



Fourth quarter results 2011

21 February 2012

NET PROFIT INCREASED BY 10.3% TO €1,325 MILLION IN THE YEAR

- Consolidated EBITDA in the period amounted to €4,645 million, a 3.8% increase with respect to 2010, supported by GAS NATURAL FENOSA's excellent operating performance and balanced business profile, which offset the impact of divestments.
- Adjusting for divestments in 2010 and 2011 in gas distribution in Spain, power generation in Mexico and power distribution in Guatemala, EBITDA increased by 6.5%.
- Net profit in 2011 was €1,325 million, up 10.3% with respect to 2010, despite lower gains booked on asset sales with respect to 2010. This growth was driven not only by debt reduction and cost containment, but also by good business performance.
- The results obtained in this context highlight the solid fundamentals of GAS NATURAL FENOSA's business model, which is based on an appropriate balance of regulated and liberalised gas and electricity businesses, including a growing, diversified international presence.
- GAS NATURAL FENOSA signed a contract, with an FOB clause, to purchase close to 5 bcm of GNL per year from US company Cheniere.
- GAS NATURAL FENOSA has completed the purchase of a wind farm in Lugo and signed a purchase agreement for a wind farm in Tarragona from Gamesa, with a total installed capacity of 42 MW.
- GAS NATURAL FENOSA increased the total interim dividend charged to 2011 income by 10.9%, and distributed €0.363 per share on 9 January 2012.
- Divestments, the company's sound, balanced business profile, and strict discipline in finances and capital expenditure are enabling the company to steadily reduce leverage, to 54.5% at 31 December 2011, which is particularly efficient since the debt structure, cost and maturities are in line with GAS NATURAL FENOSA's business profile.
- In January 2012, the Fondo de Amortización del Déficit Eléctrico (FADE) issued bonds totalling €1,353 million, of which GAS NATURAL FENOSA received €153 million.
- On 30 January 2012, the company completed a 6-year €750 million bond issue with an annual coupon of 5.000%.
- The Board of Directors will propose to the Shareholders' Meeting a total shareholder remuneration of €821 million, up 10.7% year-on-year and equivalent to a pay-out of 61.8%. This proposal includes the payment of a dividend amounting to €360 million (i.e. the amount of the 2011 interim dividend) as well as a scrip dividend through the issuance of new ordinary shares with a maximum reference market value of €461 million.

1.- MAIN AGGREGATES

1.1.- Main financial aggregates

4Q11	4Q10	%	(€ million)	2011	2010	%
5,761	5,337	7.9	Net sales	21,076	19,630	7.4
1,106	948	16.7	EBITDA	4,645	4,477	3.8
582	398	46.2	Operating income	2,947	2,893	1.9
211	84	-	Net profit	1,325	1,201	10.3
-	-	-	Average number of shares (million) ¹	953	922	3.4
-	-	-	Net profit per share (€)	1.39	1.30	6.9
613	627	-2.2	Investments	1,514	1,553	-2.5
-	-	-	Net financial debt (at 31/12)	17,294	19,102	-9.5

1.2.- Ratios

	2011	2010
Leverage ²	54.5%	59.6%
EBITDA/ Cost of net financial debt	5.5x	4.9x
Net financial debt /EBITDA	3.7x	4.3x
P/E	9.9x	8.8x
EV/EBITDA	6.6x	6.6x

Share performance and balance sheet at 31 December.

¹ Calculated in accordance with IAS 33.

² Net financial debt/(Net financial debt + Equity).

1.3.- Main physical aggregates

Gas and electricity distribution:

4Q11	4Q10	%		2011	2010	%
101,798	111,642	-8.8	Gas distribution (GWh):	395,840	411,556	-3.8
53,132	56,938	-6.7	Spain:	204,809	210,561	-2.7
717	754	-4.9	Tariff gas sales	2,730	2,741	-0.4
5,415	56,184	-6.7	TPA ³	202,079	207,820	-2.8
48,666	54,704	-11.0	International:	191,031	200,995	-5.0
27,801	34,140	-18.6	Tariff gas sales	114,559	128,141	-10.6
20,865	20,564	1.5	TPA	76,472	72,854	5.0
12,875	14,017	-8.1	Electricity distribution (GWh):	54,067	54,833	-1.4
8,581	9,505	-9.7	Europe:	36,361	36,831	-1.3
665	660	0.8	Tariff gas sales	2,445	2,372	3.1
7,916	8,845	-10.5	TPA	33,916	34,459	-1.6
4,294	4,512	-4.8	Latin America:	17,706	18,002	-1.6
4,061	4,269	-4.9	Tariff gas sales	16,789	16,979	-1.1
233	243	-4.1	TPA	917	1,023	-10.4
-	-	-	Gas distribution connections ('000)	11,372	11,361	0.1
-	-	-	(at 31/12):			
-	-	-	Europe	5,490	5,696	-3.6
-	-	-	Latin America	5,882	5,665	3.8
-	-	-	Electricity distribution connections, ('000)	8,133	9,436	-13.8
-	-	-	(at 31/12):			
-	-	-	Europe	4,568	4,535	0.7
-	-	-	Latin America	3,565	4,901	-27.3
-	-	-	ICEIT (minutes)	42	61	-31.1

³ Includes also TPA services in the secondary network.

Energy businesses:

4Q11	4Q10	%		2011	2010	%
13,058	15,196	-14.1	Electricity generated (GWh):	56,616	58,389	-3.0
9,391	10,212	-8.0	Spain:	38,081	38,338	-0.7
313	1,057	-70.4	Hydroelectric	2,892	4,752	-39.1
1,196	1,131	5.7	Nuclear	4,378	4,325	1.2
1,940	406	-	Coal	4,464	772	-
3	-2	-	Oil/gas	-	32	-
5,289	6,872	-23.0	CCGT	23,967	25,928	-7.6
650	748	-13.0	Renewables	2,380	2,529	-5.9
3,667	4,984	-26.4	International:	18,535	20,051	-7.6
112	113	-0.9	Hydroelectric	380	375	1.3
3,180	4,449	-28.5	CCGT	16,362	17,985	-9.0
375	422	-11.1	Oil/gas	1,793	1,691	6.0
-	-	-	Installed capacity (MW): (at 31/12):	15,443	17,305	-10.8
-	-	-	Spain:	12,760	14,637	-12.8
-	-	-	Hydroelectric	1,901	1,860	2.2
-	-	-	Nuclear	595	589	1.0
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	157	617	-74.6
-	-	-	CCGT	6,998	8,565	-18.3
-	-	-	Renewables	1,061	958	10.8
-	-	-	International:	2,683	2,668	0.6
-	-	-	Hydroelectric	73	73	-
-	-	-	CCGT	2,289	2,274	0.7
-	-	-	Oil-fired	321	321	-
82,099	84,361	-2.7	Gas supply (GWh):	308,635	305,704	1.0
61,605	69,708	-11.6	Spain	236,902	250,885	-5.6
20,494	14,653	39.9	Rest	71,733	54,819	30.9
11,367	16,442	-30.9	UF Gas ⁴ :	56,937	59,518	-4.3
8,346	7,507	11.2	Gas supply in Spain (GWh)	26,503	27,774	-4.6
			Rest tariff gas sales (GWh)			
28,668	31,371	-8.6	Gas transportation - EMPL (GWh)	111,855	109,792	1.9

⁴ 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 2011 with respect to 2010 are as follows:

- 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 Anahuac, Lomas del Real, Vallehermoso, Saltillo and Electricidad Aguila de Altamira power plants, as well as Gasoducto del Rio pipeline and Compañía Mexicana de Gerencia y Operación.
- In May 2011, the company divested its stakes in electricity distribution companies in Guatemala
- In May 2011, the company executed the agreement to break up and redistribute Eufer's assets by swapping stakes in a number of wind farm companies. As a result, Gas Natural Fenosa Renovables received approximately one-half of Eufer's total assets, i.e. over 500 MW of operational installed capacity.
- On 30 June 2011, the company disposed of Bis Distribución de Gas, which had 304,000 gas supply points in Madrid.
- In September 2011, GAS NATURAL FENOSA acquired 66.66% of Energías Ambientales (EASA) and 25.0% of Explotaciones Eólicas Sierra de Utrera from ACS; it now owns 100% and 75%, respectively, of those companies, which are now fully consolidated.
- In December 2011, the company acquired, from Gamesa, 100% of Sistemas Energéticos Alto de Seixal, which is now fully consolidated.
- In December 2011, the company acquired 100% of Favellato Reti Gas (Italy), which is now fully consolidated.

2.2.- Analysis of results

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 final arbitration decision was handed down in August 2010. The arbitrators found 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 contested the decision before the Swiss Federal Court. Moreover, GAS NATURAL FENOSA 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 execution of the arbitration decision until it ruled on the appeal presented by GAS NATURAL FENOSA.

On 14 June 2011, GAS NATURAL FENOSA and Algerian company SONATRACH signed a set of agreements to resolve all disputes over the prices applicable to gas supply contracts and laying the foundation for future cooperation between the two companies.

SONATRACH and GAS NATURAL FENOSA resolved their dispute over the price applicable to the gas supply contracts, on which an arbitration decision had been handed down in August 2010 that determined the price applicable for 2007-2009 and as from 1 January 2010; both parties undertook to withdraw all current legal proceedings.

The end of this price conflict enabled both companies to study cooperation opportunities in several areas, including SONATRACH's acquisition of a minority stake in GAS NATURAL FENOSA in August 2011 and the latter's potential participation in several SONATRACH projects, as well as joint development of future business projects.

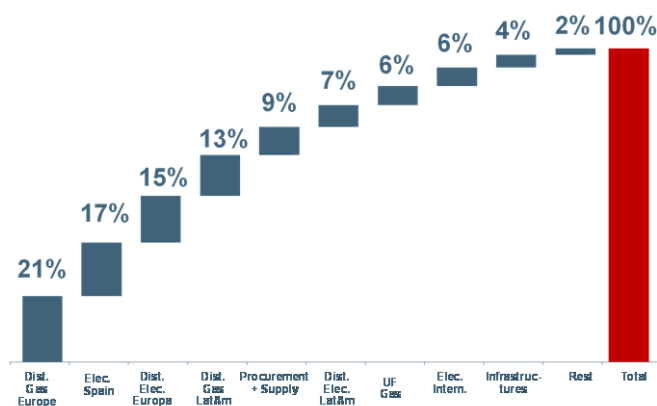
2.2.1.- Net sales

Net sales totalled €21,076 million in 2011, a 7.4% increase over 2010, due basically to growth in the Procurement and Supply business.

