

# **GAS NATURAL**

## **Second quarter results 2009**

**29 July 2009**



## NET PROFIT AMOUNTED TO €622 MILLION IN 1H09, A 10.5% INCREASE

- Net profit in 1H09 increased 10.5% with respect to the same period of 2008 and amounted to €622 million, in a context of weakening energy demand and significant volatility in energy prices and in currency and financial markets.
- The company's 50.0% stake in Unión Fenosa was equity-accounted from 28 February 2009. Later, and following settlement of the takeover bid for shares and of certain financial instruments, GAS NATURAL owns 95.2% of Unión Fenosa, which has been fully consolidated since 30 April 2009.
- Consolidated EBITDA totalled €1,641 million, an increase of 26.5% with respect to the same period of 2008, mainly as a result of the integration of Unión Fenosa since 30 April 2009.
- In pro-forma terms<sup>1</sup>, EBITDA amounted to €2,424 million, compared with €2,432 million in the same period in 2008. Despite the contraction in energy demand and the sharp decline in electricity prices in Spain, growth in income from regulated activities and gas supply buoyed by efficient management of the global portfolio enabled the company to maintain operating results on par with 2008.
- EBITDA in the regulated gas distribution business amounted to €726 million, a 2.1% increase on 1H08, and accounted for 44.2% of consolidated EBITDA.
- In proforma terms, regulated electricity distribution contributed €450 million in EBITDA, i.e. 9.9% more than in the same period of 2008.
- The General Shareholders' Meetings of GAS NATURAL (26 June 2009) and Unión Fenosa (29 June 2009) approved the merger of Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into Gas Natural SDG, S.A. The merger is expected to be completed in September.
- The General Shareholders' Meeting of GAS NATURAL approved the payment of a total dividend amounting to €663 million, representing a pay-out of 62.7%.
- In coherence with commitments made to the National Competition Commission (CNC), the company has sold its 5% stake in Enagás.
- GAS NATURAL completed a two-tranche bond issue in the euromarket: €2,000 million at 5 years and €500 million at 10 years.
- The new organisational structure was defined to include a third tier within the Group following the Unión Fenosa acquisition. The new organisation was designed to ensure the resulting Group's ability to successfully compete in an integrated energy market.
- GAS NATURAL arranged the sale of 248,000 gas distribution connections, in compliance with its commitments to the CNC.

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

## ACQUISITION OF UNIÓN FENOSA

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

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

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

On 21 April 2009, the Comisión Nacional del Mercado de Valores (CNMV) published the outcome of the takeover bid, whose acceptance deadline was 14 April 2009. The bid was accepted by shares representing 34.8% of Unión Fenosa's capital and by 69.5% of the voting rights actually addressed by the bid.

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

The General Shareholders' Meetings held by GAS NATURAL (26 June 2009) and Unión Fenosa (29 June 2009) approved the merger of Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into Gas Natural SDG, S.A.

The merger, which is expected to be completed in September, will culminate the process of acquiring Unión Fenosa that began in July 2008. According to the merger proposal, the deal includes the extinguishment (via dissolution without liquidation) of the absorbed companies and the transfer en bloc of their total equity to Gas Natural SDG, S.A., which acquires by universal success all of the rights and obligations of the two companies.

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

The merger of GAS NATURAL and Unión Fenosa will create the largest integrated gas and electricity company in Spain and Latin America and one of the top ten utilities in Europe, operating in 23 countries worldwide. The deal puts the company on another plane as an integrated gas and electricity operator because of the very good fit between the two companies' businesses throughout their value chains. The new group will have over 20 million customers and an installed capacity of 17,000 MW, including 5,200 MW of CCGT capacity in Spain and 4,074 MW of CCGT capacity in other countries.

## **Financing of the operation**

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

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

The allocation of the net proceeds from the capital increase, plus the fact that the takeover bid was not accepted 100% (€788 million) and the use of the proceeds from asset sales reduced the loan to €13,991 at 30 June 2009.

Moreover, with a view to optimising the financial structure and maturities calendar, GAS NATURAL completed a two-tranche euro-denominated bond issue (€2,000 million at five years and €500 million at ten years) in early July 2009.

