has downgraded its long-term Issuer Default Rating (IDR) rating from A- to BBB+ (disclosed 2 August 2012, registration number 171751).
- GAS NATURAL FENOSA publishes a press release on the signature of the contract to supply gas to Indian company Gail (disclosed 31 August 2012, registration number 172955).
- GAS NATURAL FENOSA completes the issuance of €800 million in bonds in the euromarket (disclosed 10 September 2012, registration number 173407).
- GAS NATURAL FENOSA signs an agreement to sell 0.875% of Gas Natural México (disclosed 19 September 2012, registration number 173721).
- GAS NATURAL FENOSA completes the issuance of a €500 bond in the euromarket (disclosed on 9 October 2012, registration number 174658).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 3Q12 earnings (disclosed 19 October 2012, registration number 175322).
- GAS NATURAL FENOSA completes the issuance of a 300,000 COP bond in the Colombian market (aprox €128 millions) (disclosed 25 October 2012, registration number 175647).

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

(€ Mn)	9M12	9M11
Net sales	18,418	15,315
Other operating revenues	191	176
Purchases	-12,750	-10,099
Personnel costs	-642	-638
Tributes		
Other operating costs	-1,390	-1,215
<b>EBITDA</b>	<b>3,827</b>	<b>3,539</b>
Other results	20	268
Depreciation and amortization	-1,334	-1,300
Change in operating provisions	-179	-142
<b>OPERATING PROFIT</b>	<b>2,334</b>	<b>2,365</b>
Finance income	-648	-702
Income from disposal of financial instruments	-	1
Income from associates	10	5
<b>CONSOLIDATED PRE-TAX PROFIT</b>	<b>1,696</b>	<b>1,669</b>
Income tax expense	-422	-416
Minority interest	-159	-139
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>1,115</b>	<b>1,114</b>

**EBITDA**

(€ Mn)	1Q12	2Q12	3Q12	4Q11	2012
<b>GAS DISTRIBUCIÓN</b>	<b>398</b>	<b>409</b>	<b>421</b>		
Spain	224	227	239		
Latin America	146	164	167		
Italy	28	18	15		
<b>ELECTRICITY DISTRIBUCIÓN</b>	<b>249</b>	<b>257</b>	<b>261</b>		
Spain	155	153	157		
Latin America	85	96	97		
Moldova	9	8	7		
<b>ELECTRICITY</b>	<b>311</b>	<b>271</b>	<b>285</b>		
Spain	251	200	214		
Latin America	57	68	67		
Rest	3	3	4		
<b>GAS</b>	<b>343</b>	<b>303</b>	<b>266</b>		
Infraestructures	58	52	58		
Procurement and Supply	190	173	163		
UF Gas	95	78	45		
<b>REST</b>	<b>-1</b>	<b>19</b>	<b>35</b>		
<b>TOTAL EBITDA</b>	<b>1,300</b>	<b>1,259</b>	<b>1,268</b>		

(€ Mn)	1Q11	2Q11	3Q11	4Q11	2011
<b>GAS DISTRIBUCIÓN</b>	<b>402</b>	<b>401</b>	<b>409</b>	<b>375</b>	<b>1,587</b>
Spain	238	224	236	198	896
Latin America	141	161	159	160	621
Italy	23	16	14	17	70
<b>ELECTRICITY DISTRIBUCIÓN</b>	<b>244</b>	<b>257</b>	<b>275</b>	<b>240</b>	<b>1,016</b>
Spain	165	184	186	145	680
Latin America	71	66	83	86	306
Moldova	8	7	6	9	30
<b>ELECTRICITY</b>	<b>358</b>	<b>233</b>	<b>232</b>	<b>245</b>	<b>1,068</b>
Spain	291	169	169	180	809
Latin America	63	61	59	62	245
Rest	4	3	4	3	14
<b>GAS</b>	<b>262</b>	<b>162</b>	<b>208</b>	<b>273</b>	<b>905</b>
Infraestructures	47	35	37	65	184
Procurement and Supply	138	68	103	135	444
UF Gas	77	59	68	73	277
<b>REST</b>	<b>30</b>	<b>37</b>	<b>29</b>	<b>-27</b>	<b>69</b>
<b>TOTAL EBITDA</b>	<b>1,296</b>	<b>1,090</b>	<b>1,153</b>	<b>1,106</b>	<b>4,645</b>