2.2.2.- EBITDA and operating income

Consolidated EBITDA in 2011 amounted to €4,645 million, an increase of 3.8% with respect to 2010, in a very tough macroeconomic, energy and financial context; this result was achieved due to an appropriate balance of regulated and liberalised gas and electricity businesses, including a growing, diversified international presence, which offset the EBITDA impact of divestments in 2010 and 2011.

Contribution to EBITDA by business



Regulated gas and electricity distribution in Spain (33.9%) and other countries (22.1%) accounts for 56.0% of GAS NATURAL FENOSA's EBITDA.

The electricity business in Spain accounts for 17.4% of consolidated EBITDA.

Depreciation charges increased by 2.0% while provisions fell by €22 million to €216 million. Operating profit increased by 1.9% to €2,947 million despite lower proceeds from real estate divestments compared with last year.

EBITDA would have increased by 6.5% after adjusting for the divestments in 2010,

which include the sale of 507,726 low pressure gas connection points in the Madrid region in April 2010, the sale of 2,233 MW of power generation assets in Mexico in June 2010, and the sale of assets in Guatemala in May 2011.

2.2.3.- Financial results

The breakdown of financial results is as follows:

4Q11	4Q10	(€ Mn)	2011	2010
-204	-217	Cost of net financial debt	-849	-915
-29	-55	Other financial expenses/revenues	-85	-144
-233	-272	Financial result	-934	-1,059

The cost of net interest-bearing debt in 2011 was €849 million, i.e. lower than in 2010 because the reduction in average gross debt was slightly less (mainly in the first half of the year) and because of the remuneration on a larger balance of cash and cash equivalents. Both the reduction in gross debt and the increase in cash are due to divestments in 2010 and 2011, the amounts collected from securitisation of the tariff deficit, and cash flow from the company's businesses.

2.2.4.- Corporate income tax

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

The income tax expense is recognised based on the effective tax rate envisaged for the year as a whole. The effective tax rate in 2011 was 24.5%, compared with 24.9% in 2010. The difference between the theoretical tax rate and the effective tax rate was due to the application of tax credits from reinvestment of extraordinary gains on asset sales performed in compliance with competition rules.

2.2.5.- Minority interest

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

Income attributed to minority interest in 2011 amounted to €201 million, i.e. €13 million less than in 2010, basically as a result of the impact in Colombia of the recent tax reforms, discussed in the analysis of results by activity.

3. BALANCE SHEET

3.1.- Investments

The breakdown of investments by type is as follows:

(€ Mn)	2011	2010	%
Capital expenditure	1,230	1,394	-11.8
Investments in intangible assets	176	149	18.1
Financial investments	108	10	-
Total investments	1,514	1,553	-2.5

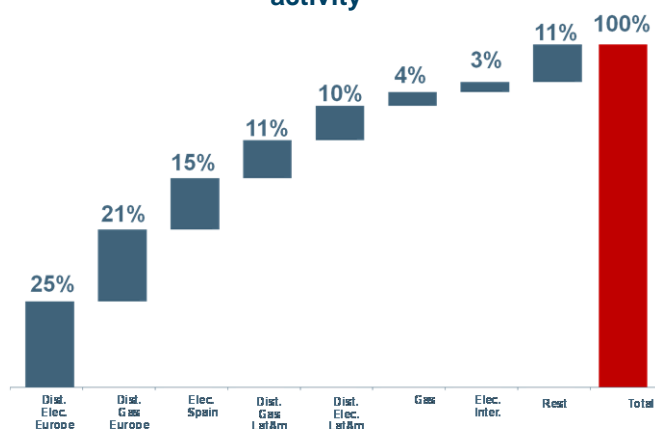
Capital expenditure (intangible assets and property, plant and equipment) amounted to €1,406 million, 8.9% less than in 2010, due primarily to the completion of CCGT construction. There was a notable increase in capital expenditure in regulated businesses, primarily gas (+21.3%), including the acquisition of distribution and secondary transportation assets from Distribuidora Sureuropea de Gas.

Financial investments in 2011 included the acquisition of ACS's stakes in 6 wind farm companies, which resulted in GAS NATURAL FENOSA attaining majority stakes, and the acquisition of the Altos do Seixal wind farm (Galicia) from GAMESA.

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

(€ Mn)	2011	2010	%
Gas distribution:	445	367	21.3
Spain	260	221	17.6
Latin America	149	108	38.0
Italy	36	38	-5.3
Electricity distribution:	490	466	5.2
Spain	340	313	8.6
Latin America	133	137	-2.9
Moldova	17	16	6.3
Electricity:	258	512	-49.6
Spain	211	361	-41.6
International	47	151	-68.9
Gas:	62	67	-7.5
Up + Midstream	32	22	45.5
Wholesale & Retail	20	19	5.3
UF Gas	10	26	-61.5
Rest	151	131	15.3
Total capital expenditure and intangible assets	1,406	1,543	-8.9

Total capital expenditure and intangible assets by activity



GAS NATURAL FENOSA allocated 66.5% of capital expenditure to regulated gas and electricity distribution businesses, which will strengthen their contribution to consolidated EBITDA.

A total of 70% of capital expenditure in the period corresponds to Spain.

Capital expenditure in Latin America remains focused on Brazil, Mexico and Colombia.

3.2.- Debt

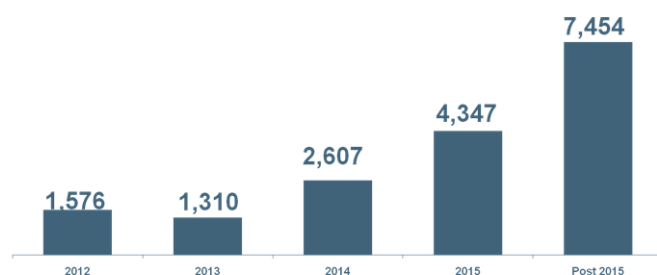
At 31 December 2011, net interest-bearing debt amounted to €17,294 million and leverage was 54.5%.

Excluding the outstanding tariff deficit (€1,231 million), net debt would be €16,063 million, i.e. leverage of 52.7%.

The net debt/EBITDA ratio was 3.7 (3.5 if the tariff deficit is excluded from net debt) and EBITDA/interest was 5.5 at 31 December 2011.

Since the Fondo de Amortización del Déficit Eléctrico (FADE) launched an inaugural bond issue backed by rights assigned by Spain's electricity system on 11 January 2011, there have been five public bond issues for a total nominal amount of €8,500 million and six issues or taps under previous private issues for €1,406 million. As a result, FADE's total issuing in 2011 amounted to €9,906 million, with terms of between 2 and 15 years, of which GAS NATURAL FENOSA received a total of €1,102 million.

Adjusted Net debt maturity (€Mn)



The figure shows GAS NATURAL FENOSA's net debt maturity calendar at 31 December 2011.

A total of 68.2% of the gross interest-bearing debt at 31 December 2011 matures in or after 2015. The average term of the debt is 4.6 years.

A total of 70.1% of net interest-bearing debt is at fixed interest rates and the other 29.9% is at floating rates. Of the gross financial debt, 9.1% is short term and 90.9% is long term.

At 31 December 2011, cash and cash equivalents together with available bank finance totalled over €7,000 million, providing the company with sufficient liquidity to cover its debt maturities for more than 24 months.

Additionally, at 31 December 2011 the company had €5,963 million available in the form of shelf registrations for financial instruments, including €3,950 million in the Euro Medium Term Notes (EMTN) programme, €734 million in the Euro Commercial Paper (ECP) programme, €932 million in the commercial paper programme listed on AIAF Mercado de Renta Fija, and a combined €347 million in the stock market certificates programmes on the Mexico Stock Exchange and the commercial paper programme on the Panama Exchange.

In January 2011, the company completed a 6-year €600 million bond issue with an annual coupon of 5.625% under the EMTN programme. In May 2011, it performed an 8-year €500 million bond issue with an annual coupon of 5.375%, under the same programme.

The total amount issued under the EMTN programme in the last two years totals is over €8,000 million, with an average coupon of 4.77% and an average maturity of 7.1 years.

With a view to diversifying its funding sources, GAS NATURAL FENOSA issued debt in new markets. Gas Natural Mexico registered a Stock Certificate Programme on the Mexican Stock Exchange valued at MXN 10,000 million. Under this programme, on 20 May 2011 Gas Natural Mexico successfully completed a two-tranche issue (4Y and 7Y) for a total of MXN 4,000 million. The 4Y tranche was placed at a variable rate (the Mexican interbank rate—TIIE—plus a spread of 65 basis points), while

the 7Y tranche pays an annual coupon of 8.62%. This issue was rated AAA by Fitch Ratings and AA+ by Standard & Poor's.

Also in May 2011 and as part of the \$50 million Commercial Securities programme, EDEMET (Panama) placed US\$ 30 million in the local market with a coupon of 2.9%.

In December 2011, GAS NATURAL FENOSA obtained a 10Y €350 million credit line from the European Investment Bank (with authorisation for up to €500 million); at the end of the year, the company had drawn down only €150 million.

The breakdown of the net financial debt by currency at 31 December 2011, in absolute and relative terms, is as follows:

(€ Mn)	31/12/11	%
EUR	14,297	82.6
US\$	1,820	10.5
COP	430	2.5
MXN	322	1.9
JPY	235	1.4
BRL	168	1.0
ARS	26	0.1
Other	(4)	-
Total net financial debt	17,294	100.0

In January 2012, the FADE launched six private issues for a total of €1,363 million, of which GAS NATURAL FENOSA obtained €153 million.

On 30 January 2012, GAS NATURAL FENOSA completed a new 6-year €750 million bond issue with an annual coupon of 5.000%, setting the issue price at 99.413% of its nominal value. Payment of this issue was completed in 13 February 2012.

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.- Shareholders' equity

The proposal for application of 2010 income approved by the Ordinary Shareholders' Meeting on 14 April 2011 called for the allocation of €324 million (i.e. the amount of the 2010 interim dividend, which had been paid on 7 January 2011) as well as a scrip dividend through the issuance of new ordinary shares.

The trading period for warrants corresponding to the scrip dividend out of 2010 income ended on 14 June 2011. As a result, the holders of 3.61% of the warrants accepted the irrevocable purchase commitment by GAS NATURAL FENOSA, which undertook to acquire 33,272,473 warrants for €15 million gross. The other 96.39% opted to receive new shares. As a result, the definitive amount of

ordinary shares with a unit face value of one euro issued as scrip dividend amounted to 31,731,588. The capital increase was registered with the Mercantile Register on 23 June 2011 and the shares were listed on 29 June 2011.

Also, further to agreements with Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures, S.p.A. (SONATRACH), once the pertinent approval had been obtained from the Algerian authorities and the price had been paid, the capital increase consisting of 38,183,600 new shares of Gas Natural SDG subscribed by SONATRACH for €515 million (€13.4806 per share), was registered with the Barcelona Mercantile Register.