## **Divestments**

In accordance with the established plan, certain stakes (Cepsa, Red Eléctrica, Isagén, Enagás and Indra) have been sold or sale agreements have been signed, amounting to gross total revenues of €1,084 million. A major portion of those funds will be collected in July 2009.

On 20 July 2009, GAS NATURAL agreed to sell 248,000 gas supply connections for €330 million, in compliance with the commitments to the CNC.

Divestments completed or agreed to date account for approximately half of the €3,000 million divestment plan.

## **Synergies and integration**

Teams from both companies and external advisors are actively working in this area. Initial estimates of synergies amounting to €215 million in costs and €75 million in revenues have been revised upward to €260 million in costs and €90 million in revenue; it has been confirmed that they will be attained in full as from 2011.

Moreover, the joint operation of GAS NATURAL and Unión Fenosa will save €200 million in recurring capital expenditure (€100 millions initially expected).

The integration process continues to advance on schedule. On 29 May 2009, the Board of Directors approved the general framework of action and the senior executive structure of the organisation following the Unión Fenosa acquisition, to be implemented after the merger (scheduled for completion in September).

The organization structure has since been expanded to include a third echelon in response to the strategic priority of successfully integrating the companies, ensuring the transfer of best practices between the businesses and geographic areas, maximising energy management earnings worldwide, actively managing the financial structure and promoting processes for management oversight and risk management, maximising returns on assets in the regulated gas and electricity segments, and integrated management of gas and electricity customers.

## 1.- MAIN AGGREGATES

### 1.1.- Main financial aggregates

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
3,337	3,090	8.0	Net sales	6,480	6,416	1.0
909	571	59.2	EBITDA	1,641	1,297	26.5
535	380	40.8	Operating income	1,083	928	16.7
269	227	18.5	Net profit	622	563	10.5
-	-	-	Average number of shares (million) <sup>2</sup>	706	516	36.8
-	-	-	EBITDA per share (€)	2.32	2.51	-7.6
-	-	-	Net profit per share (€)	0.88	1.09	-19.3
8,015	242.6	-	Investments	14,035	421	-
-	-	-	Net financial debt (at 30/06)	22,063	2,969	-

### 1.2.- Ratios

	1H09	1H08
Leverage <sup>3</sup>	64.1%	31.1%
EBITDA/Net financial income <sup>4</sup>	7.5x	12.5x
Net financial debt /EBITDA	4.6x	1.2x
P/E	10.4x	16.4x
EV/EBITDA	7.0x	8.0x

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

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

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

<sup>4</sup> Financial result does not include result on disposal of financial instruments.

### 1.3.- Main physical aggregates

Gas and electricity distribution:

2Q09	2Q08	%		1H09	1H08	%
96,637	115,476	-16.3	Gas distribution (GWh):	207,147	242,911	-14.7
51,364	64,248	-20.1	Spain:	117,923	141,486	-16.7
-359	3,265	-	Tariff gas sales	-594	14,816	-
51,723	60,983	-15.2	TPA <sup>5</sup>	118,517	126,670	-6.4
45,273	51,656	-12.4	International:	89,224	101,425	-12.0
29,205	36,949	-21.0	Tariff gas sales	55,380	69,344	-20.1
16,068	14,707	9.3	TPA	33,844	32,081	5.5
15,544	-	-	Electricity distribution (GWh):	15,544	-	-
4,871	-	-	Spain:	4,871	-	-
1,909	-	-	Tariff gas sales	1,909	-	-
2,962	-	-	TPA	2,962	-	-
10,673	-	-	International:	10,673	-	-
8,810	-	-	Tariff gas sales	8,810	-	-
1,863	-	-	TPA	1,863	-	-
-	-	-	Gas distribution connections, ('000) (at 30/06):	11,630	11,307	2.9
-	-	-	Spain	5,896	5,777	2.1
-	-	-	International	5,734	5,530	3.7
-	-	-	Electricity distribution connections, ('000) (at 30/06):	9,336	8,729	7.0
-	-	-	Spain	3,533	3,492	1.2
-	-	-	International	5,803	5,237	10.8
9	-	-	ICEIT <sup>6</sup> (minutes)	9	-	-

<sup>5</sup> Includes also TPA services in the secondary network.

