



Fourth quarter results 2010

22 February 2011

NET PROFIT INCREASED BY 0.5% TO €1,201 MILLION IN THE YEAR

- Net profit amounted to €1,201 million in 2010, an increase of 0.5% with respect to last year. The additional provision allocated for risks arising from the dispute with Sonatrach impacted the year's earnings, which were supported nevertheless by the incipient recovery in energy demand in Spain, the growing contribution from the company's international businesses, and the income from the disposal of gas distribution assets in the Madrid region.
- The provision booked at 31 December 2010 was based on the best estimate, information available on the development of the dispute with Sonatrach, negotiations under way, and the amounts payable, and sufficiently covers the risks described, both retroactively and for the additional period to 31 December 2010.
- Consolidated EBITDA amounted to €4,477 million, an increase of 14.1% with respect to last year, mainly as a result of the fact that Unión Fenosa was not fully consolidated until 30 April 2009. EBITDA was able to offset the additional provision for risks related to the dispute with Sonatrach and was supported by the growth in earnings from regulated activities, which were boosted by the growing contribution from those activities outside Spain and by improved operating efficiency. It is also worth noting the management of the global energy supply portfolio, against a backdrop of significant volatility, which stabilised its contribution to earnings.
- The results obtained in this context highlight the fundamental value 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.
- The expanding contribution from GAS NATURAL FENOSA's international activity, primarily through regulated or quasi-regulated activities in Latin America (+30.4%), evidences the robustness of the business model.
- The company's expeditious divestment of assets which are either non-strategic or whose sale was agreed with Spain's National Competition Commission (CNC) is enabling the company to gradually normalise its leverage (57.3% at 31 December 2010).¹
- The Board of Directors' proposal to the Shareholders' Meeting with regard to the application of income includes shareholder remuneration amounting to the equivalent of at most €0.80 per share out of 2010 results, which would be 1.0% higher than last year and would represent a 61.4% pay-out. This would reconcile an increase in shareholder remuneration with growth in operations and normalisation of leverage in a very demanding macroeconomic, energy and financial context.
- In February 2011, and in accordance with the CNC's latest decision, GAS NATURAL FENOSA reached an agreement to sell 300,000 gas distribution connections in the Madrid region.

¹ Adjusted net debt (less the tariff deficit and divestments expected and committed at 31 December 2010 and including the accounting effect of Eufes's debt).

1.- PRINCIPALES MAGNITUDES

1.1.- Main financial aggregates

4Q10	4Q09	%	(€ Mn)	2010	2009	%
5,337	4,492	18.8	Net sales	19,630	14,873	32.0
948	1,119	-15.3	EBITDA	4,477	3,923	14.1
398	682	-41.6	Operating income	2,893	2,445	18.3
84	281	-70.1	Net profit	1,201	1,195	0.5
-	-	-	Average number of shares (million) ²	922	809	14.0
-	-	-	EBITDA per share (€)	4.86	4.85	0.2
-	-	-	Net profit per share (€)	1.30	1.48	-12.2
630	664	-5.1	Investments	1,553	15,243	-89.8
-	-	-	Net financial debt (at 31/12)	19,102	20,916	-8.7

1.2.- Ratios

	2010	2009
Leverage ³	59.6%	63.2%
EBITDA/Financial income	4.4x	5.5x
Net financial debt /EBITDA	4.3x	5.3x
P/E	8.8x	11.6x
EV/EBITDA	6.6x	8.9x

Share performance and balance sheet at 31 December.

² Calculated in accordance with IAS 33.

³ Net financial debt/(Net financial debt + Equity).

1.3.- Main physical aggregates

Gas and electricity distribution:

4Q10	4Q09	%		2010	2009	%
111,640	104,890	6.4	Gas distribution (GWh):	411,556	402,692	2.2
56,936	63,325	-10.1	Europe:	210,561	233,080	-9.7
754	1,461	-48.4	Tariff gas sales	2,741	3,000	-8.6
56,182	61,864	-9.2	TPA ⁴	207,820	230,080	-9.7
54,704	41,564	31.6	Latin America:	200,995	169,612	18.5
34,140	25,047	36.3	Tariff gas sales	128,141	107,196	19.5
20,564	16,517	24.5	TPA	72,854	62,416	16.7
14,017	13,950	0.5	Electricity distribution (GWh):	54,833	34,973	56.8
9,505	9,453	0.6	Europe:	36,831	22,919	60.7
660	991	-33.4	Tariff gas sales	2,372	3,521	-32.6
8,845	8,462	4.5	TPA	34,459	19,398	77.6
4,512	4,497	0.3	Latin America:	18,002	12,054	49.3
4,269	4,191	1.8	Tariff gas sales	16,979	11,314	50.1
243	306	-20.4	TPA	1,023	740	38.2
-	-	-	Gas distribution connections, ('000) (at 31/12):	11,361	11,534	-1.5
-	-	-	Europe	5,696	6,112	-6.8
-	-	-	Latin America	5,665	5,422	4.5
-	-	-	Electricity distribution connections, ('000) (at 31/12):	9,436	9,144	3.2
-	-	-	Europe	4,535	4,505	0.7
-	-	-	Latin America	4,901	4,639	5.7
-	-	-	ICEIT (minutes)	61	59	3.4

Energy businesses:

⁴ Also includes TPA services in the secondary network.

4Q10	4Q09	%		2010	2009	%
15,196	13,063	16.3	Electricity generated (GWh):	58,389	52,752	10.7
10,212	9,031	13.1	Spain:	38,338	28,728	33.5
1,057	1,079	-2.0	Hydroelectric	4,752	1,849	-
1,131	1,006	12.4	Nuclear	4,325	2,908	48.7
406	377	7.7	Coal	772	741	4.2
-2	-	-	Oil/gas	32	4	-
6,872	5,802	18.4	CCGT	25,928	21,192	22.3
748	767	-2.5	Renewables	2,529	2,034	24.3
4,984	4,032	23.6	International:	20,051	24,024	-16.5
113	100	13.0	Hydroelectric	391	260	50.4
4,449	3,492	27.4	CCGT	17,985	22,638	-20.6
422	440	-4.1	Oil-fired	1,675	1,126	48.8
-	-	-	Installed capacity (MW):	17,305	17,825	-2.9
-	-	-	Spain:	14,637	13,374	9.4
-	-	-	Hydroelectric	1,860	1,860	-
-	-	-	Nuclear	589	589	-
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	617	617	-
-	-	-	CCGT	8,565	7,321	17.0
-	-	-	Renewables	958	939	2.0
-	-	-	International:	2,668	4,451	-40.1
-	-	-	Hydroelectric	84	84	-
-	-	-	CCGT	2,274	4,057	-43.9
-	-	-	Oil-fired	310	310	-
83,668	76,463	9.4	Gas supply (GWh):	305,703	282,190	8.3
69,794	61,665	13.2	Spain	250,884	230,266	9.0
13,874	14,798	-6.2	Rest	54,819	51,924	5.6
16,442	12,458	32.0	UF Gas ⁵			
7,507	7,815	-3.9	Gas supply in Spain (GWh)	59,518	34,854	70.8
			Rest (GWh)	27,774	10,785	-
31,371	30,506	2.8	Gas transportation - EMPL (GWh)	109,792	109,230	0.5

⁵ 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 2010 with respect to 2009 are as follows:

- As from 28 February 2009, Unión Fenosa was equity-accounted.
- Unión Fenosa was fully consolidated as from 30 April 2009 as a result of the acquisition of control. Unión Fenosa and Unión Fenosa Generación were merged into Gas Natural SDG in September 2009.
- In December 2009, the company sold its stake in Colombian company Empresa de Energía del Pacífico (EPSA), which it had acquired as part of the Unión Fenosa acquisition.
- In December 2009, the company disposed of various gas distribution and supply companies and assets in Cantabria, Murcia and the Basque Country.
- In April 2010, the company sold the following companies: Madrileña Red de Gas, Madrileña Suministro Gas SUR 2010, Madrileña Suministro Gas 2010 and Madrileña Servicios Comunes.
- In May 2010 it sold the following power plants: Anahuac, Lomas del Real, Vallehermoso, Saltillo and Electricidad Aguila de Altamira as well as Gasoducto del Rio pipeline and Compañía Mexicana de Gerencia y Operación.
- In October 2010, Italian company Cilento Reti Gas was fully consolidated.

2.2.- Analysis of results

The acquisition of Unión Fenosa and its full consolidation since 30 April 2009 led to significant changes in the comparison between this period and the same period last year, and complicates an analysis of the performance of GAS NATURAL FENOSA's businesses. Accordingly, in order to facilitate a more uniform comparison, Section 4 (Analysis of proforma results by activity) presents, where possible, proforma figures produced by aggregating Unión Fenosa from 1 January 2009, balancing out any contributions from divestments.

Additionally, IFRIC 12 "Service Concession Arrangements" has been applied since 1 January 2010 retroactively, and the 2009 financial statements have been restated. In situations where the grantor controls the services that the operator (GAS NATURAL FENOSA) must provide and controls any significant residual interest in the assets at the end of the term of the arrangement, the infrastructure will not be recognised as tangible fixed assets; two accounting models (financial asset and intangible asset) are established depending on the nature of the economic benefits that the operator receives.

GAS NATURAL FENOSA has completed the assessment of the impact of this interpretation and considers that the intangible asset approach is applicable to the gas distribution activities in Argentina, Brazil and Italy and the financial asset approach to the power generation activity in Costa Rica.

As a result, the consolidated balance sheet at 31 December 2009 and the consolidated income statement for 2009 include the following reclassifications. An amount of €1,247 million was reclassified from "Fixed assets" to "Intangible assets" and €66 million from the former to "Long-term financial assets", and an amount of €185 million was reclassified from "Subsidies" to a reduction in the "Intangible assets" account. In the consolidated income statement for 2009, an amount of €76 million in revenues and expenses incurred during construction were booked under "Other operating

revenues" and "Other operating expenses", while an amount of €8 million was reclassified from "Recognition of subsidies for fixed asset and others" to "Period depreciation". An amount of €6 million was reclassified from "Net sales" and €3 million from "Period depreciation", both to "Financial income".

As regards the dispute between GAS NATURAL FENOSA and Sonatrach over the price review of supply contracts for gas received from Algeria via the Maghreb-Europe pipeline, a decision was handed down in August 2010. The court ruled that Sonatrach was entitled to a price increase as from 2007. The maximum amount billable retroactively by Sonatrach to GAS NATURAL FENOSA is \$1,970 million for the period to July 2010. GAS NATURAL FENOSA is contesting the decision before the Swiss Federal Court. Moreover, GAS NATURAL FENOSA has requested that a price review process commence with regard to the contracts in question to take account of the intense changes which have occurred, the current global market situation, and, in particular, the Spanish market situation, in line with the provisions of the contracts.

In November 2010, as a precautionary measure, the Swiss Federal Court suspended the decision until it rules on the appeal presented by GAS NATURAL FENOSA.

GAS NATURAL FENOSA and Sonatrach are negotiating the review of prices envisioned in the contracts, and both parties expect to benefit from the final result once the above-mentioned dispute is fully resolved.

In the event that GAS NATURAL FENOSA's appeals are unsuccessful, part of the price increase will be passed on to certain customers, according to the terms of the contract.