Consequently, at 31 December 2011, the total number of ordinary shares was 991,672,139, represented by book entries, with a par value of one euro each. All of the outstanding shares are fully paid-up and have the same political and economic rights.

The Board of Directors will propose to the Ordinary Shareholders' Meeting that it approve a dividend amounting to €360 million (equal to the interim dividend in 2011, which was paid on 9 January 2012) as well as a scrip dividend through the issuance of new ordinary shares for a maximum reference market value of €461 million.

This will provide shareholders with the option of receiving the 2011 supplementary dividend in July 2012 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 2011, GAS NATURAL FENOSA's shareholders' equity totalled €14,441 million. Of that total, €12,792 million is attributable to GAS NATURAL FENOSA, a 12.4% increase with respect to 31 December 2010.

At 31 December 2011, based on available information, the main shareholders of Gas Natural SDG were as follows:

	% participation
Criteria CaixaHolding	35.3
Repsol YPF Group	30.0
Sonatrach	3.9

4.- ANALYSIS OF RESULTS BY ACTIVITY

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

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

4.1.- Gas distribution in Spain

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

GAS NATURAL FENOSA made 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 30 April 2010, the sale of low-pressure gas distribution assets, specifically 507,726 supply connections and 3,491 km of distribution networks, was completed. Also in line with commitments to Spain's National Competition Commission as a result of the Unión Fenosa acquisition, on 30 June 2011 the company completed the sale of another 304,456 natural gas supply points in Madrid (with a consumption of 1,439 GWh) to the Madrileña Red de Gas group for €450 million, i.e. a gross capital gain of €280 million. As a result of these divestments, there are notable variations when comparing the two years.

4.1.1.- Results

4Q11	4Q10	%	(€ Mn)	2011	2010	%
296	332	-10.8	Net sales	1,240	1,299	-4.5
-1	-5	-80.0	Purchases	-12	-18	-33.3
-14	-20	-30.0	Personnel costs, net	-71	-67	6.0
-83	-85	-2.4	Other expenses/income	-261	-299	-12.7
198	222	-10.8	EBITDA	896	915	-2.1
-74	-75	-1.3	Depreciation and amortization	-284	-289	-1.7
-1	-	-	Change in operating provisions	-	-	-
123	147	-16.3	Operating profit	612	626	-2.2

Net sales in the gas distribution business totalled €1,240 million and EBITDA amounted to €896 million.

Excluding the effect of the above-mentioned divestment of assets in the Madrid region, revenues would have expanded by 2.3% and EBITDA by 2.7% with respect to the previous year. This increase in EBITDA was reduced by approximately 1.5 percentage points due to the notably negative impact of the temperature in the last quarter of 2011 with respect to the same quarter of 2010 which, in degree-day terms, was 29% lower.

4.1.2.- Main aggregates

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

4Q11	4Q10	%		2011	2010	%
52,173	55,980	-6.8	Gas TPA sales (GWh):	201,231	207,174	-2.9
263	274	-4.0	Distribution network (km)	43,871	44,931	-2.4
29	26	11.5	Change in connections points ('000)	81	84	-3.6
-	-	-	Connections points (000) (at 31/12)	5,050	5,274	-4.2

Excluding divestments, revenues in the regulated gas business in Spain, which includes TPA (third-party access) services in the distribution network and secondary transportation, declined by 2.2% with respect to the previous year (4,504 GWh). This decline was more noticeable in the residential market (-9,171 GWh, -18%) due to weather in the first and fourth quarters of the year (27% lower in 2011 in degree-day terms), which was partially offset by the slight increase in the industrial market.

GAS NATURAL FENOSA continues to expand its distribution network and to increase the number of supply connections. Excluding divestments, the increase in the number of supply connections by 80,656 is on par with the increase in 2010, offsetting lower growth in the new building market with higher growth in the existing building market. In this scenario, it is especially noteworthy that growth accelerated in the fourth quarter of 2011.

In like-for-like terms, the distribution network expanded by 1,257 km, connecting 36 new municipalities.

On 28 February 2011, the company acquired from Distribuidora Sureuropea de Gas (Grupo Corporación Llorente) a number of distribution and secondary transportation assets in the Andalusia and Castilla-La Mancha regions (101 km. of grid and 4 industrial connections) for €27 million.

Order IET/3587/2011 was published on 21 December 2011, establishing the tolls and fees for third-party access to gas installations and remuneration for regulated gas activities for 2012. The order maintains the system for calculating the distribution remuneration as amended the previous year, updating the remuneration for 2012 in accordance with the actual IPH index for October 2011. The remuneration recognised for GAS NATURAL FENOSA in 2012 from distribution and transport activities in 2012 is €1,119 million.

4.2.- Gas Distribution in Latin America

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

4.2.1.- Results

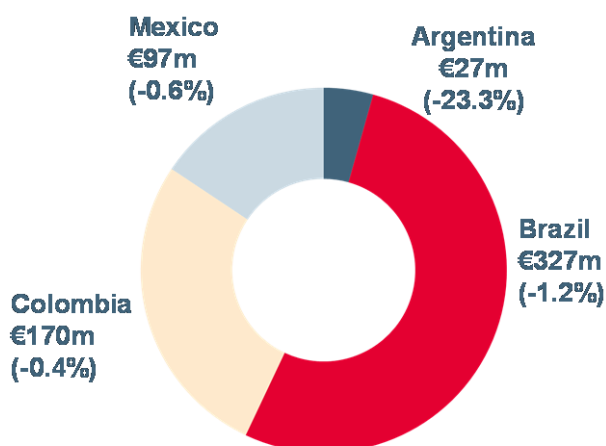
4Q11	4Q10	%	(€ Mn)	2011	2010	%
643	727	-11.6	Net sales	2,585	2,645	-2.3
-410	-495	-17.2	Purchases	-1,659	-1,748	-5.1
-22	-20	10.0	Personnel costs, net	-89	-81	9.9
-51	-48	6.3	Other expenses/income	-216	-181	19.3
160	164	-2.4	EBITDA	621	635	-2.2
-29	-29	-	Depreciation and amortization	-113	-112	0.9
-6	-	-	Change in operating provisions	-14	-7	-
125	135	-7.4	Operating profit	494	516	-4.3

EBITDA amounted to €621 million, a 2.2% decrease on 2010. This activity registered strong growth, despite the unusual events that occurred in 2010 and the impact of the weather, which led to a radical reduction in gas distribution to thermal power plants in Brazil, supply cuts in industrial markets and in automotive natural gas in Colombia, and a decline in residential consumption in Mexico. Excluding these and the currency effect, EBITDA would have increased by 4.9%.

Brazil and Colombia together accounted for 80.0% of total EBITDA; the gas distribution business in Colombia absorbed the sharp impact of the recent tax reform, specifically an amendment to Act 1370 to tax wealth as of 1 January 2011, although the tax is payable in 8 instalments between 2011 and 2014.

Moreover, and as a result of the cold wave, Decree 4825 was enacted in Colombia after a state of economic and social emergency was declared, increasing that tax by 25% to raise funds for relief efforts after the severe floods

EBITDA in Latin America by countries



Net sales totalled €2,585 million, a 2.3% decline.

The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to 2010.

4.2.2.- Main aggregates

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

4Q11	4Q10	%		2011	2010	%
48,666	54,704	-11.0	Gas activity sales (GWh):	191,031	200,995	-5.0
27,801	34,140	-18.6	Tariff gas sales	114,559	128,141	-10.6
20,865	20,564	1.5	TPA	76,472	72,854	5.0
481	1,564	-69.2	Distribution network (km)	65,831	64,492	2.1
60	58	3.4	Change in connections points ('000)	217	243	10.7
-	-		Connections points ('000) (at 31/12)	5,882	5,665	3.8

The key physical aggregates by country in 2011 are as follows:

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh)	76,172	49,810	17,345	47,704	191,031
Change vs. 2010 (%)	2.1	-22.4	7.3	3.7	-5.0
Distribution network	23,312	6,137	19,463	16,919	65,831
Change vs. 31/12/2010 (km)	307	131	453	448	1,339
Connections points ('000 at 31/12)	1,492	842	2,291	1,257	5,882
Change vs. 31/12/2010 ('000)	34	25	108	50	217

There were a total of 5,882,000 gas distribution connections in the residential-commercial segment in 2011. Year-on-year growth remains high, with the company adding 217,145 distribution connections (of which 108,000 in Colombia alone).

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 191,031 GWh, a 5.0% decrease with respect to the previous year. This slight decline is due primarily to lower sales for power generation in Brazil due to the fact that reservoir levels were much higher than in 2010.

The distribution grid expanded by 1,339 km (+2.1%) in the last 12 months, to 65,831 km at the end of December 2011.

Highlights of activities in Latin America:

- In Argentina, negotiations with the government on the application of the new tariff framework are continuing. The customer base and gas sales increased by 2%, and the company continued to curtail expenditure sharply in a situation of high inflation (23.4%).
- Business in Brazil expanded, with a 55% net increase in customers and a 19% increase in installations due to strong growth in property development, which is being driven by social programmes implemented by the Brazilian government.

- Gas sales increased by 7% in Colombia due to the larger customer base (mainly in residential, commercial, industrial and TPA markets) while average residential consumption also increased.
- In Mexico, installations expanded by 18% with respect to 2010, i.e. 78,099 new customers.

4.3.- Gas distribution in Italy

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

4.3.1.- Results

4Q11	4Q10	%	(€ Mn)	2011	2010	%
67	73	-8.2	Net sales	238	210	13.3
-38	-42	-9.5	Purchases	-129	-103	25.2
-3	-4	-25.0	Personnel costs, net	-14	-15	-6.7
-9	-7	28.6	Other expenses/income	-25	-22	13.6
17	20	-15.0	EBITDA	70	70	-
-6	-6	-	Depreciation and amortization	-23	-22	4.5
-2	-2	-	Change in operating provisions	-4	-6	-33.3
9	12	-25.0	Operating profit	43	42	2.4

Gas distribution and supply in Italy contributed €70 million in EBITDA, i.e. 5.4% more than in 2010, after adjusting for the €3 million in compensation received in 2010 as a result of the regulator's decision in November 2010.

The improvement in EBITDA is attributable primarily to the higher margin on gas sales due to supplying natural gas obtained under GAS NATURAL FENOSA's own natural gas procurement contracts. Specifically, in 2011, fifteen shiploads of liquefied natural gas (5,373 GWh) were regasified at the Panigaglia plant.

4.3.2.- Main aggregates

GAS NATURAL FENOSA has 440,297 gas distribution points in Italy, a 4.3% increase with respect to 31 December 2010.

On 22 December 2011, Gas Natural Distribuzione Italia acquired the Favellato Reti Gas group, which distributes to 22 municipalities in southwest Italy with 9,669 gas distribution points.