<sup>6</sup> Net of the impact of Hurricane Klaus in Galicia, which is classified as *force majeure*.



Energy businesses:

2Q09	2Q08	%		1H09	1H08	%
14,076	8,232	71.0	Electricity generated (GWh):	19,829	16,630	19.2
6,917	4,808	43.9	Spain	9,876	9,952	-0.8
371	-	-	Hydroelectric	371	-	-
698	-	-	Nuclear	698	-	-
376	-	-	Coal	376	-	-
4	-	-	Oil/gas	4	-	-
5,025	4,612	9.0	CCGT	7,697	9,516	-19.1
443	196	-	Renewables	730	436	67.4
7,159	3,424	-	International	9,953	6,678	49.0
564	-	-	Hydroelectric	564	-	-
6,354	3,424	85.6	CCGT	9,148	6,678	37.0
241	-	-	Oil-fired	241	-	-
-	-	-	Installed capacity (MW):	18,546	6,484	-
-	-	-	Spain	13,203	3,980	-
-	-	-	Hydroelectric	1,860	-	-
-	-	-	Nuclear	589	-	-
-	-	-	Coal	2,048	-	-
-	-	-	Oil/gas	617	-	-
-	-	-	CCGT	7,207	3,600	-
-	-	-	Renewables	882	380	-
-	-	-	International	5,343	2,504	-
-	-	-	Hydroelectric	1,033	-	-
-	-	-	CCGT	4,054	2,504	61.9
-	-	-	Oil-fired	256	-	-
57,714	67,341	-14.3	Gas supply (GWh):	124,078	151,145	-17.9
44,432	64,433	-31.0	Spain	98,265	129,152	-23.9
13,282	11,194	18.7	Rest	25,813	21,993	17.4
8,933	-	-	UF Gas <sup>7</sup>	8,933	-	-
1,927	-	-	Gas supply in Spain (GWh)	1,927	-	-
			International supply (GWh)			
26,438	35,583	-25.7	Gas transportation - EMPL (GWh)	50,692	72,905	-30.5

<sup>7</sup> Including 100% of the company's figures.

## 2.- ANALYSIS OF CONSOLIDATED RESULTS

### 2.1.- Changes in group size

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

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

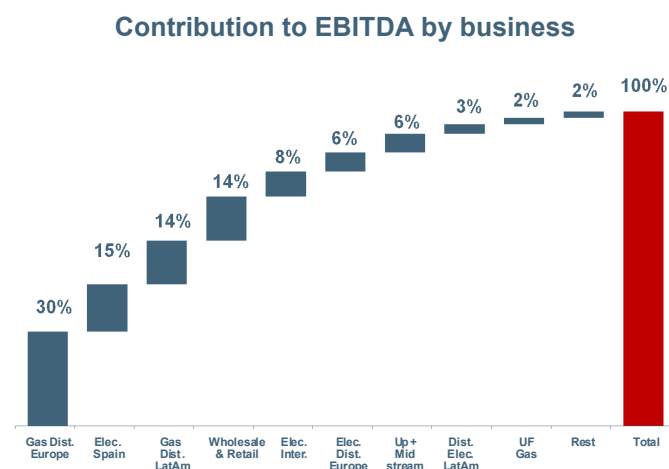
### 2.2.- Analysis of results

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

#### 2.2.1.- Net sales

Net sales in 1H09 amounted to €6,480 million, i.e. 1.0% more than in 1H08 due to the addition of Unión Fenosa and despite the decline in electricity prices and the lower electricity output in Spain with respect to last year.

#### 2.2.2.- EBITDA and operating income



EBITDA in 1H09 totalled €1,641 million, 26.5% more than in 1H08. The decline in income in the electricity business in Spain was offset by the continuing contribution of income from regulated activities.

Distribution of gas and electricity in Spain and other countries accounts for 53.7% of GAS NATURAL's EBITDA. Regulated gas distribution in Spain is the largest single source of EBITDA (27.9%).

Depreciation charges increased by 45.5% while provisions rose from €11 million to €37 million, with the result that operating income amounted to €1,083 million, a 16.7% increase year-on-year.