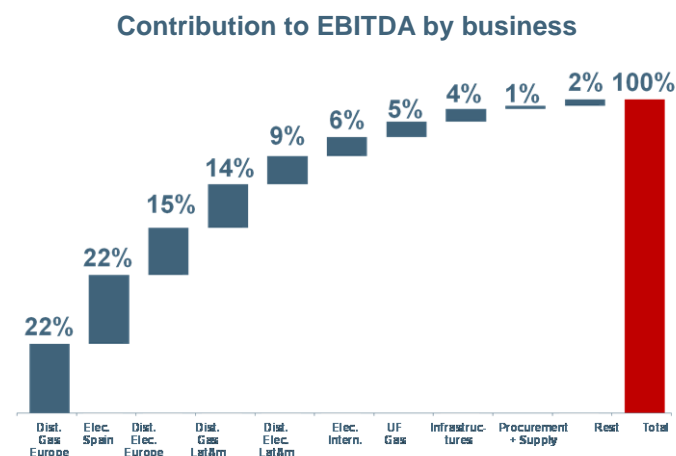
At 31 December 2010, GAS NATURAL FENOSA's consolidated balance sheet included a provision for risks deriving from the dispute with Sonatrach based on the best estimate made with the information available at the time that the consolidated financial statements were drafted, taking into account the development of the dispute, negotiations under way, and the amounts payable. The provision sufficiently covers the risks described both retroactively and for the additional period until 31 December 2010.

2.2.1.- Net sales

Net sales totalled €19,630 million in 2010, a 32.0% increase over 2009, due basically to the integration of Unión Fenosa since 1 May in 2009 and since 1 January in 2010.

2.2.2.- EBITDA and operating income

Consolidated EBITDA amounted to €4,477 million in 2010, a 14.1% increase over the previous year, mainly as a result of integrating Unión Fenosa for an entire year in 2010.



Distribution of gas and electricity in Spain and other countries accounts for 59.9% of GAS NATURAL FENOSA's EBITDA.

The electricity business in Spain is the main contributor to consolidated EBITDA (21.8%).

The Other income item reflects capital gains net of divestments in the period, essentially reflecting the sale of gas

distribution connections in the Madrid region.

Depreciation charges increased by 23.5% while provisions rose from €138 million to €238 million, with the result that operating income amounted to €2,893 million, an 18.3% increase.

In proforma terms, EBITDA increased 6.2% compared with 2009, despite the current economic situation, evidencing the strength of GAS NATURAL FENOSA's business mix.

2.2.3.- Financial results

The breakdown of financial results is as follows:

4Q10	4Q09	(€ Mn)	2010	2009
17	26	Financial income	118	85
-222	-245	Cost of net financial debt	-924	-810
-42	-19	Other expenses / interest income	-138	-73
-	-	Fees on loan for UF acquisition	-103	-42
-17	-3	Fair value derivatives	-6	25
-1	-2	Exchange differences, net	-6	1
40	-	Income from disposal of financial instruments	44	101
-225	-243	Financial result	-1,015	-713

The cost of financial debt in 2010 was €924 million, i.e. higher than in 2009 due 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 and its subsidiaries.

The 2010 figure includes €103 million corresponding to the recognition in the consolidated income statement of the fees on the loan for the Unión Fenosa acquisition, which were pending recognition in the income statement, due to the cancellation of that debt. This item totalled €42 million in 2009.

Income from financial asset disposals in the current year corresponds to the sale of 5% of Indra Sistemas and the 35% stake in Gas Aragón, whereas in 2009 that item corresponded to the sale of the company's 5% stake in Enagás.

2.2.4.- Results of entities accounted for using the equity method

Income from holdings in associated companies amounted to €5 million in 2010, compared with €59 million in 2009. This item includes the €46 million contribution from Unión Fenosa while it was equity-accounted (from 28 February 2009 to 30 April 2009).

2.2.5.- 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. On 1 September 2009, as a result of the registration of the merger with Unión Fenosa in the Mercantile Register, the Unión Fenosa Tax Group ceased to exist and its component companies joined the Gas Natural Tax Group. The merger adopted the special tax-neutral regime established under Chapter VIII of Title VII of the Consolidated Text of the Corporate Income Tax Law.

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 effective tax rate in 2010 was 24.9%. The difference between the theoretical tax rate and the effective tax rate was due to tax credits from reinvestment of extraordinary gains on the sale of gas distribution assets in the Madrid region, in compliance with competition rules, to the transfer of the 35% stake in Gas Aragón, and to the application of different tax systems to companies operating outside Spain.

The effective tax rate for 2009 was 24.6%, due to tax credits on the reinvestment of extraordinary gains on the sale of the 5% stake in Enagás, in compliance with competition rules, the application of different tax systems to companies operating outside Spain and the effect of net income from equity-accounted affiliates.

2.2.6.- Minority interest

The main items in this account are the minority shareholders of EMPL, the subgroup of subsidiaries in Gas Natural ESP (Colombia), gas distribution companies in Brazil, Electricidad Chiriqui and Electricidad Metro Oeste (Panama) and Kangra Coal (South Africa).

Income attributed to minority interest in 2010 amounted to €214 million, €19 million more than in the previous year.

3. BALANCE SHEET

3.1.- Investments

The breakdown of investments by type is as follows:

(€ Mn)	2010	2009	%
Capital expenditure	1,394	1,721	-19.0
Investments in intangible assets	149	152	-2.0
Financial investments	10	13,370	-
Total investments	1,553	15,243	-89.8

Due to applying IFRIC 12, investments in Argentina, Brazil and Italy are recognised as intangible assets.

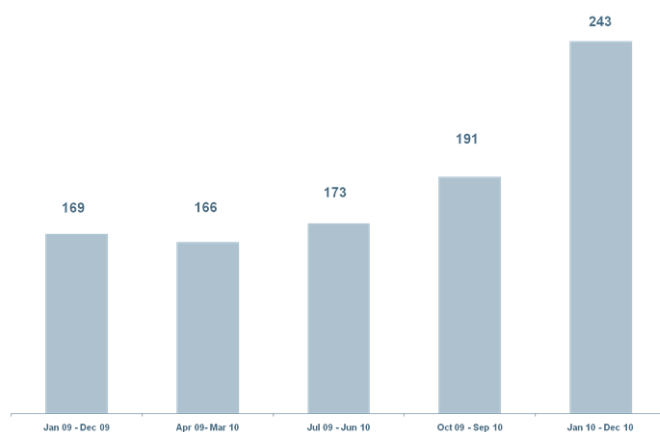
Capital expenditure (intangible assets and property, plant and equipment) amounted to €1,543 million, 17.6% less than in 2009, due primarily to the completion of CCGT construction.

Financial investments in 2009 amounted to €13,370 million, due basically to the acquisition of 80.5% of Unión Fenosa.

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

(€ Mn)	2010	2009	%
Gas distribution:	367	498	-26.3
Spain	221	358	-38.3
Italy	108	105	2.9
Latin America	38	35	8.6
Electricity distribution:	466	323	44.3
Spain	313	236	32.6
Moldova	137	78	75.6
Latin America	16	9	77.8
Electricity:	512	779	-34.3
Spain	361	620	-41.8
International	151	159	-5.0
Gas:	67	176	-61.9
Infrastructures	22	143	-84.6
Procurement & Supply	19	18	5.6
UF Gas	26	15	73.3
Rest	131	97	35.1
Total capital expenditure	1,543	1,873	-17.6

Total capital expenditure by business



GAS NATURAL FENOSA allocated 23.4% of capital expenditure to the electricity business in Spain and 21.3% to electricity distribution in Europe.

A total of 14.3% of capital expenditure was allocated to gas distribution in Spain, which will enable the company to sustain a rapid pace of growth in distribution connections despite the economic slowdown in Spain.

3.2.- Debt

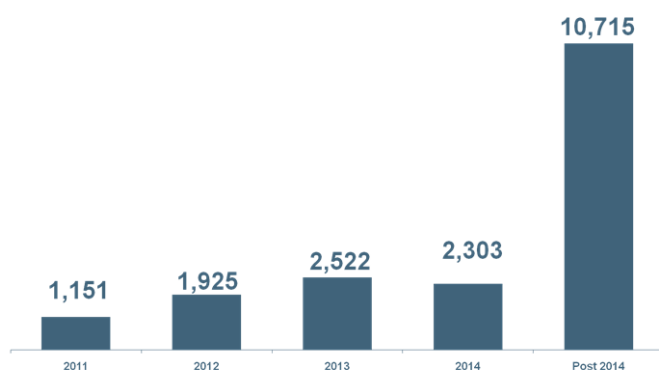
At 31 December 2010, net interest-bearing debt amounted to €19,102 million and leverage was 59.6%.

Excluding the tariff deficit (€1,747 million) and divestments expected and committed at 31 December 2010 (€200 million) and taking into account the accounting effect of transferring the 50% of Eufur's debt attributable to GAS NATURAL FENOSA to assets and liabilities available for sale, adjusted net debt would be €17,412 million, i.e. leverage of 57.3%.

At 31 December 2010, the adjusted net debt/EBITDA ratio was 3.9 (4.3 unadjusted) and the EBITDA/net financial income ratio 4.4, respectively.

On 11 January 2011, the Fondo de Amortización del Déficit Eléctrico (FADE) launched an inaugural bond issue amounting to €2,000 million backed by rights assigned by Spain's electricity system, for which GAS NATURAL FENOSA received €224 million at the end of January 2011. On 15 February 2011, the FADE launched a second bond issue, amounting to €2,000 million, from which GAS NATURAL FENOSA expects to receive €224 million at the end of February 2011.

Gross Ajusted Debt for maturity (€ million)



The figure shows the maturities calendar for adjusted gross debt including the bonds issued in January 2011 (€600 million).

A total of 71.8% of adjusted gross interest-bearing debt is at fixed interest rates and the other 28.2% is at floating rates. Of the gross interest-bearing debt, 6.2% is short term and 93.8% is long term.

At 31 December 2010, cash and cash equivalents totalled €1,204 million (including derivatives and other deposits); together with available bank finance, the company has sufficient liquidity to cover its debt maturities for over 24 months.

Additionally, at 31 December 2010 the company had €4,575 million available in the form of shelf registrations for financial instruments, including €3,050 in the Euro Medium Term Notes (EMTN) programme, €642 million in the Euro Commercial Paper (ECP) programme, and €883 million in the commercial paper programme.

A total of 54.3% of the adjusted gross interest-bearing debt at 31 December 2010 matures in or after 2015. The average term of the adjusted gross debt is over 4.6 years.

Three bond issues were placed on 12 January 2010: €650 million at 5 years (coupon: 3.375%), €700 million at 8 years (4.125%) and €850 million at 10 years (4.500%).

In March 2010, the company renewed the ECP programme for €1,000 million; the group company authorised to issue under the programme is Unión Fenosa Finance. In July 2010, the company renewed Gas Natural SDG's €1,000 million commercial paper programme.

On 25 March 2010, the company signed a €4,000 million loan in the form of a club deal with 18 banks. Of the total, €1,000 matures in 3 years and €3,000 million in 5 years. The loans were used to pay down the loan arranged for the Unión Fenosa acquisition, which matured in 2011 and 2013, and corporate finance maturing in 2011. On 2 June 2010, the initial €19,000 million loan arranged for the acquisition of Unión Fenosa was fully repaid.

On 10 June 2010, a two-tranche loan was signed with the EIB for €450 million: €300 million maturing in 10 years and €150 million in 15 years.