4Q11	4Q10	%		2011	2010	%
959	958	0.1	Gas activity sales (GWh):	3,578	3,387	5.6
717	754	-4.9	Tariff gas sales	2,730	2,741	-0.4
242	204	18.6	TPA	848	646	31.3
351	142	-	Distribution network (km)	6,736	5,849	15.2
-	-	-	Connections points ('000) (at 31/12)	440	422	4.3

A total of 3,578 GWh of gas were distributed, i.e. 5.6% more than in 2010.

The distribution grid expanded by 887 km in the last 12 months, to 6,736 km at 31 December 2011. This growth included the acquisition of assets from the Favellato Reti group, which added 324 km to the grid.

4.4.- Electricity distribution in Spain

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

4.4.1.- Results

4Q11	4Q10	%	(€ Mn)	2011	2010	%
218	272	-19.9	Net sales	922	884	4.3
-	-	-	Purchases	-	-	-
-29	-25	16.0	Personnel costs, net	-114	-108	5.6
-44	-34	29.4	Other expenses/income	-128	-131	-2.3
145	213	-31.9	EBITDA	680	645	5.4
-60	-56	7.1	Depreciation and amortization	-220	-213	3.3
-2	-5	-60.0	Change in operating provisions	-1	-12	-91.7
83	152	-45.4	Operating profit	459	420	9.3

On 31 December 2011, Ministerial Order IET/3586/2011 was published in the Official State Gazette, establishing tolls for third-party access as from 1 January 2012, the tariffs and premiums for special regime facilities, and the regulated revenues for transmission, distribution and supply access management.

The order includes definitive remuneration for 2010 and provisional remuneration for 2011 and 2012. According to the provisional figures for 2011, remuneration from distribution increased by 4% year-on-year and from supply access management remained on par with 2010 figures.

Specifically, the initial remuneration recognised for GAS NATURAL FENOSA in 2012 is €862 million for distribution and TPA and €41 million for transmission.

Consequently, net revenues increased by 4.3% with respect to 2010 and is in line with the performance of regulated revenues discussed above and with other revenue performance (meter rental, connection fees, etc.). The changes in the fourth quarter are attributable to accounting, in December 2010, for the upward revision of the 2009 remuneration and of that for 2010 which had been booked at a lower level throughout the year.

Recurrent personnel costs remained on par with 2010 (and even absorbed part of the adjustments due to collective agreements) and the increase shown in the table reflects spending that is non-recurrent and not comparable with the previous year.

The other expenses/income item reflects the increase in efficiency obtained by improving processes, which provided for EBITDA of €680 million, i.e. up 5.4% with respect to 2010.

4.4.2.- Main aggregates

4Q11	4Q10	%		2011	2010	%
7,916	8,845	-10.5	Electric activity sales (GWh):	33,916	34,465	-1.6
-	-	-	Tariff electricity sales	-	6	-
7,916	8,845	-10.5	TPA	33,916	34,459	-1.6
-	-	-	Connections points ('000) (at 31/12)	3,748	3,719	0.8
-	-	-	ICEIT (minutes)	42	61	-31.1

Third-party access reflects the decline in consumption throughout Spain due not only to the current economic situation but also to very mild weather in the last few months of the year.

There were no relevant incidents in the period due to the facilities' good performance as a result of investment in recent years and ongoing maintenance, together with favourable weather. As a result, the ICEIT (installed capacity equivalent interrupt time) improved by almost 20 minutes compared with 2010, when performance was very positive (just 42 minutes).

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

4.5.- Electricity Distribution in Latin America

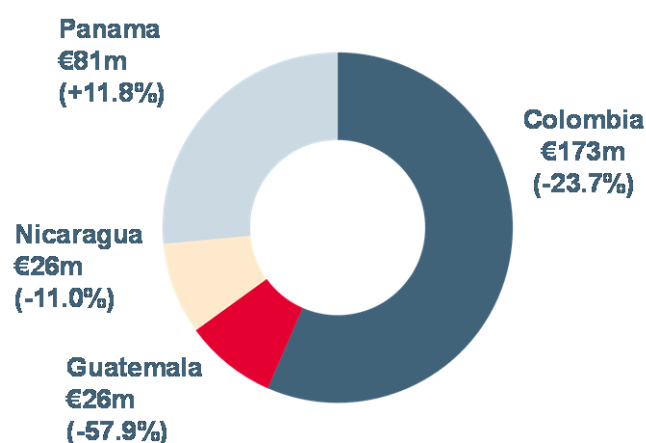
This division involves electricity distribution in Colombia, Guatemala, Nicaragua and Panama.

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

4.5.1.- Results

4Q11	4Q10	%	(€ Mn)	2011	2010	%
554	525	5.5	Net sales	2,290	2,200	4.1
-416	-372	11.8	Purchases	-1,723	-1,580	9.1
-3	-12	-75.0	Personnel costs, net	-42	-54	-22.2
-49	-46	6.5	Other expenses/income	-219	-176	24.4
86	95	-9.5	EBITDA	306	390	-21.5
-16	-20	-20.0	Depreciation and amortization	-71	-89	-20.2
-21	-37	-43.2	Change in operating provisions	-102	-124	-17.7
49	38	28.9	Operating profit	133	177	-24.9

EBITDA in Latin America by country



EBITDA from the electricity distribution business in Latin America amounted to €306 million, 21.5% less than last year. Excluding the currency effect, the divestment of electricity distribution companies in Guatemala and the weather, EBITDA would have expanded by 6.8%.

This unusual trend is attributable in part to the distribution business in Colombia, where the amendment to Act 1370 was approved, taxing wealth as of 1 January 2011, although the tax is payable in 8 instalments from 2011 to 2014.

Moreover, and as a result of the cold wave, a state of economic and social

emergency was declared in Colombia, and Decree 4825 was enacted to increase that tax by 25% to raise funds for relief efforts after the severe floods. This weather event had a sharp effect on energy demand and prices which, through the pass-through clauses, had a notable impact on the tariff and on the efficacy of the execution of operating plans in the affected areas. But for these effects, EBITDA from the Colombian distribution business would have increased by 4.6%.

In May 2011, GAS NATURAL FENOSA sold its stakes in distribution companies DEORSA and DEOCSA to UK fund Actis; those companies together distribute electricity to all of Guatemala except for the capital city and the Departments of Sacatepéquez and Escuintla; also included in the sale were the stakes in other companies in the energy business in Guatemala. The transaction price was US\$345 million. As a result of this divestment, the Guatemala electricity distribution business contributed to the Latin America electricity distribution business EBITDA for only the first five months of 2011.

The Central American distribution companies attained €133 million in EBITDA, an 11.8% increase (excluding the currency effect and the divestment in Guatemala), including notable 17.6% growth in Panama.

The sharp increase in the price of #6 fuel oil increased the cost of unrecognised losses. On 15 June 2011, Nicaragua approved a 41.9% increase in the tariff, which partly offset the higher fuel price. To

shield end users from the impact of this increase, it will be subsidised until the renewable energy plants come into operation.

4.5.2.- Main aggregates

4Q11	4Q10	%		2011	2010	%
4,294	4,512	-4.8	Electric activity sales (GWh):	17,706	18,002	-1.6
4,061	4,269	-4.9	Tariff electricity sales:	16,789	16,979	-1.1
233	243	-4.1	TPA	917	1,023	-10.4
-	-	-	Connections points ('000) (at 31/12)	3,565	4,901	-27.3

Electricity sales totalled 17,706 GWh, a moderate decline of 1.6% despite the divestment in Guatemala.

The key physical aggregates by country in 2011 are as follows:

	Colombia	Guatemala	Nicaragua	Panama	Total
Electric activity sales (GWh)	10,524	833	2,584	3,765	17,706
Change vs. 2010 (%)	4.2	-56.9	6.6	6.2	-1.6
Connections points ('000 at 31/12)	2,224	-	849	492	3,565
Change vs. 31/12/2010 ('000)	26	-1,422	41	19	-1,336
Network loss ratio (%)	18.3	17.2	20.6	10.2	16.9

Plans to reduce losses performed as expected, except in Colombia, where flooding led to difficulties and delays in execution.

4.6.- Electricity distribution in Moldova

The business in Moldova consists of regulated distribution of electricity and the supply of electricity at the bundled tariff in the capital city and the central and southern regions. GAS NATURAL FENOSA is responsible for 70% of electricity distribution in Moldova.

4.6.1.- Results

4T11	4T10	%	(€ Mn)	2011	2010	%
62	55	12.7	Net sales	206	188	9.6
-47	-43	9.3	Purchases	-157	-143	9.8
-2	-1	-	Personnel costs, net	-8	-7	14.3
-4	-3	33.3	Other expenses/income	-11	-11	-
9	8	12.5	EBITDA	30	27	11.1
-2	-1	-	Depreciation and amortization	-6	-5	20.0
-	-	-	Change in operating provisions	-	-1	-
7	7	-	Operating profit	24	21	14.3

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

In local currency terms, the spark spread (revenues-procurement costs) increased by close to 6% with respect to 2010, reflecting basically the regulated remuneration for electricity distribution and electricity supply at the regulated tariff.

Personnel expenses increased by 8.5% in local currency terms due to indexation to the Moldovan CPI (which increased by about 8%). The Other expenses/income item reflects efficiency improvements attained through process enhancement. In local currency terms, this section reflects a decline of almost 3% in current terms due to high inflation.

As a result, EBITDA amounted to €30 million, an 11.1% increase over the same period of 2010. In local currency terms, EBITDA increased by around 8%.

4.6.2.- Main aggregates

4Q11	4Q10	%		2011	2010	%
665	660	0.8	Electric activity sales (GWh):	2,445	2,366	3.3
665	660	0.8	Tariff electricity sales	2,445	2,366	3.3
-	-	-	TPA	-	-	-
-	-	-	Connections points ('000) (at 31/12)	820	816	0.5
-	-	-	Network loss ratio (%)	13	14	-7.1

Electricity demand in GAS NATURAL FENOSA's distribution territory in Moldova increased by 3.3% and distribution points totalled 819,506, an increase compared with 2010.

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

This plan is driving a steady improvement in basic operating indicators, particularly the network loss indicator, which has improved almost half of a percentage point compared with last year (from 13.6% to 13.1%), making it possible to maximise regulated revenues.

There has also been a notable improvement in service quality and network incident ratios. Debt collection ratios are very close to 100%.

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 trading.