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



(unaudited)

(€ Mn)	1H09	1H08	%
GAS NATURAL excluding Unión Fenosa	1,289	1,297	-0.6
Unión Fenosa	352	-	-
<b>Consolidated EBITDA</b>	<b>1,641</b>	<b>1,297</b>	<b>26.5</b>
Rest of Unión Fenosa	783	1,135	-
<b>EBITDA Proforma</b>	<b>2,424</b>	<b>2,432</b>	<b>-0.3</b>

### 2.2.3.- Financial results

The breakdown of financial results is as follows:

(unaudited)

2Q09	2Q08	(€ Mn)	1H09	1H08
-229	-53	Cost of net financial debt	-319	-113
-	1	Exchange differences, net	-3	5
14	9	Capitalized interest	20	13
-36	-10	Other financial expenses/revenues	-20	-9
<b>-251</b>	<b>-53</b>	<b>Financial result</b>	<b>-322</b>	<b>-104</b>

The cost of net financial debt was €319 million; the increase was due basically to the increase in average gross debt as a result of the debt taken on for the acquisition of Unión Fenosa and of consolidating that company. Nevertheless, the interest rate on the gross interest-bearing debt declined by 209 basis points between December 2008 in January 2009 as a result of the decline in interest rates.

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

The sale of the 5% stake in Enagás as a result of the commitments made to the National Competition Commission raised €101 million in 2009.

### 2.2.5.- Equity income

This section includes the €47 million contribution from Unión Fenosa while it was equity-accounted (from 28 February 2009 to 30 April 2009). Other items include results from minority stakes in gas distribution companies in Spain (Gas Aragón) and wind power companies. Income from holdings in associates amounted to €55 million in the period.

### 2.2.6.- Corporate income tax

GAS NATURAL is taxed in Spain under the consolidated taxation system, in which the tax group is viewed as the taxpayer and its tax base is determined by aggregating the tax bases of its component

companies. The other Spanish-resident companies that are not part of the tax group file individual returns, and those not resident in Spain are taxed in their respective countries; the tax rate on company income (or the equivalent tax) that is in force is applied to income for the period.

The corporate income tax expense totalled €217 million, i.e. an effective tax rate of 23.7%, compared with 25.6% the previous year. The difference with respect to the general tax rate was due to tax credits (mainly on the sale of 5% of Enagás), different tax systems applied to companies operating outside Spain and the effect of net income from equity-accounted affiliates.

### 2.2.7.- Minority interest

The main items in this account are the minority shareholders of EMPL, the subgroup of subsidiaries in Colombia, Gas Natural BAN, Gas Natural Mexico, CEG and CEG Rio, as well as other companies in Spain. Since 30 April 2009, this item includes the minority interests of the Unión Fenosa subgroup.

Income attributed to minority interests in 2009 amounted to €78 million, i.e. €23 million more than in 2008, €16 million of which relate to the minority interests arising on full consolidation of Unión Fenosa.

## 3. BALANCE

### 3.1.- Investments

Investments amounted to €14,035 million, including the financial investment to buy 80.5% of Unión Fenosa in the first half of 2009.

The breakdown of investments by type is as follows:

(unaudited)			
(€ Mn)	1H09	1H08	%
Capital expenditure	579	396	46.2
Investments in intangible assets	20	23	-13.0
Financial investments	13,436	2	-
<b>Total investments</b>	<b>14,035</b>	<b>421</b>	<b>-</b>

Capital expenditure amounted to €579 million in 1Q09, 46.2% more than in 1H08, as a result of including Unión Fenosa's investments in electricity generation and distribution. Financial investments amounting to €13,436 million are due basically to the aforementioned acquisition of 80.5% of Unión Fenosa in 2009.