**Investments (tangible and intangible)**

(€ Mn)	1Q12	2Q12	3Q12	4Q12	2012
<b>GAS DISTRIBUCIÓN</b>	<b>75</b>	<b>115</b>	<b>116</b>		
Spain	41	67	62		
Latin America	29	36	46		
Italy	5	12	8		
<b>ELECTRICITY DISTRIBUCIÓN</b>	<b>64</b>	<b>105</b>	<b>93</b>		
Spain	43	78	58		
Latin America	20	24	31		
Moldova	1	3	4		
<b>ELECTRICITY</b>	<b>60</b>	<b>52</b>	<b>32</b>		
Spain	41	39	21		
Latin America	19	13	11		
Rest	0	0	0		
<b>GAS</b>	<b>9</b>	<b>15</b>	<b>10</b>		
Infrastructures	5	9	0		
Procurement and Supply	3	4	7		
UF Gas	1	2	3		
<b>REST</b>	<b>16</b>	<b>24</b>	<b>36</b>		
<b>TOTAL</b>	<b>224</b>	<b>311</b>	<b>287</b>		

(€ Mn)	1Q11	2Q11	3Q11	4Q11	2011
<b>GAS DISTRIBUCIÓN</b>	<b>86</b>	<b>87</b>	<b>98</b>	<b>174</b>	<b>445</b>
Spain	57	51	51	101	260
Latin America	22	28	39	60	149
Italy	7	8	8	13	36
<b>ELECTRICITY DISTRIBUCIÓN</b>	<b>52</b>	<b>102</b>	<b>110</b>	<b>226</b>	<b>490</b>
Spain	32	70	75	163	340
Latin America	19	28	29	57	133
Moldova	1	4	6	6	17
<b>ELECTRICITY</b>	<b>62</b>	<b>56</b>	<b>57</b>	<b>83</b>	<b>258</b>
Spain	48	46	47	70	211
Latin America	14	10	10	13	47
Rest	-	-	-	-	-
<b>GAS</b>	<b>7</b>	<b>17</b>	<b>14</b>	<b>24</b>	<b>62</b>
Infrastructures	3	11	8	10	32
Procurement and Supply	2	4	4	10	20
UF Gas	2	2	2	4	10
<b>REST</b>	<b>27</b>	<b>22</b>	<b>35</b>	<b>67</b>	<b>151</b>
<b>TOTAL</b>	<b>234</b>	<b>284</b>	<b>314</b>	<b>574</b>	<b>1,406</b>

(€ Mn)	30/09/12	30/09/11
<b>Non-Current Assets-</b>	<b>35,434</b>	<b>35,355</b>
Intangible assets	10,883	10,979
Tangible assets	22,299	22,422
Investment in associates	98	98
Non-current financial assets	989	928
Deferred tax assets	1,165	928
<b>Current Assets-</b>	<b>11,715</b>	<b>10,102</b>
Non-current assets available for sale	-	23
Inventories	870	853
Trade and other receivables	4,960	4,905
Other current financial assets	1,524	1,987
Cash and cash equivalents	4,361	2,334
<b>TOTAL ASSETS</b>	<b>47,149</b>	<b>45,457</b>

(€ Mn)	30/09/12	30/09/11
<b>Equity-</b>	<b>15,097</b>	<b>14,486</b>
Net equity of Parent Company	13,455	12,873
Minority interest	1,642	1,613
<b>Non-Current Liabilities-</b>	<b>23,546</b>	<b>24,804</b>
Grants	838	751
Non-current provisions	1,583	1,616
Non-current financial liabilities	17,433	18,754
Deferred tax liabilities	2,784	2,677
Other non-current liabilities	908	1,006
<b>Current Liabilities-</b>	<b>8,506</b>	<b>6,167</b>
Current provisions	134	114
Current financial liabilities	3,863	1,503
Trade and other payables	4,143	4,244
Other current liabilities	366	306
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,149</b>	<b>45,457</b>

(€ Mn)	9M12	9M11
<b>Cash flow from ordinary activities</b>	<b>2,396</b>	<b>1,348</b>
Income before taxes	1,696	1,669
Adjustments	1,865	1,686
<b>Operating Cash flow</b>	<b>3,561</b>	<b>3,355</b>
Changes in working capital	-211	-1,195
Other cash flows from operating activities	-954	-812
Interests	-567	-593
Income tax expenses	-387	-219
<b>Investment cash flow</b>	<b>-1,004</b>	<b>-114</b>
Investments	-1,682	-2,423
Component companies, tangible and intangible assets	-1,099	-1,083
Other financial assets	-583	-1,340
Disposals	581	2,206
Component companies, tangible and intangible assets	53	1,223
Other financial assets	528	983
Other cash flows from investing activities	97	103
<b>Financing cash flow</b>	<b>-138</b>	<b>-85</b>
Increase of capital	-379	500
Net proceeds from instruments representing financial liabilities	820	-145
Dividends paid	-527	-401
Other cash flows from financing activities	-52	-39
<b>Effect of exchange rate variations</b>	<b>9</b>	<b>-18</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,263</b>	<b>1,131</b>
<b>Beginning cash and cash equivalents</b>	<b>3,098</b>	<b>1,203</b>
<b>Ending cash and cash equivalents</b>	<b>4,361</b>	<b>2,334</b>

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