4.7.1.- Results

4Q11	4Q10	%	(€Mn)	2011	2010	%
1,358	1,473	-7.8	Net sales	5,452	5,420	0.6
-995	-1,126	-11.6	Purchases	-4,061	-3,909	3.9
-40	-39	2.6	Personnel costs, net	-149	-130	14.6
-143	-111	28.8	Other expenses/income	-433	-407	6.4
180	197	-8.6	EBITDA	809	974	-16.9
-134	-170	-21.2	Depreciation and amortization	-560	-537	4.3
-27	-41	-34.1	Change in operating provisions	-46	-50	-8.0
19	-14	-	Operating profit	203	387	-47.5

Net sales in the electricity business amounted to €5,452 million in 2011, 0.6% more than in 2010.

EBITDA amounted to €809 million in 2011, a 16.9% decrease year-on-year.

Higher fuel prices and the consequent increase in generation costs, together with the change in the electricity production mix (i.e. lower hydroelectric output) and the 3.2% decline in output due, among other reasons, to the divestment of the Plana del Vent and Arrúbal CCGTs in the second and third quarters of the year, respectively, reduced EBITDA even though wholesale power prices in Spain were higher.

Electricity demand in mainland Spain amounted to 62,274 GWh in the fourth quarter of 2011, a decline of 5.3% with respect to the same period of 2010 (-2.1% in 2011 overall). Correcting for calendar effects and temperatures, demand declined by 1.2% in 2011, accentuating the trend that started at the beginning of the year, especially in the last two months of 2011, when demand fell by 7%.

In the last quarter of 2011, capacity hourly utilisation peaked at 39,668 MW in mid-December, almost 4,500 MW below the record peak of the year (44,107 MW), at the end of January, and 5,200 below the highs of mid-December 2007.

Net ordinary regime power generation in Spain fell by 6.9% year-on-year in the fourth quarter of 2011, more than twice the decline registered in the previous quarter (-5.7% year-on-year in 2011).

The balance of international power flows was a net export in physical terms: 1.5 TWh in the fourth quarter of 2011 (32.4% less than in the fourth quarter of 2010). A net 6.1 TWh were exported in 2011, i.e. 26.6% less than last year, as a result of higher market prices with respect to 2010.

Special regime power generation declined in the fourth quarter, by -6.1%, primarily in October and November. Increasing by 1.6% y/y in the year as a whole.

Wind power output in 4Q11 was 11.5% lower y/y, with an overall decline of 2.6% in the year. Output from other renewable technologies expanded by 2.8% in the quarter and by 5.4% in the year; special regime output as a whole increased by 1.6% in 2011 and covered 36.2% of demand, i.e. 1.3 percentage points more than in 2010.

As a result of the decline in demand, and despite the decline in special regime power output, ordinary regime output fell by 6.9% in the quarter, maintaining the negative trend of the previous two quarters. Ordinary regime output fell by 5.7%, with reductions in output by all technologies except Spanish coal (due to the Royal Decree on Security of Supply).

Hydroelectric output fell sharply in the quarter, by 27.2% with respect to the same quarter of 2010, due to lower precipitation. In terms of hydroelectric energy capability, 2011 was a dry year, with an exceedance probability of 72% when compared with the historical average: i.e. statistically, only 72 out of every 100 years would be wetter than 2011. Reservoirs in Spain as a whole stood at 50% of capacity in 2011, i.e. 13 points lower than in 2010 (nevertheless, 2010 marked a 10-year record high).

Nuclear output fell by 9.8% in the quarter, affected by changes in the dates of scheduled shut-downs. Overall, nuclear output fell 7.0% in the year.

Coal output increased in the fourth quarter by 110.4%, clearly impacted by the entry into force on 26 February 2011 of the Royal Decree on Security of Supply, which enabled some coal plants to become operational again after being closed for almost two years in some cases. In 2011, coal-fired output increased by 96.7%, covering 15.9% of demand, i.e. twice the 2010 figure.

In 2011 there was no oil-fired output in the ordinary regime.

CCGT output declined by 34.1% year-on-year in the fourth quarter of 2011, covering 16.7% of demand (7 points less than in the fourth quarter of 2010). CCGT output fell by 21.6% in 2011 as a whole, covering 19.5% of demand (down from 24.3% in 2010).

The upward trend in prices that started in the second quarter of last year began to ease as a result of several factors: less output by hydroelectric plants and wind farms plus a decline in commodities prices in the fourth quarter with respect to the third quarter. Average prices in the daily wholesale market exceeded €60/MWh on several occasions, and reached €66.4/MWh on 17 October 2011 (the highest level in the fourth quarter); then they declined slightly in November (reaching the lowest level in 2011), but recovered in December.

The weighted average price in the daily power generation market was €53.3/MWh in the fourth quarter of 2011, €2 less than in the previous quarter. The weighted average price in 2011 was €50.8/MWh, i.e. €12.7 more than in 2010 (+33%).

As for other commodities, *Brent* crude fell from an average of \$113.46/bbl in 3Q11 to \$109.24/bbl in the 4Q11 (a 3.7% decrease). API 2, Europe's main coal price indicator, declined by 7.3% in the quarter, from an average of \$123.9/tonne in the third quarter of 2011 to \$114.8/tonne in the fourth quarter of 2011. The price of CO₂ emission rights (EUAs on Bluenext) averaged €8.9/tonne in the fourth quarter, a 27% decline with respect to 3Q11. The average price of *Brent* crude increased by 40% year-on-year in 2011.

4.7.2.- Main aggregates

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

Power generation capacity:

4Q11	4Q10	%		2011	2010	%
-	-	-	Installed capacity (MW): (at 31/12):	12,760	14,637	-12.8
-	-	-	Ordinary Regime	11,699	13,679	-14.5
-	-	-	Hydroelectric	1,901	1,860	2.2
-	-	-	Nuclear	595	589	1.0
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	157	617	-74.6
-	-	-	CCGT	6,998	8,565	-18.3
-	-	-	Special Regime	1,061	958	10.8
-	-	-	Wind	925	821	12.7
-	-	-	Small hydroelectric	69	68	1.5
-	-	-	Cogeneration and others	67	69	-2.9

The change in ordinary regime installed capacity with respect to 31 December 2010 is due to a number of factors:

- Capacity increased in 2011 by 58.5 MW at Unit 1 of the Almaraz nuclear power plant (6 MW attributable to GAS NATURAL FENOSA), by 8 MW at the Puente Nuevo and Burguillo hydroelectric plants, by 32 MW at the Belesar, Albarellos and Tambre 2 plants, and by 65 MW at the Málaga and Barcelona Port CCGTs as a result of the new tests.
- Authorisation for the closure and discontinuation of activity in 2011 of the two oil-fired units at the Sabón plant (460 MW).
- And the two units of the Plana del Vent CCGT plant (833 MW) were sold to the company Alpiq, and the Arrúbal CCGT plant (799 MW) was sold to Contour Global.

Electricity generated and sold:

4Q11	4Q10	%		2011	2010	%
9,391	10,212	-8.0	Electricity generated (GWh):	38,081	38,338	-0.7
8,741	9,464	-7.6	Ordinary Regime	35,701	35,809	-0.3
313	1,057	-70.4	Hydroelectric	2,892	4,752	-39.1
1,196	1,131	5.7	Nuclear	4,378	4,325	1.2
1,940	406	-	Coal	4,464	772	-
3	-2	-	Oil/gas	-	32	-
5,289	6,872	-23.0	CCGT	23,967	25,928	-7.6
650	748	-13.1	Special Regime	2,380	2,529	-5.9
467	555	-15.9	Wind	1,653	1,780	-7.1
67	77	-13.0	Small hydroelectric	281	311	-9.6
116	116	-	Cogeneration and others	446	438	1.8
8,649	10,141	-14.7	Electricity sales (GWh):	35,905	40,559	-11.5
6,532	7,286	-10.3	Liberalised market	27,058	30,179	-10.3
2,117	2,855	-25.8	Last resort tariff	8,847	10,380	-14.8

GAS NATURAL FENOSA generated 9,391 GWh of electricity in mainland Spain in the fourth quarter of 2011, i.e. 8.0% less than in the same period of 2010. Of that figure, 8,741 GWh were ordinary regime (a 7.6% decline), mainly due to divestments. Special regime power generation amounted to 650 GWh, a decline of 13.0% with respect to 4Q10. GAS NATURAL FENOSA's power generation in mainland Spain fell by 0.7% in 2011, with a decline of 0.3% in ordinary regime output (vs. a 5.7% decline throughout Spain) and a decline of 5.9% in special regime output.

Hydroelectric output in the fourth quarter of 2011 amounted to 313 GWh, 70.4% less than in 4Q10 as a result of lower precipitation in the period. The accumulated decline in the last year was 39.1%. The year proved to be very dry in the watersheds where GAS NATURAL FENOSA operates, with an exceedance probability of 92% (i.e. probability that the period's energy capability will be exceeded, based on the historical record of average energy capability). Reservoirs in the watersheds were at 36.6% of capacity at 31 December 2011, i.e. 13 percentage points less than at 31 December 2010; however the reservoirs had been at 10-year record highs since the middle of June 2010.

Nuclear output increased by 5.8% in the quarter; as a result, output increased for the year as a whole by 1.2%.

The entry into force of the Royal Decree on Security of Supply resulted in GAS NATURAL FENOSA's Anllares, La Robla 2 and Narcea 3 plants working continuously, with coal-fired output in the quarter totalling 1,939 GWh, compared with 406 GWh in the same quarter of 2010. In 2011, coal-fired output amounted to 4,464 GWh, compared with 772 GWh in 2010.

CCGT output totalled 5,289 GWh in the fourth quarter of 2011, a 23.0% decline year-on-year (due to the sale of the Arrúbal and Plana del Vent units). GAS NATURAL FENOSA'S CCGT output declined by 7.6% in 2011, while CCGT output in Spain as a whole fell 21.6%.

The company's share of the ordinary regime power generation market at 31 December 2011 was 20.8%, 0.6 percentage points more than in the same period of 2010, despite the above-mentioned divestments.

The electricity supply area sold 35,905 GWh in 2011, including supply to the liberalised market and under the social (last-resort) tariff, i.e. 11.5% less than in 2010. The reduction in the electricity supply

portfolio is in line with the company's strategy of maximising margins, optimising market share, and hedging against price variations in the electricity market.

Emissions of CO₂ in the fourth quarter of 2011 from GAS NATURAL FENOSA's thermal power plants and CCGTs that are affected by the regulation governing greenhouse gas emission trading totalled 3.7 million tonnes, resulting in a total of 13.4 million tonnes of CO₂ in 2011. GAS NATURAL FENOSA manages all of its CO₂ emission right hedges for the 2008-2012 and post-Kyoto periods, acquiring the emission rights and credits needed through active participation in the secondary market, primary projects and carbon funds.

Under its commitments, during April 2011 GAS NATURAL FENOSA supplied the Spanish National Register of Greenhouse Gas Emission Rights (RENADE) with the rights equivalent to the CO₂ emissions certified at its conventional thermal and CCGT plants in 2010, a total of 9.7 million tonnes of CO₂, including emission rights from Clean Development and Joint Implementation mechanisms.