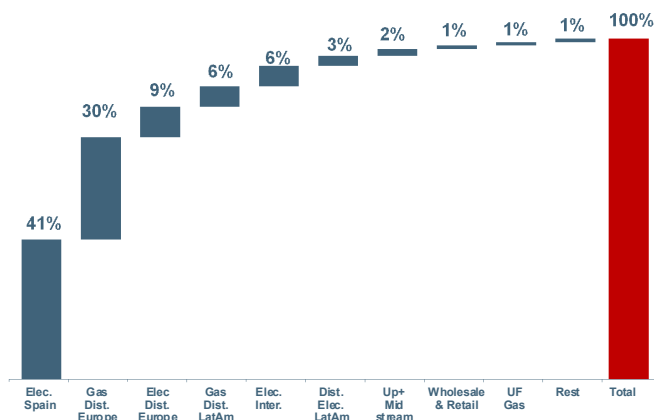
The breakdown of capital expenditure by line of business is as follows:

(unaudited)

(€ Mn)	1H09	1H08	%
Gas distribution:	212	239	-11.3
Spain	152	168	-9.5
Italy	22	29	-24.1
Latin America	38	42	-9.5
Electricity distribution:	68	-	-
Spain	48	-	-
Moldova	4	-	-
Latin America	16	-	-
Electricity:	269	139	93.5
Spain	235	115	-
International	34	24	41.7
Gas:	23	12	91.7
Up + Midstream	13	9	44.4
Wholesale & Retail	6	3	-
UF Gas	4	-	-
Rest	7	6	16.7
<b>Total capital expenditure</b>	<b>579</b>	<b>396</b>	<b>46.2</b>

Investment in gas distribution totalled €212 million, 11.3% less than in the first half of 2008.

#### Capital expenditure by activity



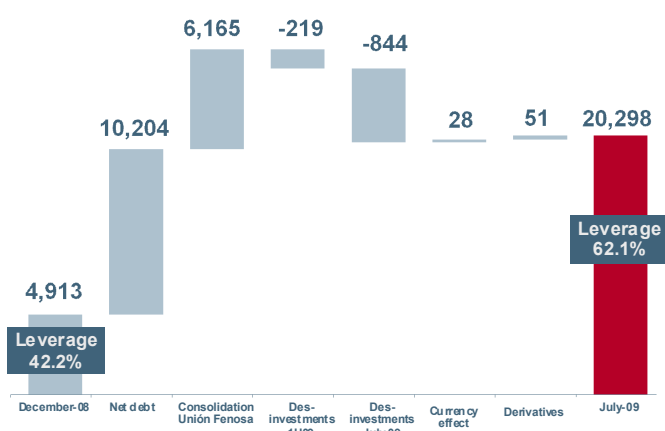
GAS NATURAL allocated 40.6% of capital expenditure to the electricity business in Spain, mainly to develop the Málaga and Barcelona Port combined cycle plants, the desulphuration facilities at the Narcea and La Robla thermal power plants, adaptation of the Meirama thermal power plant, and development of wind farms.

In 1H09, 26.3% of capital expenditure was allocated to gas distribution in Spain, by adding 2,564 km of gas grid in the last 12 months, a 5.4% increase, which will enable the company to sustain a rapid pace of growth in distribution connections despite the slowdown in new building developments.

### 3.2.- Debt

At 30 June, net financial debt amounted to €22,063 million and leverage ratio stood at 64.1%.

### Net financial debt (€Mn)



The figure plots the trend in GAS NATURAL's net debt and leverage from 31 December 2008 to 30 June 2009, not counting the tariff deficit (€921 million) and the sale of assets already signed but which were not collected until July 2009 (€844 million); net debt amounted to €20,298 million and leverage ratio was 62.1%.

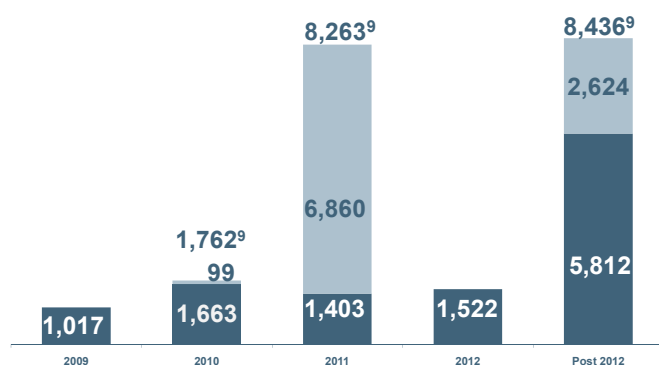
Those figures do not include the sale of certain distribution assets in Spain to Naturgás for €330 million that was agreed upon in July 2009 and is expected to be completed before 2009 year-end.