In January 2011, the company completed a 6-year €600 million bond issue with an annual coupon of 5.625%.

The breakdown of the net interest-bearing debt by currency at 31 December 2010, in absolute and relative terms, is as follows:

(€ Mn)	31/12/10	%
EUR	14,087	81.0
US\$	1,896	10.9
COP	528	3.0
BRL	284	1.6
MXN	300	1.7
JPY	243	1.4
ARS	25	0.1
Rest	49	0.3
Total net adjusted financial debt	17,412	100

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	A-	F2

3.3.- Goodwill

GAS NATURAL FENOSA did not perform any business combinations in the year ended 31 December 2010. Unión Fenosa has been fully consolidated since 30 April 2009.

Definitive allocation of the acquisition price of Unión Fenosa's assets, liabilities and contingent liabilities at fair value was completed in April 2010, in line with the approach adopted in the 2009 consolidated financial statements.

3.4.- Shareholders' equity

Between 14 and 28 March 2009, Gas Natural SDG 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 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 in exchange. Gas Natural SDG's capital stock is currently represented by 921,756,951 shares.

The distribution of 2009 income approved by the Shareholders' Meeting included the allocation of €730 million to dividends (i.e. €0.792 per share), representing a pay-out of 61.1% and EPS of 6.9%, taking as a reference the share price at 31 December 2010 (€11.49 per share).

The Board of Directors will propose to the Ordinary Shareholders' Meeting that it pay a dividend amounting to €324,458,446.75 (equal to the 2010 interim dividend, which was paid on 7 January

2011) as well as a stock dividend through the issuance of new ordinary shares for a maximum reference market value of €412,947,114.05.

This will provide shareholders with the option of receiving the 2010 supplementary dividend in July 2011 in the form of stock instead of cash, although the company will provide a mechanism to enable shareholders to receive the equivalent amount in cash if they so wish.

At 31 December 2010, GAS NATURAL FENOSA's shareholders' equity totalled €12,974 million. Of that total, €11,384 million is attributable to GAS NATURAL FENOSA, a 6.6% increase with respect to 2009 year-end.

At 31 December 2010, based on available information, the main shareholders of Gas Natural SDG were as follows:

	% participation
Criteria Caixa Corp	36.6
Grupo Repsol	30.0
Catalunya Caixa	1.6

4.- ANALYSIS OF PROFORMA RESULTS BY ACTIVITY

For ease of comparison between the 2010 and 2009 figures, this section presents proforma data obtained by consolidating Unión Fenosa from 1 January to 31 December 2010 and standardising the contribution in the case of divestments.

Additionally, for an appropriate comparison, EBITDA for 2010 has been adjusted by €305 million due to the net effect of several non-recurring items, including the provision for risks arising from the dispute with Sonatrach.

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.

For homogeneous comparison, the figures for the assets in Cantabria, Murcia and the Basque Country that were sold in December 2009 and those in the Madrid region sold in April 2010 have been excluded from the 2009 figures.

4.1.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
332	299	11.0	Net sales	1,299	1,257	3.3
-5	-14	-64.3	Purchases	-18	-48	-62.5
-20	-8	-	Personnel costs, net	-67	-56	19.6
-85	-91	-6.6	Other expenses/income	-299	-293	2.0
222	186	19.4	EBITDA	915	860	6.4
-75	-67	11.9	Depreciation and amortization	-289	-284	1.8
-	-	-	Change in operating provisions	-	3	-
147	119	23.5	Operating profit	626	579	8.1

Net sales in the gas distribution business in Spain totalled €1,299 million, 3.3% more than in the same period of 2009.

EBITDA in 2010 amounted to €915 million, €55 million (+6.4%) more than in 2009 due to the increase in regulated remuneration.

4.1.2.- Main aggregates

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

4Q10	4Q09	%		2010	2009	%
55,978	53,559	4.5	Gas TPA sales (GWh):	207,174	199,478	3.9
391	389	0.5	Distribution network (km)	44,931	43,779	2.6
26	26	1.4	Change in connections points ('000)	84	95	-11.6
-	-	-	Connections points (000) (at 31/12)	5,274	5,190	1.6

Sales in the regulated gas business in Spain, which includes TPA services and secondary transportation, totalled 207,174 GWh, a 3.9% increase year-on-year. This increase was due basically to growth in residential consumption, driven by cold weather conditions, and a slight recovery in industrial consumption.

GAS NATURAL FENOSA continues to expand its distribution network, having added 1,152 km. in the last twelve months and connected another 33 municipalities in 2010. A total of 84,000 distribution connections were added in 2010, i.e. 11.6% less than in the same period of 2009, basically because of the impact of the economic crisis, although a recovery is visible in the fourth quarter of 2010.

At 2010 year-end, the gas distribution grid measured 44,931 km., having increased by 2.6%, and there were a total of 5,274,000 distribution connections, i.e. an increase of 1.6%.

GAS NATURAL FENOSA has complied with the commitments to divest certain gas distribution assets under the plan of action approved by the National Competition Commission (CNC) in connection with the acquisition of Unión Fenosa.

On 31 December 2009, the company completed the sale of the low-pressure gas distribution assets in the Autonomous Regions of Cantabria (Gas Natural Cantabria, SDG) and Murcia (Gas Natural Murcia SDG), which represent 2,611 km of low-pressure distribution network, 256,000 distribution connections, and 3,500 GWh of gas per year; the bulk of the high-pressure distribution networks in the Principality of Asturias, Cantabria and the Basque Country (489 km, which carry 7,500 GWh of gas per year); and the business of supplying gas, electricity and services to households and SMEs in those regions (approximately 210,000 gas customers, 4,000 electricity customers and 67,000 energy service contracts).

On 31 March 2010, the distribution assets in the municipalities of the Madrid region were spun off into a company called Madrileña Red de Gas, in accordance with the plan approved by the National Competition Commission regarding the Unión Fenosa acquisition. On 30 April 2010, the company completed the sale of low-pressure gas distribution assets in 38 municipalities in the Madrid region, i.e. 507,726 distribution points and 3,491 km of low-pressure distribution networks.

On 29 December 2010, Spain's Ministry of Industry issued Order ITC/3354/2010, which established the tolls and fees for third-party access to gas installations in 2011 and updated certain aspects of the remuneration for regulated gas activities. The order maintained the system for calculating the distribution remuneration as amended the previous year, updating the remuneration for 2011 in accordance with the actual IPH index for 2009. The initial remuneration recognised for GAS NATURAL FENOSA in 2011 is €1,098 million.

The remuneration recognised for secondary transportation in 2011 amounts to €31 million.

4.2.- Gas Distribution in Latin America

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

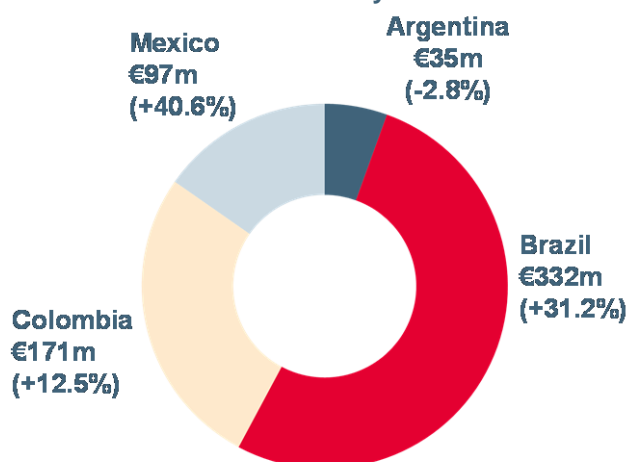
4.2.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
727	536	35.6	Net sales	2,645	1,959	35.0
-495	-334	48.2	Purchases	-1,748	-1,217	43.6
-20	-15	33.3	Personnel costs, net	-81	-67	20.9
-48	-49	-2.0	Other expenses/income	-181	-165	9.7
164	138	18.8	EBITDA	635	510	24.5
-29	-25	16.0	Depreciation and amortization	-112	-92	21.7
-	-2	-	Change in operating provisions	-7	-11	-36.4
135	111	21.6	Operating profit	516	407	26.8

Gas distribution results in Latin America improved in 2010 due to good business performance and favourable currency performance.

Net sales amounted to €2,645 million, a 35.0% increase due to higher sales and to currency fluctuations.

EBITDA in Latin America by countries



The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to 2009.

EBITDA amounted to €635 million, 24.5% more than in the same period in 2009, boosted by appreciation of local currencies (+13.5% on average).

Excluding the currency effect, EBITDA expanded 6.6%.

Brazil and Colombia's contributions were particularly noteworthy: together they accounted for 79.2% of EBITDA.

4.2.2.- Main aggregates

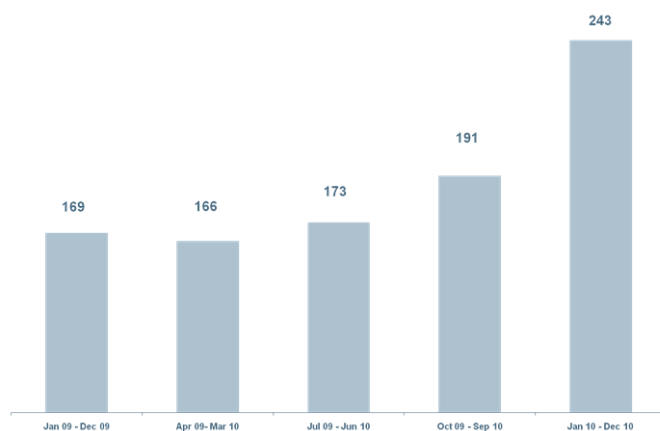
The main physical aggregates in gas distribution in Latin America are as follows:

4Q10	4Q09	%		2010	2009	%
54,704	41,564	31.6	Gas activity sales (GWh):	200,995	169,612	18.5
34,140	25,047	36.3	Tariff gas sales	128,141	107,196	19.5
20,564	16,517	24.5	TPA	72,854	62,416	16.7
1,564	401	-	Distribution network (km)	64,492	62,315	3.5
104	52	-	Change in connections points ('000)	243	169	43.8
-	-	-	Connections points (000) (at 31/12)	5,665	5,422	4.5

The key physical aggregates by country in 2010 are as follows:

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh)	74,621	64,212	16,160	46,002	200,995
Change vs. 12M09 (%)	9.7	50.5	0.5	7.4	18.5
Distribution network	23,005	6,006	19,010	16,471	64,492
Change vs. 31/12/2009 (km)	269	74	1,559	275	2,177
Connections points ('000 at 31/12)	1,458	817	2,183	1,207	5,665
Change vs. 31/12/2009 ('000)	33	15	152	43	243

Increase in gas distribution connections, ('000)



There were a total of 5,665,000 gas distribution connections in 2010. High year-on-year growth rates were maintained, and the number of distribution connections increased by 243,000; notably, Colombia added 152,000 distribution connections and exceeded 2 million customers 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 services, totalled 200,995 GWh, an 18.5% increase with respect to the previous year, basically in the industrial sector and in supply to power plants in Brazil.

The distribution grid expanded by 2,177 km (+3.5%) in the last 12 months, to 64,492 km at the end of December 2010.