The company traded close to 50,000 GWh in the Iberian electricity market in 2011.

Energy trading in the French and German electricity markets in 2011 (more than 970 GWh) was performed via a number of market mechanisms, such as Virtual Power Plant (VPP) auctions, energy sales in grid loss auctions in France, and trading in organised markets and OTC (over-the-counter).

As regards crossborder trading in electricity between Spain and France and between France and Germany, the Group optimised and diversified its position, participating in the organised markets in those countries and buying interconnection capacity in short- and medium-term auctions, trading 108 GWh in 2011.

In 2011, the company traded more than 120 Mt of CO₂ emission permits in numerous deals involving EUA rights and CER/ERU and VER credits, both in organised markets and with counterparties for a wide range of products.

Through spot and forward trading, GAS NATURAL FENOSA actively manages its position and optimises its margins and exposure, while also developing its own trading business.

GNF Renovables

The installed capacity of Gas Natural Fenosa Renovables (GNF Renovables) at 31 December 2011 had increased by 95.5 MW net (110.4 MW consolidated) as a result of increasing its stakes in various wind energy companies. Following those acquisitions, GNF Renovables has a consolidable total of 1,061 MW in operation, of which 925 MW are wind, 69 MW are small hydroelectric and 67 MW are cogeneration.

Output was 5.9% lower than in 2010 (2,380 GWh vs. 2,529 GWh). This change in output is primarily attributable to the fact that there were stronger winds and more precipitation in the first few months of 2010, with wind output declining by 7.1% and small hydroelectric output by 9.6% this year. In contrast, cogeneration output increased by 1.7%. Nevertheless, EBITDA increased by 5.3% to €140 million.

In November 2011, the results of the Extremadura government's wind farm tender were made public. GNF Renovables had bid for a total of 185 MW in 5 wind farms. It was awarded 86 MW in 4 wind farms, making it one of the most successful bidders as well, in January 2012, 97 MW in 3 wind farms in Andalusia.

In the Canary Islands, the company continues developing the 102 MW gross capacity which it was awarded, and progress is being made towards the obtainment of the environmental and town planning permits needed for administrative authorisation.

The paperwork for the wind farm concessions awarded to the company in Catalonia is still under way; the company submitted the execution design and applied for administrative authorisation in August 2011.

In Galicia, the paperwork is advancing for the grid connection for the 285 MW net capacity that was awarded.

The designs are complete for the three wind farms awarded to GNF Renovables in the Aragón wind tender.

Work continues on schedule for the construction of the Belesar II and Peares II small hydroelectric plants in Galicia and the J. García Carrión cogeneration plant in Castilla-La Mancha.

On 28 December 2011, the contract was signed with GAMESA to purchase its Altos do Seixal wind farm in Galicia, with an installed capacity of 30 MW, which will be added to GNF Renovables' capacity in 2012.

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 plant in Veracruz state; and the Norte Durango (450 MW) power plant in Durango state, 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. As a result, it divested 2,233 MW of installed capacity. The transaction was completed on 3 June 2010; consequently, the information for 2010 includes those assets, which were deconsolidated in May 2010.

4.8.1.- Results

4Q11	4Q10	%	(€ Mn)	2011	2010	%
196	214	-8.4	Net sales	865	954	-9.3
-112	-129	-13.2	Purchases	-548	-607	-9.7
-4	-4	-	Personnel costs, net	-15	-19	-21.1
-18	-10	80.0	Other expenses/income	-57	-65	-12.3
62	71	-12.7	EBITDA	245	263	-6.8
-31	-23	34.8	Depreciation and amortization	-101	-105	-3.8
1	-1	-	Change in operating provisions	-	-4	-
32	47	-31.9	Operating profit	144	154	-6.5

EBITDA in the period amounted to €245 million, i.e. 6.8% less than the same period of 2010, or 8.7% higher excluding the assets divested in 2010.

Excluding the impact of the divestments, EBITDA in Mexico would have increased by 21.8%, mainly due to the entry into operation of the Norte Durango plant, which was not operational until 3Q10. On

14 October 2011, an incident occurred during the maintenance work at block 3 of the CCGT in Tuxpan. The recovery plan enabled 50% of capacity to be restored by 1 December 2011, and 75% by 15 December. The remaining 25% is expected to be recovered in the first quarter of 2012.

Output levels in Panama were maintained but at lower prices compared with the previous year; as a result, EBITDA declined by 11.6%, or 7.3% at constant exchange rates.

In the Dominican Republic, EBITDA fell by 16.6%, or by 12.1% at constant exchange rates, as a result of a greater number of major maintenance operations at the plants.

4.8.2.- Main aggregates

4Q11	4Q10	%		2011	2010	%
-	-	-	Installed capacity (MW):			
			(at 31/12):	2,571	2,556	0.6
-	-	-	Mexico (CCGT)	2,035	2,020	0.7
-	-	-	Puerto Rico (CCGT) ⁵	254	254	-
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric)	22	22	-
-	-	-	Panama (thermal)	11	11	-
-	-	-	Dominican Republic (oil-fired)	198	198	-
3,480	4,801	-27.5	Electricity generated (GWh):	17,768	19,406	-8.4
2,727	3,974	-31.4	Mexico (CCGT)	14,662	16,182	-9.4
453	475	-4.6	Puerto Rico (CCGT) ⁵	1,700	1,803	-5.7
75	72	4.2	Costa Rica (hydroelectric)	262	259	1.2
37	41	-9.8	Panama (hydroelectric)	118	116	1.7
2	1	-	Panama (thermal)	19	16	18.8
186	238	-21.8	Dominican Republic (oil-fired)	1,007	1,030	-2.2

The reduction in output in Mexico is due to the sale of power plants in 2010. Excluding this effect, output by the plants in operation increased by 1,770 GWh, basically as a result of the entry into service of Norte Durango.

The Panama plants' availability increased by 9% as the Los Algarrobos hydroelectric plant operated at 100% capacity.

Availability in Puerto Rico increased by 7.9% as a result of the major overhaul of Unit II in the first quarter of 2010. Output did not increase since dispatching was reduced as a result of transmission line repairs.

Output in the Dominican Republic was affected by incidents at the La Vega plant on 21 July 2011 and again on 25 September, which reduced capacity to 60%. The Recovery Plan brought the plant's capacity up to 80% by the end of the year, and the remainder is expected to be recovered in the first quarter of 2012.

⁵ Figures at 50%.

4.9.- Rest of Electricity (Kenya)

This area refers to power generation in Kenya. The prevailing very dry weather in Kenya throughout most of 2011 increased the load factor of the thermal power plants, resulting in a sizeable increase in electricity output.

4.9.1.- Results

4Q11	4Q10	%	(€ Mn)	2011	2010	%
32	25	28.0	Net sales	126	96	31.3
-26	-19	36.8	Purchases	-102	-71	43.7
-1	-1	-	Personnel costs, net	-2	-2	-
-2	-3	-33.3	Other expenses/income	-8	-8	-
3	2	50.0	EBITDA	14	15	-6.7
-1	-2	-50.0	Depreciation and amortization	-5	-6	-16.7
-	-	-	Change in operating provisions	-	-	-
2	-	-	Operating profit	9	9	-

EBITDA amounted to €14 million in 2011 as a result of high output and a high level of availability (close to 88%), which is the factor determining capacity revenues. The considerable increase in world fuel prices in 2011 and the scheduled maintenance shut-downs led to a slight decline in EBITDA with respect to the previous year.

4.9.2.- Main aggregates

4Q11	4Q10	%		2011	2010	%
-	-	-	Electric generation capacity (MW) (at 31/12)	112	112	-
187	184	1.6	Electric energy production (GWh/year)	767	645	18.9

Diesel-fired output in Kenya in 2011 (767 GWh) was 18.9% higher than in 2010. This increase is attributable to strong demand for thermal power in Kenya as a result of the low precipitation during most of the year and, consequently, the low level of water in the hydroelectric reservoirs.

4.10.- GAS

4.10.1.- Infrastructures

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

4.10.1.1.- Results

4Q11	4Q10	%	(€ Mn)	2011	2010	%
83	77	7.8	Net sales	289	264	9.5
-9	-8	12.5	Purchases	-58	-12	-
-2	-	-	Personnel costs, net	-8	-6	33.3
-7	-15	-53.3	Other expenses/income	-39	-55	-29.1
65	54	20.4	EBITDA	184	191	-3.7
-17	-13	30.8	Depreciation and amortization	-65	-50	30.0
-	-	-	Change in operating provisions	-	-	-
48	41	17.1	Operating profit	119	141	-15.6

Net sales in the Infrastructure business increased by 9.5% to €289 million in 2011.

EBITDA in 2011 amounted to €184 million, i.e. 3.7% less than in 2010 due mainly to the negative impact of the currency effect on international transportation in 2011. Additionally, revenues were lower due to the lower occupancy rate of the fleet, attributable to the political problems in Libya.

4.10.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

4Q11	4Q10	%		2011	2010	%
28,668	31,371	-8.6	Gas transportation-EMPL (GWh):	111,855	109,792	1.9
8,481	8,902	-4.7	Portugal-Morocco	31,286	29,052	7.7
20,187	22,469	-10.2	GAS NATURAL FENOSA	80,569	80,740	-0.2

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 111,855 GWh, 1.9% more than in 2010. Of that figure, 80,569 GWh were transported for GAS NATURAL FENOSA through Sagane (on par with last year's figure) and 31,286 GWh for Portugal and Morocco (+7.7% year-on-year).

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

In the gas exploration and production area, options are being explored for developing the first well in the Tangier-Larache (Morocco) concession, in which GAS NATURAL FENOSA has a 24% stake.

In the integrated project being developed in Angola by GAS NATURAL FENOSA (20%) with Repsol, since drilling in the Garoupa II block gave positive results, another well is being prepared so as to continue with the exploration phase.

As part of the Villaviciosa concession in northern Spain, where GAS NATURAL FENOSA has a 70% stake, additional geological studies are being performed, which will conclude the evaluation of its potential.

The company continued to advance the paperwork for the five exploration, production and storage projects planned for the coming years in the Guadalquivir Valley (Marismas, Aznalcazar and Romeral areas). 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. On 15 July 2011, the Spanish Cabinet approved a Royal Decree for adapting the concessions in the Marismas district by authorising gas storage and setting the basic operational and economic conditions. On 14 November 2011, the Doñana Natural Space authorised two projects in the area.