The increase in net debt is due basically to the finance raised to acquire 80.5% of Unión Fenosa in the first half of 2009, and the deferral of payment for the 4.7% of Unión Fenosa acquired in December 2008.

The net debt/EBITDA ratio was 4.6x (4.2x in terms of adjusted net debt) and interest cover was 7.5x at 30 June 2009.

The figure below shows the debt maturity calendar, including the bond issue (€2,500 million), revenues from asset sales that have been completed (€844 million), and the draw on the refinancing tranche of the loan arranged for the Unión Fenosa acquisition, all of which occurred in July 2009, and not including the tariff deficit.

### Gross debt<sup>8</sup> maturity (€Mn)



A total of 57.7% of gross financial debt is at fixed interest rates and the other 42.3% is at floating rates.<sup>8</sup>

Of the gross financial debt, 9.8% is short term and 90.2% is long term.

A total of 40.1% of the gross financial debt at 30 June 2009 matures after 2012.

At 30 June 2009, cash and cash equivalents totalled €700 million.

Financial instruments available at 30 June 2009 were close to €14,000 million and included €7,275 million under the EMTN programme and €1,000 million under the

Euro Commercial Paper (ECP) programme, of which limited use was made in the period, plus €1,600 of the refinancing tranche available in the loan arranged for the Unión Fenosa acquisition.

A two-tranche bond issue was completed in the capital markets at the end of June a 5-year tranche amounting to €2,000 million and a 10-year tranche amounting €500 million, issued on 9 July 2009. The 5-year issue pays a 5.25% annual coupon, and the 10-year issue pays 6,375%.

<sup>8</sup>Total gross financial debt is €20,998 million.

<sup>9</sup>Includes €99 million maturing in 2010, €6,860 million maturing in 2011, and €2,624 million maturing after 2012 out of the finance for the acquisition of 95.2% of Unión Fenosa.

At the end of July 2009, as a result of the aforementioned bond issue and the amount of the completed assets sales plus the draw on the unused refinancing tranche, it is estimated that the amount drawn against that loan will be reduced to €10,505 million (or to €9,584 million excluding the tariff deficit).

The breakdown of the net financial debt by currency at 30 June 2009, in absolute and relative terms, excluding the asset sales in July and the tariff deficit, is as follows:

(unaudited)			
(€ Mn)	30/06/09	%	
EUR	16,959	83.5	
USD	2,167	10.7	
COP	402	2.0	
BRL	365	1.8	
JPY	245	1.2	
MXN	131	0.6	
ARS	47	0.2	
Other currencies	-18	-0.1	
<b>Total net financial debt</b>	<b>20,298</b>	<b>100.0</b>	

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

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

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

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

### 3.3.- Goodwill

Consolidation goodwill on the balance sheet at 30 June 2009 amounted to €6,121 million, of which €5,566 million was the provisional goodwill on the acquisition of 95.2% of Unión Fenosa.

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

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

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

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

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

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

### **3.4.- Shareholders' equity**

Between 14 and 28 March 2009, GAS NATURAL performed a capital increase (rights issue) in which it issued 447,776,028 new shares of the same class and series and with the same political and economic rights as the shares then outstanding; as a result, its capital stock is represented by 895,552,056 shares. The new shares were issued at €7.82, i.e. €1 par value each plus an issue premium of €6.82, for a total of €3,502 million.

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

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

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

At 30 June 2009, GAS NATURAL's total shareholders' equity, including the capital increase, totalled €12,374 million. Of that total, €9,990 million is attributable to GAS NATURAL.

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

For more uniform comparison between the figures for 1H09 and 1H08, this section presents pro-forma data created by aggregating the two companies' figures in both periods.

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

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



#### 4.1.- Gas distribution in Spain

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

The figures for the first half of 2008 included bundled-tariff supply, which was discontinued on 30 June 2008 and, therefore, is not included in the 1H09 accounts.