Highlights of activities in Latin America:

- In Argentina, negotiations with the government on the application of the new tariff framework are continuing.
- Sales to industry and power generation in Brazil increased (in the latter case, because of demand driven by intense heat in the south-east and south of the country).
- The number of vehicles in Colombia fitted to burn LNG increased by 5.5%, from 117,872 in December 2009 to 124,301 in December 2010.
- On 8 February 2010, Comercializadora Metrogas (the distribution company in Mexico City) published the authorised tariffs in the Official Gazette of the Federation, which include a 30.5% increase in the third five-year period, effective 15 February 2010.

Also, on that same date, the Mexican government issued permission for all of Gas Natural Mexico's distribution companies to recover the gas hedging price via the distribution tariff, i.e. an additional 11% of the distribution tariff; for the distribution companies in Monterrey, Nuevo Laredo, Saltillo and Toluca, recovery of operating losses amounts to an additional 4% of the distribution tariff.

4.3.- Gas distribution in Italy

The business in Italy also includes gas sales at the regulated tariff.

4.3.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
73	42	73.8	Net sales	210	183	14.8
-42	-20	-	Purchases	-103	-96	7.3
-4	-3	33.3	Personnel costs, net	-15	-15	-
-7	-8	-12.5	Other expenses/income	-22	-24	-8.3
20	11	81.8	EBITDA	70	48	45.8
-6	-3	-	Depreciation and amortization	-22	-21	4.8
-2	-1	-	Change in operating provisions	-6	-2	-
12	7	71.4	Operating profit	42	25	68.0

Gas distribution in Italy contributed €70 million in EBITDA, i.e. 45.8% more than in 2009.

The greater contribution to EBITDA is due to remuneration from regulated gas distribution (€19 million), which includes €3 million from 2009, in accordance with the regulator's resolution of November 2010.

On 28 December 2010, Gas Natural Distribuzione Italia acquired assets in the Sapri and Camerota municipalities via wholly-owned company Cilento Reti Gas Srl, commencing the Cilento project in the Campania region in southwest Italy. The project covers 29 municipalities with potential for 50,000 distribution connections.

In the last quarter of 2010, GAS NATURAL FENOSA was supplying gas in Italy under contract, and two shiploads of LNG (880 GWh) were regasified at the Panigaglia plant.

4.3.2.- Main aggregates

GAS NATURAL FENOSA has 422,000 gas distribution points in Italy, a 1.9% increase with respect to 31 December 2009.

4Q10	4Q09	%		2010	2009	%
958	977	-1.9	Gas activity sales (GWh):	3,387	3,495	-3.1
754	804	-6.2	Tariff gas sales	2,741	2,974	-7.8
204	173	17.9	TPA	646	521	24.0
-	-	-	Distribution network (km)	5,849	5,645	3.6
-	-	-	Connections points ('000) (at 31/12)	422	414	1.9

A total of 3,387 GWh of gas were distributed, i.e. 3.1% less than in 2009, mainly as a result of different weather conditions.

The gas distribution network expanded 204 km to 5,849 km at 31 December 2010.

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.

The bundled electricity tariff was abolished and the "last-resort" supply companies were designated on 1 July 2009; as a result, the distribution business ceased selling electricity in Spain on that date.

4.4.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
272	226	20.4	Net sales	884	849	4.1
-	-	-	Purchases	-	-	-
-25	-23	8.7	Personnel costs, net	-108	-104	3.8
-34	-57	-40.4	Other expenses/income	-131	-168	-22.0
213	146	45.9	EBITDA	645	577	11.8
-56	-75	-25.3	Depreciation and amortization	-213	-227	-6.2
-5	-	-	Change in operating provisions	-12	-9	33.3
152	71	-	Operating profit	420	341	23.2

On 29 December 2010, Ministerial Order ITC/3353/2010 was published in the Official State Gazette, establishing tolls for third-party access as from 1 January 2011 and tariffs and premiums for special regime facilities.

The Order includes the definitive values for distribution remuneration for 2009 and 2010, which had been considered provisional to date. It also establishes the provisional remuneration for 2011. Specifically, the initial remuneration recognised for GAS NATURAL FENOSA in 2011 is €837 million for distribution and €51 million for transmission.

The revision entails booking, in 2010, the updated remuneration for 2009, which was approximately €35 million more than the amount initially booked. This, together with improvements in efficiency in the regulated business, provided EBITDA of €645 million, i.e. +11.8% with respect to 2009.

4.4.2.- Main aggregates

4Q10	4Q09	%		2010	2009	%
8,845	8,388	5.4	Electric activity sales (GWh):	34,465	33,105	4.1
-	211	-	Tariff electricity sales	6	9,198	-99.9
8,845	8,177	8.2	TPA	34,459	23,907	44.1
-	-	-	Connections points (000) (at 31/12)	3,719	3,690	0.8
-	-	-	ICEIT (minutes)	61	59	3.4

The company reached a record in 2009 in terms of quality of supply, measured by the ICEIT indicator (installed capacity equivalent interrupt time), which was slightly over 59 minutes (excluding force majeure). These figures were maintained in 2010, when the ICEIT indicator was 61 minutes.

GAS NATURAL FENOSA is committed to quality, proof of which lies in its capital expenditure plans and the operation and maintenance of the installations which are steadily being commissioned in all areas where the it operates. In this regard, the ICEIT indicator has improved by 34 minutes since 2006 and is among the best in the industry.

The number of electricity supply points increased slightly in 2010 (+0.8%), while energy supply expanded by 4.1%. Regulated-rate electricity sales in 2010 correspond to adjustments since, as of July 2009, energy is supplied only at the TPA tariff.

4.5.- Electricity Distribution in Latin America

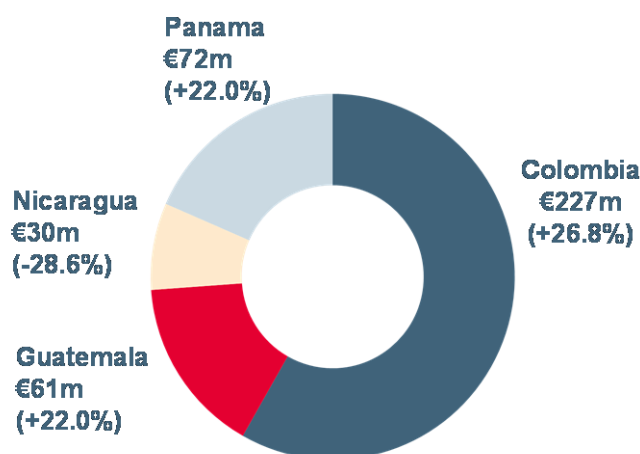
This division involves gas distribution in Colombia, Guatemala, Nicaragua and Panama.

4.5.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
525	480	9.4	Net sales	2.200	1.804	22.0
-372	-345	7.8	Purchases	-1.580	-1.258	25.6
-12	-11	9.1	Personnel costs, net	-54	-48	12.5
-46	-38	21.1	Other expenses/income	-176	-167	5.4
95	86	10.5	EBITDA	390	331	17.8
-20	-20	-	Depreciation and amortization	-89	-76	17.1
-37	-22	68.2	Change in operating provisions	-124	-82	51.2
38	44	-9.1	Operating profit	177	173	2.3

EBITDA in the distribution business in Latin America increased by 17.8% with respect to 2009; of special note was the increase in revenues due to a significant rise in demand in the region and appreciation of the Colombian peso. Excluding the currency effect, EBITDA expanded 4.8% with respect to 2009.

EBITDA in Latin America by country



The Colombian distribution business contributed €227 million, a 26.8% increase. This increase was due to the unusual length of the El Niño phenomenon and to incipient economic recovery in Colombia, where industrial activity has started to pick up again.

EBITDA of the distribution companies in Central America amounted to €163 million, a 7.9% increase, due to the increase in demand throughout the region (6.6%), offsetting higher fuel prices (up 20% on average) and the increase in the cost of unrecognised losses.

The increase in provisions is due primarily to the increase in sales in disadvantaged areas in Colombia where it is difficult to manage the electricity distribution business.

4.5.2.- Main aggregates

4Q10	4Q09	%		2010	2009	%
4,512	4,497	0.3	Electric activity sales (GWh):	18,002	17,031	5.7
4,269	4,191	1.8	Tariff electricity sales:	16,979	15,963	6.4
243	306	-20.4	TPA	1,023	1,068	-4.2
-	-	-	Connections points (000) (at 31/12)	4,901	4,639	5.7

Electricity sales totalled 18,002 GWh, a 5.7% increase, and customer numbers increased by 5.7%, most notably in Colombia (due to updated censuses in disadvantaged neighbourhoods) and in Nicaragua (due to more effective campaigns to sign new customers).

The key physical aggregates by country in 2010 are as follows:

	Colombia	Guatemala	Nicaragua	Panama	Total
Electric activity sales (GWh)	10,099	1,934	2,424	3,545	18,002
Change vs. 12M09 (%)	5.8	4.7	5.4	6.1	5.7
Connections points ('000 at 31/12)	2,198	1,422	808	473	4,901
Change vs. 31/12/2009 ('000)	105	50	88	19	262
Network loss ratio (%)	18.0	17.0	21.8	9.8	-

Energy demand in Central America increased by 5.7%, including a notable 6.1% increase in distribution in Panama due to the higher temperatures and customers' perception of lower tariffs.

The basic operating indicators in the business—the power loss ratio, and the debt collection index—remained stable with respect to the previous year despite delays with the plans to reduce losses and to cut off consumers for non-payment.

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.

4.6.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
55	48	14.6	Net sales	188	181	3.9
-43	-37	16.2	Purchases	-143	-139	2.9
-1	-1	-	Personnel costs, net	-7	-7	-
-3	-4	-25.0	Other expenses/income	-11	-11	-
8	6	33.3	EBITDA	27	24	12.5
-1	-1	-	Depreciation and amortization	-5	-5	-
-	-	-	Change in operating provisions	-1	-	-
7	5	40.0	Operating profit	21	19	10.5

The current regulatory framework in Moldova, which includes explicit recognition of the capex plan and operation and maintenance at facilities, together with positive results obtained from boosting the energy efficiency of the distribution network, improved the margin on electricity by approximately 18% in the local currency compared with 2009.

Projects to improve operations, in both facility and customer management, are providing significant improvements in efficiency, measured in terms of operating expenses/electricity margin, which improved by almost 4 percentage points in local currency terms.

This improved EBITDA by almost 21% in local currency terms; including the currency effect, EBITDA improved by 12.5% compared with 2009.

4.6.2.- Main aggregates

4Q10	4Q09	%		2010	2009	%
660	626	5.4	Electric activity sales (GWh):	2,366	2,288	3.4
660	626	5.4	Tariff electricity sales:	2,366	2,288	3.4
-	-	-	TPA	-	-	-
-	-	-	Connections points (000) (at 31/12)	816	807	1.1
-	-	-	Network loss ratio (%)	14	14	-

Against the backdrop of the economic slowdown, energy demand in Moldova expanded by 3.4% with respect to 2009, and the customer base grew by 1.1%. The impact of this growth is also visible in earnings as the power loss ratio continues to improve (now around 14%), while debt collection ratio is close to 100%.

The solid results are attributable to the good performance of leading operating parameters and the fact that supply quality figures are on target.