The development of two regasification terminals in Italy is currently at the permit phase. The Trieste-Zaule project completed the permit process at national level in July 2009 by obtaining the Environmental Impact Assessment (VIA) Decree; after the commencement of a round of contacts between affected public administrations in the fourth quarter of 2011, it is awaiting the Single Authorisation from the regional government to commence construction; that authorisation is expected to be obtained in the first half of 2012. The process of obtaining permits for the Taranto project, as required under Italian legislation, is continuing.

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

4.10.2.1.- Results

4Q11	4Q10	%	(€ Mn)	2011	2010	%
2,540	2,147	18.3	Net sales	8,603	7,678	12.0
-2,347	-1,937	21.2	Purchases	-7,945	-7,040	12.9
-12	-12	-	Personnel costs, net	-46	-64	-28.1
-46	-59	-22.0	Other expenses/income	-168	-212	-20.8
135	139	-2.9	EBITDA	444	362	22.7
-4	-3	33.3	Depreciation and amortization	-14	-14	-
-15	6	-	Change in operating provisions	-47	-31	51.6
116	142	-18.3	Operating profit	383	317	20.8

Net sales amounted to €8,603 million, 12.0% more than last year. EBITDA increased by 22.7% to €444 million.

Diversification of the portfolio of commodities, combined management of the commodity and dollar risks and greater sales outside Spain helped improve EBITDA in a context of significant volatility in the energy and currency markets.

4.10.2.2.- Main aggregates

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

4Q11	4Q10	%		2011	2010	%
82,099	84,361	-2.7	Gas supply (GWh):	308,635	307,503	0.4
61,605	69,708	-11.6	Spain:	236,902	250,885	-5.6
45,746	49,186	-7.0	GAS NATURAL FENOSA supply ⁶	169,204	184,744	-8.4
15,860	20,522	-22.7	Supply to third parties	67,698	66,141	2.4
20,494	14,653	39.9	International:	71,733	54,819	30.9
8,010	7,104	12.7	Europe	25,088	21,122	18.8
12,484	7,549	65.4	Other	46,645	33,697	38.4
-	-	-	Multiutility contracts ('000) (at 31/12)	1,682	1,521	10.6
-	-	-	Contracts per customer (at 31/12)	1.35	1.32	2.3

GAS NATURAL FENOSA supplied 169,204 GWh in the Spanish gas market, an 8.4% decline with respect to last year, primarily due to lower sales to residential customers as a result of divestments. The company sold 67,698 GWh of gas to third parties for supply to the Spanish market, a 2.4% increase.

⁶ Does not include exchange transactions.

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 subsidiary for supply in Europe) currently has 499 customers in France in a range of sectors, from industrial companies (chemicals, paper mills, etc.) to local governments and the public sector, accounting for a total portfolio of 13.7 TWh.

The French supply subsidiary has 213 distribution connections in Belgium and Luxembourg, representing a contracted portfolio of over 1.9 TWh per year. GAS NATURAL FENOSA aims to increase gas supply in Europe. To that end, it opened an office in The Netherlands in September 2011. It is also considering an entry into other central European markets in the short term by offering a combination of customised energy consulting with the advantage of a diversified, secure supply.

Additionally, Gas Natural Vendita has obtained more customers in the Italian wholesale market and its portfolio under contract amounts to 2,382 GWh per year. It also supplies energy to residential customers in its retail business (a contracted portfolio of over 2,700 GWh).

GAS NATURAL FENOSA participated in the TURGAS auction on 14 June 2011, organised by OMEL, for the sale of natural gas to last-resort supply companies for the period from 1 July 2011 to 30 June 2012. It was awarded 510 GWh in the auction.

In line with its objectives, the company also continues to expand in Portugal, where it had a contracted portfolio of 3.4 TWh in the first nine months of 2011, i.e. 12.4% of the industrial market and over 5% of the market as a whole.

GAS NATURAL FENOSA further increased the diversification of its gas sales in Latin America, Asia, North America, and elsewhere. Noteworthy is the company's participation in Argentina, where it was awarded a concession by Enarsa in the fourth quarter of 2011 to supply gas in 2012, thereby strengthening its presence and consolidating its position as Argentina's largest gas supplier.

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

GAS NATURAL FENOSA undertakes end-to-end management of the process, from construction of service stations (capital cost and subsequent operation and maintenance) to the supply of compressed natural gas, thereby ensuring maximum availability of the facilities. It has 23 service stations selling 684 GWh/year; it also has 11 customers in the pipeline which represent an additional 225 GWh/year.

In the fourth quarter of 2011, the company started up new public gas filling stations in Madrid, Villaba (Pamplona), Salt (Gerona) and Murcia; the latter two also service municipal waste collection trucks. Those four stations represent potential consumption of 75.2 GWh/year.

GAS NATURAL FENOSA is also working on actions to foster energy efficiency and the rational use of electricity in the field of transport. We are developing value propositions which complement our exiting range of products and services, with a view to improving our customers' energy efficiency.

In Galicia, the company is also managing the network of electric vehicle recharging stations in the city of A Coruña and is adapting charging stations to accommodate the full range of electric vehicles.

As regards one-off contracts in the private sector, GAS NATURAL FENOSA ended 2011 with 4 new contracts for over 55 GWh of primary energy and a portfolio of over 40 bids for primary energy amounting to more than 350 GWh and with the possibility of signing contracts in the first half of 2012.

With regard to energy efficiency projects aimed at more standard customer segments (homeowner associations and the tertiary and industrial markets), GAS NATURAL FENOSA added 198 new customers and ended the year with a total of 1,829 customers.

In 2011, GAS NATURAL FENOSA obtained more than a million new gas and electricity contracts, activated 469,000 services contracts and increased the number of gas+power customers by over 180,000.

GAS NATURAL FENOSA now has over 1.68 million domestic maintenance contracts with residential customers based on its own operating platform consisting of over 164 associated firms connected via an online system, which has enabled it to improve service performance and quality (our customers rate this as our top service).

GAS NATURAL FENOSA continues to add features and users to its online customer management system. The site received 4.7 million visits in 2011, 20% more than in 2010. Over 340,000 customers now receive their bill online.

In 2011, the company began marketing all its products and service in all of Spain, it activated 926,000 new residential contracts and continued to expand in the SME market, obtaining over 107,000 contracts.

At the end of 2011, GAS NATURAL FENOSA had over 10.4 million active contracts. Sales efforts were increased, with the result that 82% more contracts were activated and retail sector contracts rose by 4%, both with respect to 2010.

4.10.3.- Unión Fenosa Gas (UF Gas)

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

4.10.3.1.- Results

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

4Q11	4Q10	%	(€ Mn)	2011	2010	%
325	250	30.0	Net sales	1,011	849	19.1
-238	-173	37.6	Purchases	-694	-580	19.7
-2	-3	-33.3	Personnel costs, net	-11	-12	-8.3
-12	-16	-25.0	Other expenses/income	-29	-33	-12.1
73	58	25.9	EBITDA	277	224	23.7
-43	-42	2.4	Depreciation and amortization	-157	-146	7.5
-	-	-	Change in operating provisions	-	-	-
30	16	87.5	Operating profit	120	78	53.8

EBITDA amounted to around €277 million in 2011, 23.7% more than in 2010. This increase was attained through more efficient management of procurements, logistics and infrastructure, and despite

a 4.3% decline in sales volumes in Spain. Moreover, intense activity outside Spain provided a high margin in 2011.

4.10.3.2.- Main aggregates⁷

There was a 4.3% year-on-year decline in gas supply in Spain in 2011, to 56,937 GWh. The decline in volume sales in the fourth quarter reduced full-year demand numbers in all segment: CCGT -2.5%, industrial -5.6% and sales to suppliers -19.2%.

Additionally, a total of 26,503 GWh of energy was traded in 28 international transactions in Japan, India, Taiwan, Korea, Argentina, France and Portugal.

The gas acquired under long-term contracts with Egypt and Oman in 2011 covered the bulk (86%) of the gas needs in the Spanish market in the period.

The main gas infrastructure (liquefaction, shipping and regasification) maintained levels of availability and efficiency in line with last year.

4Q11	4Q10	%		2011	2010	%
11,367	16,442	-30.9	Gas supply in Spain (GWh)	56,937	59,518	-4.3
8,346	7,507	11.2	Other gas sales (GWh)	26,503	27,774	-4.6
10,356	11,641	-11.0	Liquefaction (GWh)	42,831	35,851	19.5
7,475	13,999	-46.6	Regasification (GWh)	42,845	56,092	-23.6

The Damietta (Egypt) liquefaction plant increased production with respect to 2010. The plant delivered 48 shiploads (39 in 2010), of which 29 were for Unión Fenosa Gas and the remainder for other operators.

The Sagunto regasification plant produced 42,845 GWh, i.e. 65 shiploads, of which 22 were for Unión Fenosa Gas (43.8% of the total volume).

Saggas commenced operation of its fourth LNG storage tank in November 2011. This tank, whose construction commenced in 2009, increased storage capacity by 33% (to 600,000 m³ of LNG). Saggas' current installed regasification capacity is 1,000,000 m³/h, i.e. it can meet up to 25% of Spain's demand for natural gas.

⁷ Assuming 100%.

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1 January 2011:

- 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 FENOSA publishes its 4Q10 results (disclosed 22 February 2011, registration number 138600).
- GAS NATURAL FENOSA files the presentation of earnings for the fourth quarter of 2010 (disclosed 22 February 2011, registration number 138607).
- GAS NATURAL FENOSA publishes its Annual Corporate Governance Report for 2010 (disclosed 24 February 2011, registration number 138837).
- GAS NATURAL FENOSA discloses information on earnings for the second half of 2010 (disclosed 25 February 2011, registration number 139144).
- GAS NATURAL FENOSA discloses the completion of the acquisition of certain distribution and secondary transportation assets in the Castilla-La Mancha and Andalusia regions for €26.9 million (disclosed 28 February 2011, registration number 139321).
- GAS NATURAL FENOSA calls an Ordinary Shareholders' Meeting for 14 April 2011 (disclosed 9 March 2011, registration number 139861).
- GAS NATURAL FENOSA discloses the Board of Directors report regarding article 116 bis of the Securities Market Law (disclosed 9 March, registration number 139873).
- GAS NATURAL FENOSA discloses the closure of the sale of the Plana del Vent CCGT for €200 million (disclosed 1 April 2011, registration number 141532).
- GAS NATURAL FENOSA files the presentation given at the press conference before the Ordinary Shareholders' Meeting (disclosed 14 April 2011, registration number 142266).
- GAS NATURAL FENOSA signed an agreement to sell the Arrúbal CCGT (800 MW) in La Rioja for €313 million (disclosed 14 April 2011, registration number 142291).
- GAS NATURAL FENOSA discloses that the Ordinary Shareholders' Meeting has approved all proposals contained in the Agenda submitted by the Board of Directors (disclosed 14 April 2011, registration number 142296).

- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 1Q11 earnings (disclosed 26 April 2011, registration number 142784).
- GAS NATURAL FENOSA discloses the tentative calendar for the scrip dividend out of 2010 income (disclosed 29 April 2011, registration number 143121).
- GAS NATURAL FENOSA files the Advance Report of earnings for the first quarter of 2011 (disclosed 5 May 2011, registration number 143354).
- GAS NATURAL FENOSA files the presentation of earnings for the first quarter of 2011 (disclosed 5 May 2011, registration number 143393).
- GAS NATURAL FENOSA discloses that, through subsidiary Gas Natural Capital Markets, S.A., it has completed a €500 million issue of 8-year bonds in the euro market under its Euro Medium Term Notes programme (disclosed 10 May 2011, registration number 143701).
- GAS NATURAL FENOSA files the documentation on its scrip dividend out of 2010 income (disclosed 19 May 2011, registration number 144181).
- GAS NATURAL FENOSA has signed an agreement to sell its stakes in Guatemalan electricity distribution companies DEORSA and DEOCSA and in other Guatemalan energy companies (disclosed 20 May 2011, registration number 144193).
- GAS NATURAL FENOSA discloses that subsidiary Gas Natural México, S.A. de C.V. has performed two issues of stock market certificates amounting to a total of MXN 4 billion with the guarantee of Gas Natural SDG, S.A. (disclosed 23 May 2011, registration number 144236).
- GAS NATURAL FENOSA reports on negotiations with SONATRACH on the review of the price under the contracts for the supply of gas from Algeria by the latter via the Maghreb-Europe pipeline (disclosed 24 May 2011, registration number 144372).
- GAS NATURAL FENOSA discloses that the Board of Directors has agreed upon the economic terms of the capital increase (disclosed 27 May 2011, registration number 144575).
- GAS NATURAL FENOSA discloses that it has concluded the joint venture in renewable energy with Enel Green Power which had existed up to now through Enel Unión Fenosa Renovables S.A. (Eufer), a company which they owned 50% each (disclosed 30 June 2011, registration number 144635).
- GAS NATURAL FENOSA discloses that, subject to obtaining the pertinent authorisations from the UK authorities, it is considering acquiring a stake of up to 50% in the UK offshore wind farm development projects of UK renewable energy company SeaEnergy, which was acquired recently by Repsol (disclosed 6 June 2011, registration number 145312).
- GAS NATURAL FENOSA announces the conclusion of the period for trading the subscription rights and the outcome of the rights to free subscription acquired by the Company (disclosed 14 June 2011, registration number 145675).
- GAS NATURAL FENOSA discloses that it has signed a number of agreements with SONATRACH to resolve their ongoing dispute over the price applicable to the gas procurement contracts (disclosed 14 June 2011, registration number 145678).
- GAS NATURAL FENOSA discloses that Fitch Ratings has affirmed its long-term rating at A-, taking it off Rating Watch Negative (RWN), with a stable outlook (disclosed 16 June 2011, registration number 145753).

- GAS NATURAL FENOSA discloses that the Board of Directors has resolved to perform a capital increase to be subscribed by Algerian company SONATRACH, overriding existing shareholders' pre-emptive right. A total of 38,183,600 new shares will be issued at a price of €13.4806 per share. As a result, SONATRACH will own 3.85% of the capital stock of GAS NATURAL FENOSA (disclosed 17 June 2011, registration number 145854).
- GAS NATURAL FENOSA informs the market that it has completed the necessary paperwork to list the newly-issued shares resulting from the scrip dividend, which will commence trading on 29 June 2011 (disclosed 28 June 2011, registration number 146261).
- GAS NATURAL FENOSA discloses the signature of the agreement reached on 7 February 2011 with a company in the Madrileña Red de Gas Group under which the latter acquired 304,000 gas distribution connections in the Madrid region for €450 million, once authorisation had been obtained from the regulatory and competition authorities (disclosed 30 June 2011, registration number 146436).
- GAS NATURAL FENOSA discloses that, under the new commitments it has made to the National Competition Commission (CNC), it has agreed to sell approximately 245,000 gas customers and other related contracts in the Madrid region to Endesa for €38 million (disclosed 30 June 2011, registration number 146449).
- GAS NATURAL FENOSA discloses that it has signed an agreement with ACS to acquire the latter's direct and indirect interests in five wind farms with a total capacity of 95.5 MW (disclosed 1 July 2011, registration number 146655).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 1H11 earnings (disclosed 6 July 2011, registration number 146958).
- GAS NATURAL FENOSA publishes its earnings report for the first half of 2011 (disclosed 27 July 2011, registration number 148321).
- GAS NATURAL FENOSA files the presentation of earnings for the first quarter of 2011 (disclosed 27 July 2011, registration number 148334).
- GAS NATURAL FENOSA discloses that, having obtained the pertinent authorisations, it has completed the sale of the Arrúbal CCGT (800 MW) in La Rioja for €313 million (disclosed 28 July 2011, registration number 148526).
- GAS NATURAL FENOSA discloses information on earnings for the first half of 2011 (disclosed 29 July 2011, registration number 148674).
- GAS NATURAL FENOSA discloses that it has completed the capital increase in the amount of 38,183,600 new shares, which were subscribed by SONATRACH (disclosed 9 August 2011, registration number 149044).
- GAS NATURAL FENOSA discloses that it has completed the acquisition of ACS's interests in a number of wind farms with a total capacity of 95.5 MW for €72.4 million (disclosed 13 September 2011, registration number 149950).
- GAS NATURAL FENOSA discloses the incorporation of FENOSA, an energy company specialised in renewable energy which will manage the wind, cogeneration, biomass and energy-from-waste assets under development and in operation in Galicia and the hydroelectric and tidal energy plants under development and in operation throughout the group worldwide (disclosed 19 September 2011, registration number 150230).

- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 3Q11 earnings (disclosed 11 October 2011, registration number 151156).
- GAS NATURAL FENOSA discloses information on earnings for the third quarter of 2011 (disclosed 8 November 2011, registration number 152989).
- GAS NATURAL FENOSA files the presentation of earnings for the third quarter of 2011 (disclosed 8 November 2011, registration number 153009).
- GAS NATURAL FENOSA files the press release on the FOB contract signed with US company Cheniere, whereby the latter will supply GAS NATURAL FENOSA with close to 5 bcm of GNL per year (disclosed 22 November 2011, registration number 153557).
- GAS NATURAL FENOSA announces the Board of Directors' decision on the interim dividend out of 2011 income (disclosed 28 November 2011, registration number 153717).
- GAS NATURAL FENOSA discloses changes to the Board of Directors (disclosed 2 December 2011, registration number 154343).
- GAS NATURAL FENOSA files the calendar for publication of its financial results in 2012 (disclosed 19 December 2011, registration number 155061).
- GAS NATURAL FENOSA discloses the completion of the acquisition of a wind farm in Lugo and an agreement to acquire a wind farm in Tarragona, both from Gamesa, with a total installed capacity of 42 MW (disclosed 28 December 2011, registration number 155784).
- GAS NATURAL FENOSA announces the payment of an interim dividend out of 2011 income (disclosed 4 January 2012, registration number 156015).
- GAS NATURAL FENOSA discloses completion of a 6-year bond issue in the euromarket amounting to €750 million (disclosed 30 January 2012, registration number 157215).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 4Q11 earnings (disclosed 1 February 2012, registration number 157295).

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

(€ Mn)	2011	2010
Net sales	21,076	19,630
Other operating revenues	263	258
Purchases	-14,074	-12,970
Personnel costs	-858	-798
Other operating costs	-1,762	-1,643
EBITDA	4,645	4,477
Other results	268	370
Depreciation and amortisation	-1,750	-1,716
Change in operating provisions	-216	-238
OPERATING PROFIT	2,947	2,893
Finance income	-934	-1,059
Income from disposal of financial instruments	2	44
Income from associates	7	5
CONSOLIDATED PRE-TAX PROFIT	2,022	1,883
Income tax expense	-496	-468
Minority interest	-201	-214
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,325	1,201

EBITDA

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

(€ Mn)	1Q11	2Q11	3Q11	4Q11	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	397	294	291	270	1,252
Spain	334	224	219	197	974
Latin America	59	65	68	71	263
Rest	4	5	4	2	15
GAS	249	139	138	-54	472
Infraestructures	47	47	43	54	191
Procurement and Supply	136	43	44	-166	57
UF Gas	66	49	51	58	224
REST	17	13	24	17	71
TOTAL EBITDA	1,294	1,083	1,145	955	4,477

Investments (tangible and intangible)

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

(€ Mn)	1Q11	2Q11	3Q11	4Q11	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)	31/12/11	31/12/10
Non-Current Assets-	35,922	36,185
Intangible assets	11,080	11,223
Tangible assets	22,744	23,206
Investment in associates	99	105
Non-current financial assets	1,024	694
Deferred tax assets	975	957
Current Assets-	10,580	9,158
Non-current assets available for sale	23	707
Inventories	879	755
Trade and other receivables	5,192	4,592
Other current financial assets	1,388	1,901
Cash and cash equivalents	3,098	1,203
TOTAL ASSETS	46,502	45,343

(€ Mn)	31/12/11	31/12/10
Equity-	14,441	12,974
Net equity of Parent Company	12,792	11,384
Minority interest	1,649	1,590
Non-Current Liabilities-	23,729	25,442
Government grants	803	657
Non-current provisions	1,712	2,865
Non-current financial liabilities	17,539	18,176
Deferred tax liabilities	2,642	2,704
Other non-current liabilities	1,033	1,040
Current Liabilities-	8,332	6,927
Liabilities related to assets for sale	-	350
Current provisions	133	127
Current financial liabilities	2,853	2,130
Trade and other payables	4,671	3,658
Other current liabilities	675	662
TOTAL EQUITY AND LIABILITIES	46,502	45,343

(€ Mn)	2011	2010
Cash flow from ordinary activities	2,137	2,746
Income before taxes	2,022	1,883
Adjustments	2,510	2,857
Operating Cash flow	4,532	4,740
Changes in working capital	-1,298	-729
Other cash flows from operating activities	-1,097	-1,265
Interests	-786	-789
Income tax expenses	-311	-476
Investment cash flow	-76	36
Investments	-2,750	-2,333
Disposals	2,521	2,216
Other cash flows from investing activities	153	153
Financing cash flow	-166	-2,199
Increase of capital	500	-
Net proceeds from instruments representing financial liabilities	-166	-1,272
Dividends paid	-445	-858
Other cash flows from financing activities	-55	-69
Effect of exchange rate variations	-	31
Net increase/(decrease) in cash and cash equivalents	1,895	614
Beginning cash and cash equivalents	1,203	589
Ending cash and cash equivalents	3,098	1,203

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