4.7.- Electricity in Spain

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

4.7.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
1,474	646	-	Net sales	5,420	4,528	19.7
-1,126	-261	-	Purchases	-3,909	-2,969	31.7
-39	-27	44.4	Personnel costs, net	-130	-118	10.2
-112	-104	7.6	Other expenses/income	-407	-385	5.7
197	254	-22.4	EBITDA	974	1,056	-7.8
-170	-223	-23.8	Depreciation and amortization	-537	-563	-4.6
-41	-3	-	Change in operating provisions	-50	-16	-
-14	28	-	Operating profit	387	477	-18.9

Net sales in the electricity business amounted to €5,420 million in 2010, 19.7% more than in 2009.

EBITDA amounted to €974 million in 2010, a 7.8% decrease year-on-year.

Electricity demand in mainland Spain amounted to 65,715 GWh in the fourth quarter of 2010, 4.0% more than in 2009. Overall, demand increased by 3.4% in 2010 with respect to 2009. Correcting for calendar effects and temperatures, demand increased by 2.9%, returning to the upward trend in demand that began in the first half of 2010, following the sharp decline in 2009.

The pre-existing summer peak capacity utilisation record was exceeded on a number of occasions in the fourth quarter of 2010. A peak was reached in summer on 19 July at 2 pm: 40,934 MW, i.e. almost 400 MW higher than the previous summer high (set in July 2006). In the fourth quarter of 2010, capacity utilisation reached 44,104 MW at the end of November, similar to the peak registered in January 2010 (44,122 MW) and almost 800 MW less than the record peak of December 2007 (44,876 MW).

Net power generation in Spain in the fourth quarter of 2010 expanded by 3.6%, the second consecutive quarter of positive growth. The accumulated increase in the year was 3.6%.

The balance of international power flows was of net exports in physical terms, although the figure was 6.4 percentage points lower than in 4Q09. Exports rose 2.9% y/y in 2010, exceeding 8.3 TWh.

Growth in special regime power generation slowed in the fourth quarter, increasing by 5.8% with respect to 2009 and declining by 4 points with respect to 3Q10. Overall, growth in 2010 declined by 3 points to 13.8%.

Wind power output was 4.2% higher than in 4Q09, resulting in an overall 18.0% y/y average increase (six percentage points less than at the end of the third quarter). Nevertheless, the special regime power plants as a whole covered 34.8% of total Spanish mainland demand in 2010, i.e. three percentage points more than in 2009.

However, ordinary regime power output increased in the quarter by 2.4%, compared with a 0.8% decline in the previous quarter, with the result that ordinary regime output fell just by 0.7% in the full year.

All ordinary regime technologies except coal and CCGTs increased output in the fourth quarter of 2010 with respect to 2009.

Hydroelectric output increased sharply, by approximately 24% in the quarter, albeit less than half the increase registered in the previous quarter (56%). As a result, output growth eased to 62.1% this year. Hydroelectric energy capability in 2010 had an exceedance probability of 15% when compared with the historical average: i.e. statistically, only 15 out of every 100 years would be wetter than 2010.

Nuclear output increased by 23.2% in the quarter and by 17.1% in the year; this figure was affected by changes in the dates of scheduled shut-downs.

Demand in 2010 exceeded 2009 by 8.7 TWh, i.e. barely a quarter of the 34 TWh increase in output by special regime facilities (due to added capacity), hydroelectric plants (greater precipitation) and nuclear plants (less maintenance down-time) compared with 2009. The thermal gap declined by 12 percentage points with respect to 2009, comprised basically of coal and CCGTs, which absorbed the downward adjustment between demand and generation.

The trend seen in the third quarter reversed, and coal-fired output declined once again, by 18.1% with respect to 4Q09. Overall, coal-fired output declined by 34.8% with respect to 2009, when it fell a notable 27% with respect to 2008.

Oil-fired output rose by 0.9% in the fourth quarter but fell by 12.2% in the year, although it barely contributed half of one per cent of demand, both in quarterly and annual terms.

CCGT output fell by 13.5% in the fourth quarter with respect to 4Q09 and by 17.3% in the full year; CCGTs contributed 24.1% of demand in the third quarter and 24.4% in the full year, six points less than in 2009.

In the fourth quarter of 2010, higher output by hydroelectric plants (due to greater precipitation) and special regime plants, especially wind (5 TWh more in the quarter with respect to the previous quarter) failed to offset the effect of higher commodity prices and, therefore, production costs; consequently, the price increase that commenced in 3Q10 continued, reaching €45.0/MWh in the fourth quarter, and some days exceeding €50/MWh (reaching the highest level for the year, €57.2/MWh, on 1 December).

The weighted daily average price in the electricity pool was €35.6/MWh in the first nine months and €38.0/MWh in 2010 overall, i.e. practically the same as in 2009.

As for other commodities, Brent crude rose from an average of \$76.86/bbl in 3Q10 to \$86.46/bbl in the fourth quarter of 2010 (a 12.5% increase). API 2, Europe's leading coal price indicator, increased by 17.5%, from an average of \$92.46/t in 3Q10 to \$108.64/t in 4Q10, while the price of CO₂ emission rights (EUAs on Bluenext) was €14.74/t (maturing in the current year), compared with the average of €14.76/t in 3Q10.

4.7.2.- Main aggregates

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

4Q10	4Q09	%		2010	2009	%
-	-	-	Installed capacity (MW):	14,637	13,374	9.4
-	-	-	Ordinary Regime	13,679	12,435	10.0
-	-	-	Hydroelectric	1,860	1,860	-
-	-	-	Nuclear	589	589	-
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	617	617	-
-	-	-	CCGT	8,565	7,321	17.0
-	-	-	Special Regime ⁶	958	939	2.0
-	-	-	Wind	821	802	2.4
-	-	-	Small hydroelectric	68	68	-
-	-	-	Cogeneration and others	69	69	-
10,212	9,031	13.1	Electricity generated (GWh):	38,338	37,824	1.4
9,464	8,264	14.5	Ordinary Regime	35,809	35,568	0.7
1,057	1,079	-2.0	Hydroelectric	4,752	3,389	40.3
1,131	1,006	12.4	Nuclear	4,325	4,010	7.9
406	377	7.7	Coal	772	1,975	-60.9
-2	-	-	Oil/gas	32	14	-
6,872	5,802	18.4	CCGT	25,928	26,180	-1.0
748	767	-2.5	Special Regime ⁷	2,529	2,256	12.1
555	569	-2.5	Wind	1,780	1,617	10.1
77	81	-5.4	Small hydroelectric	311	206	51.0
116	117	-0.9	Cogeneration and others	438	433	1.2
10,141	10,202	-0.6	Electricity sales (GWh):	40,559	41,159	-1.5
7,286	6,807	7.0	Liberalised market	30,179	24,687	22.2
2,854	3,395	-15.9	Last resort tariff	10,380	16,472	-37.0

GAS NATURAL FENOSA produced 38,338 GWh in mainland Spain, 1.4% more than in 2009. Of that figure, 35,809 GWh were ordinary regime (a 0.7% increase). Special regime power output increased by 12.1% to 2,529 GWh, i.e. outstripping the 2.0% increase in installed capacity.

In the fourth quarter, hydroelectric output totalled 1,057 GWh, down 2.0% with respect to the same period of 2009. Hydroelectric output increased by 40.3% in 2010 due to the heavy precipitation early in the year. This first half of the year was classified as "wet", declining to "average" in the third quarter, with an exceedance probability of 38% (i.e. probability that this year's energy capability will be exceeded, based on the historical record of average energy capability). Reservoirs in the watersheds where GAS NATURAL FENOSA operates were 49% full.

Nuclear output increased by 12.4% in the quarter, and 7.9% in the year, due to the change in the dates of scheduled shut-downs.

The coal-fired and oil-fired plants were practically idle in the fourth quarter of 2010. Coal-fired output declined in 2010 by 60.9% and oil-fired output rose by 128.6%, although the latter increase is not significant because of the negligible overall amount.

⁶ Includes 50% of Eufer.

The company's CCGT output in 2010 totalled 25,928 GWh, a 1.0% decline with respect to 2009, contrasting with the 17.3% decline nationwide, thank to the operating advantages of GAS NATURAL FENOSA's CCGTs.

In the last quarter of 2010, two CCGT units in Barcelona Port came on stream, the first with a gross capacity of 412.6 MW, and the second with 426.1 MW. These, together with the entry into service in July 2010 of the CCGT in Málaga (409 MW) brings the total ordinary regime installed capacity of GAS NATURAL FENOSA to 13,679 MW, i.e. up 10.0% with respect to 2009.

GAS NATURAL FENOSA's market share of ordinary regime power generation was 20.2% in December 2010, i.e. slightly higher than in 2009.

The electricity supply activity sold 10,141 GWh in the fourth quarter of 2010, including supply to the liberalised market and under the social (last-resort) tariff, i.e. 0.6% less than in 4Q09. Sales fell by 1.5% in 2010 with respect to the previous year.

Total emissions of CO₂ from thermal power plants and CCGTs affected by the regulation governing greenhouse gas emission trading was 9.8 million tonnes. GAS NATURAL FENOSA acquired the emission rights needed to cover its shortfall through the secondary market, primary projects and carbon funds, thereby managing its CO₂ emission right hedges for the 2008-2012 and post-Kyoto periods.

The company traded over 15,000 GWh in the Iberian electricity market in 2010.

Energy trading in the French and German electricity markets in 2010 was performed via Virtual Power Plant (VPP) auctions, energy sales in grid loss auctions in France, and sales in organised markets and OTC (over-the-counter); the company managed more than 3,000 GWh.

As regards crossborder trading between Spain-France and Germany-France, GAS NATURAL FENOSA optimised and diversified its position, participating in the organised markets in those countries and buying interconnection capacity in short- and medium-term auctions, trading over 300 GWh in 2010.

GNF Renewables

Gas Natural Fenosa Renewables (GNF Renewables) installed capacity at 31 December 2010, was 19 MW higher than at 31 December 2009 (+2.0%), and it produced 2,529 GWh, 12.1% more than in 2009 (2,256 GWh).

This increase is mainly as a result of expanding the portfolio of operational wind and small hydroelectric capacity in the period, as well as stronger winds and efficiency enhancements at the wind farms, greater availability of the cogeneration plants, and greater energy capability at the small hydro plants. This led to EBITDA of €133 million, 9.6% higher than in 2009.

The increase in installed wind capacity is distributed in 4 facilities located in Castilla & León. Production in 2010 was 10.1% higher than in 2009 (1,780 GWh vs. 1,616 GWh) due to the addition of production capacity and efficiency improvements at the wind farms whose capacity did not increase.

Total cogeneration output was 1.2% higher than in 2009 due to greater plant availability and the absence of notable incidents. On 1 July 2010, the Enealco 4.4 MW cogeneration plant was connected to the natural gas grid. This situation will reduce the facility's operating costs by avoiding LNG logistics, processing and facility maintenance costs while also increasing the plant's availability.

Small hydro capacity amounted to 68 MW at 31 December 2010, of which 62 MW are located in Galicia. Electricity output in 2010 was 51% higher than in 2009.

On 30 July 2010, GAS NATURAL FENOSA and Enel Green Power, which each own 50% of Eufer, signed an agreement to split the company. Eufer's assets will be split 50:50 between the two shareholders. On 10 November 2010, GAS NATURAL FENOSA obtained authorisation from the National Competition Commission (CNC) for the operation, which is expected to be completed in early 2011.

Pending the definitive separation of assets, the holding in Eufer and all the Eufer subgroup companies engaging in special regime activities have been transferred to Gas Natural Fenosa Renovables.

On 22 October 2010, the Catalonia Regional Government awarded GAS NATURAL FENOSA and Alstom Wind three of the seven zones under tender, where various wind farms with total capacity of up to 456 MW are to be installed (59.3% of the total auctioned). On 20 December 2010, the Galician Regional Government awarded FENOSA WIND - GNF Renovables (85%) and Tasga Renovables (15%) 11 wind farms with a total of 339 MW, which account for 97% of the maximum capacity that may be granted (350 MW) to a single developer.

4.8.- Electricity Latin America

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

Currently operational assets in Mexico are the Hermosillo (270 MW) and Naco Nogales (300 MW) power plants in Sonora state; the Tuxpan III and IV (1,000 MW) power plants in Veracruz state; and the Norte Durango (450 MW) plant in the state of Durango, also in north-western Mexico.

On 24 December 2009, GAS NATURAL FENOSA reached an agreement to sell part of its power generation business in Mexico to Mitsui & Co. and Tokyo Gas Co. This transaction is part of the divestment plan, which will enable the company to attain a more balanced exposure to Mexico. The sale was completed on 3 June 2010.

The following assets were sold: the Anahuac, Lomas del Real, Valle Hermoso, Águila de Altamira and Saltillo power plants, as well as the Río gas pipeline and Compañía Mexicana de Gerencia y Operación, S.A. de C.V. (i.e. a total of 2,233 MW of installed capacity).

On 17 October 2009, GAS NATURAL FENOSA signed a draft agreement with Colener, Inversiones Argos and Bancolombia Corporación Financiera for the sale of its indirect stake in Colombian company Empresa de Energía de Pacífico (EPSA). On 9 December 2009, the Colombian Stock Exchange completed the transaction by transferring the shares. As a result, GAS NATURAL FENOSA divested 950 MW of installed capacity.

For the purposes of comparison, this section does not include electricity generation assets in Colombia in the period January-September 2009, and it includes only the January-April results in both years of the Mexican assets that were divested.

4.8.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
211	177	19.2	Net sales	954	806	18.4
-129	-120	7.5	Purchases	-607	-511	18.8
-4	-6	-33.3	Personnel costs, net	-19	-16	18.8
-14	-15	-6.7	Other expenses/income	-65	-60	8.3
64	36	77.8	EBITDA	263	219	20.1
-19	-10	90.0	Depreciation and amortization	-105	-92	14.1
-1	-1	-	Change in operating provisions	-4	-1	-
44	25	76.0	Operating profit	154	126	22.2

EBITDA in the period amounted to €263 million. That figure is 20.1% higher than in 2009, mainly because of the start-up of the Norte Durango plant and the good technical performance of the other plants in the region. Excluding the currency effect, EBITDA expanded 19.0%.

EBITDA in Panama was 61.7% higher than in the previous year as a result of power plants being dispatched to manage the water in the country's reservoirs.

EBITDA from the power plants in Puerto Rico and the Dominican Republic increased by 9.5% and 24.9%, respectively, due to higher sale prices and a higher level of dispatching.

4.8.2.- Main aggregates

Construction of the Norte CCGT in Durango state was completed on schedule. This 450 MW plant was awarded on 6 March 2007. Following the first firing of the gas turbine on 23 February 2010, the first synchronisation on 28 March, and performance tests, it commenced commercial operation on 7 August 2010.

4Q10	4Q09	%		2010	2009	%
-	-	-	Installed capacity (MW):	2,556	2,106	21.4
-	-	-	Mexico (CCGT)	2,020	1,570	28.7
-	-	-	Puerto Rico (CCGT) ⁷	254	254	-
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric and thermal)	33	33	-
-	-	-	Dominican Republic (oil-fired)	198	198	-
4,801	3,873	23.9	Electricity generated (GWh):	19,406	18,167	6.8
3,974	2,988	33.0	Mexico (CCGT)	16,182	14,977	8.0
475	504	-5.7	Puerto Rico (CCGT) ⁸	1,803	1,717	5.1
72	75	-4.5	Costa Rica (hydroelectric)	259	280	-7.8
41	25	63.8	Panama (hydroelectric and thermal)	132	75	76.7
238	283	-15.9	Dominican Republic (oil-fired)	1,030	1,119	-8.0

Power production in 2010 amounted to 19,406 GWh, with a load factor of 75.4% and 92.9% availability.

⁷ Figures at 50%.

4.9.- Rest of Electricity (Kenya)

This area refers to power generation in Kenya. The entry into service of seven diesel generators (52 MW) in Kenya in the third quarter of 2009 led to a notable increase in power production.

4.9.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
25	24	4.2	Net sales	96	56	71.4
-19	-19	-	Purchases	-71	-43	65.1
-1	-	-	Personnel costs, net	-2	-1	-
-3	-2	50.0	Other expenses/income	-8	-6	33.3
2	3	-33.3	EBITDA	15	6	-
-2	-1	-	Depreciation and amortization	-6	-2	-
-	-	-	Change in operating provisions	-	-	-
-	2	-	Operating profit	9	4	-

EBITDA amounted to €15 million in 2010, i.e. €9 million more than in the previous year as a result of the increase in capacity and the high level of availability in that period (91.4%), which is the factor determining capacity revenues.

4.9.2.- Main aggregates

4Q10	4Q09	%		2010	2009	%
-	-	-	Electric generation capacity (MW)	112	112	-
184	157	17.2	Electric energy production (GWh/year)	645	471	36.9

Diesel-fired output in Kenya in 2010 (645 GWh) was 36.9% higher than in 2009. This increase is due to the expansion of the plant's capacity by 52 MW in the third quarter of 2009. Production was impacted negatively by heavy rains in Kenya in early 2010, which resulted in a high level of hydroelectric output.

4.10.- GAS

4.10.1.- Infrastructure

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.

4.10.1.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
77	68	13.2	Net sales	264	276	-4.3
-8	-6	33.3	Purchases	-12	-37	-67.6
-	-2	-	Personnel costs, net	-6	-7	-14.3
-15	-13	15.4	Other expenses/income	-55	-51	7.8
54	47	14.9	EBITDA	191	181	5.5
-13	-6	-	Depreciation and amortization	-50	-48	-4.2
-	-	-	Change in operating provisions	-	-	-
41	41	-	Operating profit	141	133	6.1

Net sales in the Infrastructure business totalled €77 million in the fourth quarter, a 13.2% increase.

EBITDA amounted to €54 million in the fourth quarter of 2010, i.e. up 14.9% compared with the same period in the previous year, primarily because greater international transportation revenues and cost containment partially offset lower margins from maritime transport activity due to higher utilisation of the gas carrier fleet by the company itself, allowing for less sub-chartering. EBITDA amounted to €191 million in 2010 as a whole, a 5.5% increase over the previous year.

4.10.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

4Q10	4Q09	%		2010	2009	%
31,371	30,506	2.8	Gas transportation-EMPL (GWh):	109,792	109,230	0.5
8,902	8,396	6.0	Portugal-Morocco	29,052	28,705	1.2
22,469	22,110	1.6	GAS NATURAL FENOSA	80,740	80,525	0.3

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 109,792 GWh, on par with the same period last year. Of that figure, 80,740 GWh were transported for GAS NATURAL FENOSA through Sagane and 29,052 GWh for Portugal and Morocco.

In the gas exploration and production area, a seismic survey was carried out in the second quarter of 2010 in the Tangier-Larache (Morocco) concession, in which GAS NATURAL FENOSA has a 24% stake, and the results have been processed and analysed in preparation for drilling in 2011.

In the integrated project being developed in Angola by GAS NATURAL FENOSA with Repsol (20%), drilling work continued in the Garoupa II block and a range of geological and geophysical surveys were conducted in that area.

The company continued the public information process, responding to submissions and preparing environmental impact studies for the five exploration, production and storage projects planned by GAS NATURAL FENOSA in the Guadalquivir Valley for the coming years. On 30 September 2010, the company obtained an Environmental Impact Assessment for the first of the five projects.

Subsequently, on 15 November 2010, the Andalusia Regional Government issued a Combined Environmental Authorisation for the project, which is a prerequisite for obtaining approval from the Ministry of Industry, Tourism and Trade.

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 the Environmental Approval Decree 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 for Trieste is expected to conclude with the obtainment of the Single Authorisation for construction of the plant during 2011.

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

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 supply, and supply of gas at the last-resort tariff in Spain.

4.10.2.1.- Results

4Q10	4Q09	%	(€ Mn)	2010	2009	%
2,147	2,001	7.3	Net sales	7,678	6,809	12.8
-1,937	-1,811	7.0	Purchases	-7,040	-6,130	14.8
-12	-15	-20.0	Personnel costs, net	-64	-58	10.3
-59	-78	-24.4	Other expenses/income	-212	-228	-7.0
139	97	43.3	EBITDA	362	393	-7.9
-3	-2	50.0	Depreciation and amortization	-14	-10	40.0
6	-14	-	Change in operating provisions	-31	-45	-31.1
142	81	75.3	Operating profit	317	338	-6.2

Net sales amounted to €7,678 million, 12.8% more than last year. EBITDA in 2010 totalled €362 million, down 7.9% due primarily to the different sales mix in the period as a result of price adjustments in the Retail division related to the last-resort tariff.

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:

4Q10	4Q09	%		2010	2009	%
83,668	76,463	9.4	Gas supply (GWh):	305,703	282,190	8.3
69,794	61,665	13.2	Spain:	250,884	230,266	9.0
49,272	46,008	7.1	GAS NATURAL FENOSA supply ⁸	184,743	178,336	3.6
20,522	15,657	31.1	Supply to third parties	66,141	51,930	27.4
13,874	14,798	-6.2	International:	54,819	51,924	5.6
6,324	6,812	-7.2	France	21,122	23,735	-11.0
7,549	7,986	-5.5	Other	33,697	28,189	19.5
-	-	-	Multiutility contracts (at 31/12)	1,520,758	1,476,776	3.0
-	-	-	Contracts per customer (at 31/12)	1.32	1.29	1.8

GAS NATURAL FENOSA supplied 184,743 GWh in the Spanish gas market, a 3.6% increase with respect to the same period last year, primarily due to greater gas consumption by residential and industrial customers, while sales to CCGT plants remained flat. The company sold 66,141 GWh of gas to third parties for supply to the Spanish market, a 27.4% increase.

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 Europe (the French supply subsidiary) has obtained its first customers in Belgium and Luxembourg, representing a contracted portfolio of over 200 million kWh in 2011. The company, which recently opened its first branches in Belgium and Luxembourg so as to extend its gas supply activities in Europe, is also considering an entry into other central European markets in the medium term by offering the combination of customised energy consulting with the advantage of a diversified, secure supply.

The French subsidiary, which has been supplying gas in the French market since 2005 and currently has 211 customers there (ranging from chemical, paper and other industrial companies to local government and the public sector), has opened a commercial office in Toulouse with a view to expanding in the south of France.

From the Paris office, GAS NATURAL FENOSA coordinates the revival of the wholesale gas business in Italy, where the company has obtained new customers. The portfolio under contract in Italy amounts to 2,200 GWh per year and Italian subsidiary Gas Natural Vendita also supplies energy to residential customers.

As for expansion in Europe, GAS NATURAL FENOSA was the first Spanish company to form part of the Zeebrugge gas hub in Belgium; it has just begun to make use of the resulting capacity to operate in that country by buying and selling gas in the Belgian wholesale market and to supply gas to the industrial and domestic market.

GAS NATURAL FENOSA continues to take steps to develop energy options for vehicles in Spain, in both the public and private sectors. GAS NATURAL FENOSA is an expert in automotive LNG, a

⁸ Does not include exchange transactions.

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 and subsequent operation and maintenance) to the supply of compressed natural gas, thereby ensuring maximum availability of the facilities. GAS NATURAL FENOSA has 17 service stations and sold 299 GWh in 2010; it also has 5 customers in the pipeline which represent an additional 69 GWh/year of potential consumption.

During 2010, the company made significant progress in expanding the automotive LNG market in Spain, including notably the new bus depot in Sanchinarro (Madrid) for the Madrid Municipal Bus Service, serving a fleet of approximately 400 buses. This is the largest automotive LNG installation in Europe in terms of both fleet size and compression capacity. The depot is estimated to reduce annual emissions of nitrogen oxides by 54 tonnes and particulate emissions by almost 4 tonnes, which will help attenuate Madrid's air quality problems.

GAS NATURAL FENOSA is also working on actions to foster energy efficiency and the rational use of energy in the field of mobility. In November 2010, GAS NATURAL FENOSA signed an agreement with Castrosua, a manufacturer of bus chassis, to cooperate on R&D for the development of hybrid compressed natural gas (CNG)/electric vehicles. GAS NATURAL FENOSA is also developing engines to allow the use of liquefied natural gas (LNG) in long-distance buses.

In the area of energy efficiency, GAS NATURAL FENOSA continues to work on projects in the residential, tertiary and industrial markets and actively promotes energy efficiency and saving. It has signed agreements with federations and associations of restaurants, services and shops in Tenerife, Las Palmas de Gran Canaria and Malaga to establish a framework for cooperation in energy efficiency actions as a basic principle for energy management by their members.

In 2010, GAS NATURAL FENOSA launched ServiElectric, a new nationwide service which provides corrective maintenance of electrical installations as a means of increasing the portfolio of value-added services for customers. This is a pioneering initiative in terms of the level of service and it obtained 22,000 contracts in 2010.

GAS NATURAL FENOSA continues to focus on adding features and signing up users for its on-line office; in 2010, the site logged 3.5 million transactions and a total of 740,000 customers registered as site users.

Also in 2010, GAS NATURAL FENOSA began marketing all its products and services throughout Spain and stepped up the pace of recovery in the residential market, tripling the number of customers who returned to GAS NATURAL FENOSA with respect to 2009.

GAS NATURAL FENOSA has a total of 1,520,758 contracts to maintain gas facilities and appliances for residential customers (in May the company divested 144,207 contracts in the Madrid region) based on its own operating platform consisting of over 149 associated firms connected via an wireless on-line system, which has enabled it to improve service performance and quality (our customers rate this as our top service).

4.10.3.- Unión Fenosa Gas (UF Gas)

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

4.10.3.1.- Results

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

4Q10	4Q09	%	(€ Mn)	2010	2009	%
250	142	76.1	Net sales	849	584	45.4
-173	-76	-	Purchases	-580	-332	74.7
-3	-2	50.0	Personnel costs, net	-12	-11	9.1
-16	-6	-	Other expenses/income	-33	-27	22.2
58	58	-	EBITDA	224	214	4.7
-42	-61	-31.1	Depreciation and amortization	-146	-143	2.1
-	-	-	Change in operating provisions	-	-	-
16	-3	-	Operating profit	78	71	9.9

EBITDA amounted to €224 million in 2010, 4.7% more than in 2009 due to the increase in earnings in the second half of the year. The good second-half performance was due to higher sales volumes in the Spanish market (gas sales rose 14% year-on-year) and favourable energy prices (Brent, the Spanish electricity pool, and coal).

4.10.3.2.- Main aggregates ⁹

There was a 14.0% year-on-year increase in gas supply in 2010 to 59,518 GWh. Sales to industrial customers increased by 18.9% while sales to CCGT plants rose by 12.6%; sales to other supply companies declined by 1.8%.

A total of 27,774 GWh of energy was traded in international transactions.

During the period, the gas acquired under long-term contracts with Egypt and Oman covered most of the gas needs in the Spanish market; 25.7% of total gas needed to be obtained from other sources.

The main gas infrastructure (liquefaction, sea transport and regasification) maintained levels of availability and efficiency, in line with the same period last year.

4Q10	4Q09	%		2010	2009	%
16,442	12,458	32.0	Gas supply in Spain (GWh)	59,518	52,211	14.0
7,507	7,815	-3.9	Other gas sales (GWh)	27,774	18,396	51.0
11,641	11,713	-0.6	Liquefaction (GWh)	35,851	50,979	-29.7
13,999	14,714	-4.9	Regasification (GWh)	56,092	65,115	-13.9

At the end of July 2010, the Damietta (Egypt) liquefaction plant completed the work related to the first major inspection, in accordance with the maintenance plan, and it became available again at full efficiency in early August 2010.

⁹ Assuming 100%.

The plant delivered 39 shiploads, of which 23 were for Unión Fenosa Gas, and the remainder for other operators.

The Sagunto regasification plant produced 56,092 GWh, i.e. 76 shiploads, of which 31 were for Unión Fenosa Gas (28,930 GWh, i.e. 51.6% of the total).

In May 2010, the dome was successfully placed on the fourth liquefied natural gas (LNG) storage tank at the Sagunto regasification plant. The new tank is scheduled to become operational in the first quarter of 2012 and will increase capacity by 150,000 m³.

On 6 September 2010, for the first time since becoming operational, the Sagunto plant took delivery of gas from Qatar in a Q-Max class LNG tanker, one of the largest in the world. The ship discharged almost all of its liquefied natural gas capacity in Sagunto. The Al Dafna, registered in Qatar, can transport 266,000 m³ of LNG. A Q-Max LNG tanker can carry 80% more LNG than a conventional LNG tanker while consuming 40% less energy.

This was the largest LNG unloading operation in Spain to date. It was the first Q-Max tanker to dock at the purpose-built jetty in Sagunto.

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1 January 2010:

- GAS NATURAL FENOSA discloses completion of a bond issue in the euromarket comprising three tranches (5, 8 and 10 years) amounting to €650 million, €700 million and €850 million, respectively (disclosed 12 January 2010, registration number 118740).
- GAS NATURAL FENOSA files the calendar for publication of its financial results in 2010 (disclosed 29 January 2010, registration number 119885).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 4Q09 earnings (disclosed 1 February 2010, registration number 120001).
- GAS NATURAL FENOSA publishes its 4Q09 results (disclosed 16 February 2010, registration number 120675).
- GAS NATURAL FENOSA files the presentation of earnings for the fourth quarter of 2009 (disclosed 16 February 2010, registration number 120682).
- GAS NATURAL FENOSA files the Advance Report of earnings for the fourth quarter of 2009 (disclosed 16 February 2010, registration number 121060).
- GAS NATURAL FENOSA publishes its Annual Corporate Governance Report (disclosed 23 February 2010, registration number 121067).
- GAS NATURAL FENOSA discloses changes to the Board of Directors (disclosed on 23 February 2010, registration number 121552).
- GAS NATURAL FENOSA calls an Ordinary Shareholders' Meeting for 20 April 2010 (disclosed 16 March 2010, registration number 122354).
- GAS NATURAL FENOSA discloses the signature of a €1,000 Euro Commercial Paper (ECP) programme (disclosed 23 March 2010, registration number 122680).
- GAS NATURAL FENOSA discloses the signature of a €4,000 million club deal loan (disclosed 24 March 2010, registration number 122716).
- GAS NATURAL FENOSA notifies a change in the date of publication of its 1Q10 earnings (disclosed 7 April 2010, registration number 123195).
- GAS NATURAL FENOSA discloses the Board of Directors report regarding article 116 bis of the Securities Market Law (disclosed 8 April, registration number 123299).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 1Q10 earnings (disclosed 8 April 2010, registration number 123310).
- GAS NATURAL FENOSA discloses commencement of the private placement of 5% of Indra Systems (disclosed 14 April 2010, registration number 123582).
- GAS NATURAL FENOSA discloses completion of the private placement of 5% of Indra Systems and its final sale (disclosed 14 April 2010, registration number 123589).
- GAS NATURAL FENOSA files the presentation given at the press conference following the Ordinary Shareholders' Meeting (disclosed 20 April 2010, registration number 123797).

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- 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 2010, registration number 123808).
 - GAS NATURAL FENOSA synchronises the first combined cycle unit at the Barcelona port (disclosed on 26 April 2010, registration number 124063).
 - GAS NATURAL FENOSA files the Advance Report of earnings for the first quarter of 2010 (disclosed 28 April 2010, registration number 124153).
 - GAS NATURAL FENOSA files the presentation of earnings for the first quarter of 2010 (disclosed 28 April 2010, registration number 124189).
 - GAS NATURAL agrees to the sale of various natural gas distribution and supply assets in the Madrid region (disclosed 30 April 2010, registration number 124558).
 - GAS NATURAL FENOSA completes divestment of part of its electricity generation business in Mexico (disclosed 3 June 2010, registration number 126214).
 - GAS NATURAL FENOSA signs a €450 million loan with the European Investment Bank (EIB) to finance investment in electricity networks in Spain (disclosed 11 June 2010, registration number 126544).
 - GAS NATURAL FENOSA discloses changes to the Board of Directors (disclosed 18 June 2010, registration number 126805).
 - GAS NATURAL FENOSA files the announcement on the payment of a supplementary dividend out of 2009 income (disclosed 30 June 2010, registration number 127287).
 - GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 1H10 earnings and the 2010-2014 Strategic Plan (disclosed 9 July 2010, registration number 127719).
 - GAS NATURAL FENOSA discloses the agreement to sell the Plana del Vent (Tarragona) CCGT to a Spanish company in the Swiss-owned Alpiq energy group (disclosed 12 July 2010, registration number 127840).
 - GAS NATURAL FENOSA sells power transmission networks to Red Eléctrica de España for €46.9 million (disclosed 23 July 2010, registration number 128319).
 - GAS NATURAL FENOSA files the earnings report for the second quarter of 2010 (disclosed 27 July 2010, registration number 128476).
 - GAS NATURAL FENOSA files the presentation of earnings for the second quarter of 2010 (disclosed 27 July 2010, registration number 128477).
 - GAS NATURAL FENOSA files the presentation of the 2010-2014 strategic plan (disclosed 27 July 2010, registration number 128478).
 - GAS NATURAL FENOSA discloses the acquisition of certain secondary distribution and transportation assets in the regions of Castilla-La Mancha and Andalusia (disclosed 28 July 2010, registration number 128599).
 - GAS NATURAL FENOSA files the Advance Report of earnings for the second quarter of 2010 (disclosed 30 July 2010, registration number 12882).

- GAS NATURAL FENOSA reports that it has agreed to conclude the collaboration with Enel Green Power S.p.A. and its Spanish renewable energy subsidiary, Enel Green Power España, heretofore conducted via Enel Unión Fenosa Renovables S.A. (Eufer), which is owned 50% by each partner. Following the transaction, each shareholder will receive approximately half of Eufer's assets (disclosed 2 August 2010, registration number 128952).
- GAS NATURAL FENOSA discloses the decision handed down by the arbitral tribunal in the dispute with Sonatrach over the price review of supply contracts for gas received from Algeria via the Maghreb-Europe pipeline. The dispute commenced in July 2007 when the two parties failed to reach an agreement on the price to apply as from July 2005. The court ruled that Sonatrach was entitled to increase prices as from 2007 (disclosed 16 August 2010, registration number 129354).
- Citigroup and Goldman Sachs disclose the private placement among qualified investors of 46,176,167 shares of Gas Natural SDG, representing 5.01% of its capital, which was owned by Genfina, a wholly-owned subsidiary of GDF Suez (disclosed 10 September 2010, registration number 130161).
- The CNMV halts trading of Gas Natural SDG on a precautionary basis (disclosed 10 September 2010, registration number 130162).
- GDF Suez discloses that it has sold its entire financial stake in GAS NATURAL FENOSA, representing 5.01% of its capital, for €540 million. This transaction completed divestment by GDF Suez of its holding in GAS NATURAL FENOSA (disclosed 10 September 2010, registration number 130175).
- Citigroup and Goldman Sachs disclose that the price of the accelerated placement of 5.01% of GAS NATURAL FENOSA is €11.70/share (disclosed 10 September 2010, registration number 130177).
- GAS NATURAL FENOSA discloses that it has reached an agreement to sell its 35% stake in Gas Aragón to Endesa Gas or the company designated by the latter (disclosed 27 September 2010, registration number 130790).
- GAS NATURAL FENOSA discloses information regarding its dispute with Sonatrach on the price review of the contracts for gas supply from Algeria via the Maghreb-Europe pipeline (disclosed 1 October 2010, registration number 131023).
- GAS NATURAL FENOSA RENOVABLES, which holds GAS NATURAL's renewable and special regime assets, and Alstom Wind have created Sociedad Eólica Tramuntana, which they own 60% and 40%, respectively, to undertake projects awarded in the Catalan wind power tender (disclosed 7 October 2010, registration number 131314).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 3Q10 earnings (disclosed 18 October 2010, registration number 131662).
- GAS NATURAL FENOSA discloses the appointment of Mr Manuel Garcia Cobaleda as Secretary of the Board of Directors and of the Executive Committee (disclosed 29 October 2010, registration number 132440).
- GAS NATURAL FENOSA publishes its 3Q10 results (disclosed 3 November 2010, registration number 132513).
- GAS NATURAL FENOSA files the Advance Report of earnings for the third quarter of 2010 (disclosed 3 November 2010, registration number 132515).

- GAS NATURAL FENOSA files the presentation of earnings for the third quarter of 2010 (disclosed 3 November 2010, registration number 132521).
- As a continuation of regulatory disclosure number 131023 of 1 October 2010, on the dispute between GAS NATURAL FENOSA and Sonatrach on the price review of the contracts for the supply of gas from Algeria via the Maghreb-Europe pipeline, the Swiss Federal Court granted a precautionary measure regarding the arbitration decision, suspending execution until the Court makes a decision on the challenge presented by GAS NATURAL FENOSA (disclosed 10 November 2010, registration number 132864).
- GAS NATURAL FENOSA announces the Board of Directors' decision on the interim dividend out of 2010 income (disclosed 26 November 2010, registration number 133878).
- GAS NATURAL FENOSA announces the execution of the sale of certain power transmission network assets to Red Eléctrica de España for €46.9 million (disclosed 30 November 2010, registration number 134039).
- GAS NATURAL FENOSA discloses changes to the Board of Directors (disclosed 17 December 2010, registration number 135036).
- GAS NATURAL FENOSA files the calendar for publication of its financial results in 2011 (disclosed 17 December 2010, registration number 135054).
- GAS NATURAL FENOSA announces the execution of the sale of its 35% stake in Gas Aragón, in accordance with the contract signed with Endesa Gas on 5 July 2010. The sale price is €75 million, providing gross capital gains of close to €40 million (disclosed 17 December 2010, registration number 135070).
- Standard & Poor's rates Gas Natural SDG BBB with a stable outlook (disclosed 17 December 2010, registration number 135072).
- GAS NATURAL FENOSA signs contracts with its first customers in the natural gas wholesale business in Belgium and Luxembourg (disclosed 23 December 2010, registration number 135294).
- GAS NATURAL FENOSA announces the payment of an interim dividend out of 2010 income (disclosed 5 January 2011, registration number 136143).
- GAS NATURAL FENOSA discloses completion of a 6-year bond issue in the euromarket amounting to €600 million (disclosed 26 January 2011, registration number 137075).
- GAS NATURAL FENOSA discloses changes to the Board of Directors and to the Audit & Control Committee (disclosed 28 January 2011, registration number 137187).
- The National Competition Commission (CNC) publishes a new decision on the divestment commitments assumed by GAS NATURAL FENOSA related to the acquisition of Unión Fenosa (disclosed 3 February 2011, registration number 137706).
- GAS NATURAL FENOSA discloses the agreement to sell 300,000 gas supply points in the Madrid region (disclosed 7 February 2011, registration number 137882).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 4Q10 earnings (disclosed 14 February 2011, registration number 138149).

- 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)	2010	2009
Net sales	19,630	14,873
Other operating revenues	258	200
Purchases	-12,970	-9,133
Personnel costs	-798	-600
Other operating costs	-1,643	-1,417
EBITDA	4,477	3,923
Other results	370	50
Depreciation and amortisation	-1,716	-1,389
Change in operating provisions	-238	-139
OPERATING PROFIT	2,893	2,445
Finance income	-1,059	-814
Income from disposal of financial instruments	44	101
Income from associates	5	59
CONSOLIDATED PRE-TAX PROFIT	1,883	1,791
Income tax expense	-468	-440
Profit from interrupted activities	-	39
Minority interest	-214	-195
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,201	1,195

EBITDA

(€ Mn)	1Q10	2Q10	3Q10	4Q10	2010
GAS DISTRIBUCIÓN	389	386	439	406	1,620
Spain	241	215	237	222	915
Latin America	131	155	185	164	635
Italy	17	16	17	20	70
ELECTRICITY DISTRIBUCIÓN	242	251	253	316	1,062
Spain	147	141	144	213	645
Latin America	87	104	104	95	390
Moldova	8	6	5	8	27
ELECTRICITY	400	294	295	263	1,252
Spain	334	224	219	197	974
Latin America	62	66	71	64	263
Rest	4	4	5	2	15
GAS	249	139	138	251	777
Infraestructures	47	47	43	54	191
Procurement and Supply	136	43	44	139	362
UF Gas	66	49	51	58	224
REST	16	14	24	17	71
TOTAL PROFORMA	1,296	1,084	1,149	1,253	4,782
Adjustments by non recurrent items	-2	-1	-4	-298	-305
TOTAL	1,294	1,083	1,145	955	4,477

(€ Mn)	1Q09	2Q09	3Q09	4Q09	2009
GAS DISTRIBUCIÓN	363	337	383	335	1,418
Spain	232	204	238	186	860
Latin America	109	125	138	138	510
Italy	22	8	7	11	48
ELECTRICITY DISTRIBUCIÓN	232	220	242	238	932
Spain	152	135	144	146	577
Latin America	73	80	92	86	331
Moldova	7	5	6	6	24
ELECTRICITY	361	270	357	293	1,281
Spain	286	209	307	254	1,056
Latin America	74	60	49	36	219
Rest	1	1	1	3	6
GAS	302	146	138	202	788
Infraestructures	51	43	40	47	181
Procurement and Supply	176	61	59	97	393
UF Gas	75	42	39	58	214
REST	35	28	28	-6	85
TOTAL PROFORMA	1,293	1,001	1,148	1,062	4,504
Adjustments by UF consolidation and divestures	-563	-123	54	51	-581
TOTAL	730	878	1,202	1,113	3,923

Inversiones materiales e inmateriales

(€ Mn)	1Q10	2Q10	3Q10	4Q10	2010
GAS DISTRIBUCIÓN	47	80	79	161	367
Spain	33	49	46	93	221
Latin America	10	19	24	55	108
Italy	4	12	9	13	38
ELECTRICITY DISTRIBUCIÓN	55	85	108	218	466
Spain	31	53	68	161	313
Latin America	22	28	35	52	137
Moldova	2	4	5	5	16
ELECTRICITY	129	136	91	156	512
Spain	103	76	71	111	361
Latin America	25	60	20	44	149
Rest	1	-	-	1	2
GAS	11	8	19	29	67
Infrastructures	-1	1	6	16	22
Procurement and Supply	-	6	5	8	19
UF Gas	12	1	8	5	26
REST	8	29	29	65	131
TOTAL	250	338	326	629	1,543

(€ Mn)	1Q09	2Q09	3Q09	4Q09	2009
GAS DISTRIBUCIÓN	87	123	111	177	498
Spain	63	89	79	127	358
Latin America	16	23	23	43	105
Italy	8	11	9	7	35
ELECTRICITY DISTRIBUCIÓN	-	70	115	138	323
Spain	-	50	80	106	236
Latin America	-	16	29	33	78
Moldova	-	4	6	-1	9
ELECTRICITY	88	187	280	224	779
Spain	76	165	228	151	620
Latin America	12	20	52	62	146
Rest	-	2	-	11	13
GAS	10	15	98	53	176
Infrastructures	7	8	95	33	143
Procurement and Supply	3	3	4	8	18
UF Gas	-	4	-1	12	15
REST	3	12	24	58	97
TOTAL	188	407	628	650	1,873

(€ Mn)	31/12/10	31/12/09
Non-Current Assets-	36,185	36,523
Intangible assets	11,223	11,386
Tangible assets	23,206	23,370
Investment in associates	105	141
Non-current financial assets	694	670
Deferred tax assets	957	956
Current Assets-	9,158	8,644
Non-current assets available for sale	707	1,694
Inventories	755	740
Trade and other receivables	4,592	4,232
Other current financial assets	1,901	1,389
Cash and cash equivalents	1,203	589
TOTAL ASSETS	45,343	45,167

(€ Mn)	31/12/10	31/12/09
Equity-	12,974	12,177
Net equity of Parent Company	11,384	10,681
Minority interest	1,590	1,496
Non-Current Liabilities-	25,442	24,836
Government grants	657	520
Non-current provisions	2,865	1,881
Non-current financial liabilities	18,176	18,658
Deferred tax liabilities	2,704	2,700
Other non-current liabilities	1,040	1,077
Current Liabilities-	6,927	8,154
Liabilities related to assets for sale	350	484
Current provisions	127	128
Current financial liabilities	2,130	2,849
Trade and other payables	3,658	4,013
Other current liabilities	662	680
TOTAL EQUITY AND LIABILITIES	45,343	45,167

(€ Mn)	2010	2009
Cash flow from ordinary activities	2,737	2,512
Income before taxes	1,883	1,791
Adjustments	2,837	2,094
Operating Cash flow	4,720	3,885
Changes in working capital	-709	-362
Other cash flows from operating activities	-1,274	-1,011
Investment cash flow	45	-13,185
Investments	-2,333	-16,154
Disposals	2,216	2,068
Other cash flows from investing activities	162	271
Financing cash flow	-2,199	11,630
Increase of capital	-	3,401
Net proceeds from instruments representing financial liabilities	-1,272	9,039
Dividends paid	-858	-756
Other cash flows from financing activities	-69	-54
Effect of exchange rate variations	31	13
Net increase/(decrease) in cash and cash equivalents	614	340
Beginning cash and cash equivalents	589	249
Ending cash and cash equivalents	1,203	589

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