##### 4.1.1.- Results

(unaudited)							
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%	
341	420	-18.8	Net sales	686	1.038	-33.9	
-14	-83	-83.1	Purchases	-26	-352	-92.6	
-18	-17	5.9	Personnel costs, net	-34	-40	-15.0	
-89	-101	-11.9	Other expenses/income	-168	-189	-11.1	
<b>220</b>	<b>219</b>	<b>0.5</b>	<b>EBITDA</b>	<b>458</b>	<b>457</b>	<b>0.2</b>	

Net sales in the gas distribution business in Spain totalled €686 million, 33.9% less than in 1H08. This was due to the discontinuation of the bundled tariff on 1 July 2008, in accordance with Law 12/2007 and Order ITC/2309/2007.

EBITDA amounted to €458 million, on par with the same period last year, despite the discontinuation of the bundled tariff business. Greater remuneration for regulated distribution in 2009 and containment of costs offset the loss of the EBITDA contribution from the bundled tariff activity.

##### 4.1.2.- Main aggregates

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

2Q09	2Q08	%		1H09	1H08	%
51,364	64,248	-20.1	Gas activity sales (GWh):	117,923	141,486	-16.7
-359	3,265	-	Tariff gas sales:	-594	14,816	-
-359	3,197	-	Residential	-594	14,558	-
-	68	-	Industrial	-	258	-
51,723	60,983	-15.2	TPA	118,517	126,670	-6.4
849	946	-10.3	Distribution network (km)	49,831	47,267	5.4
25	52	-51.9	Change in distribution connections ('000)	54	96	-43.8
-	-	-	Distribution connections (000) (at 30/06)	5,896	5,777	2.1

Regulated gas sales in Spain, which encompassed bundled tariff gas supply until 30 June 2008 as well as third-party access (TPA), for both gas distribution and secondary transportation, amounted to

117,923 GWh in 1H09, a 16.7% decrease on 2008, and includes adjustments due to discontinuation of the residential business.

Distribution and secondary transportation services for third-party access (TPA) declined by 6.4%, affected by the decline in industrial activity since 4Q08, and amounted to 118,517 GWh, of which 48,759 GWh (-17.7%) are related to services provided to third parties, and the remaining 69,758 GWh (+3.5%) to supply by GAS NATURAL, which is the main operator in the liberalised gas market.

GAS NATURAL continues to expand its distribution network, having added 2,564 km. in the last twelve months and connected another 11 municipalities in 2009. The number of distribution connections increased by 119,000 in the last 12 months, including 54,000 added in the first half of this year (i.e. 43.8% less than in the same period of 2008 due basically to the reduction in new home construction).

At 30 June 2009, the distribution grid measured 49,831 km, having increased by 5.4%, and there were a total of 5,896,000 distribution connections, 2.1% more than last year.

## 4.2.- Gas distribution in Italy

This area refers to gas distribution in Italy.

### 4.2.1.- Results

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
29	27	7.4	Net sales	118	95	24.2
-11	-18	-38.9	Purchases	-69	-61	13.1
-4	-4	-	Personnel costs, net	-8	-7	14.3
-3	-	-	Other expenses/income	-7	-5	40.0
<b>11</b>	<b>5</b>	<b>-</b>	<b>EBITDA</b>	<b>34</b>	<b>22</b>	<b>54.5</b>

Gas distribution in Italy contributed €34 million in EBITDA, i.e. 54.5% more than in 2008.

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

### 4.2.2.- Main aggregates

2Q09	2Q08	%		1H09	1H08	%
456	428	6.5	Gas activity sales (GWh):	2,224	1,775	25.3
382	386	-1.0	Tariff gas sales	1,932	1,653	16.9
74	42	76.2	TPA	292	122	139.3
<b>42</b>	<b>114</b>	<b>-63.2</b>	<b>Distribution network (km)</b>	<b>5,590</b>	<b>4,961</b>	<b>12.7</b>
-	-	-	Distribution connections ('000) (at 30/06)	405	369	9.8

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

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

After adding 8,500 new distribution connections in 1H09, GAS NATURAL has 405,000 natural gas distribution connections in Italy, thus attaining one of its first commercial goals.

A total of 2,224 GWh of gas were distributed in Italy, i.e. 25.3% more than in 2008, due basically to weather conditions and the inclusion of Pitta (+131 GWh).

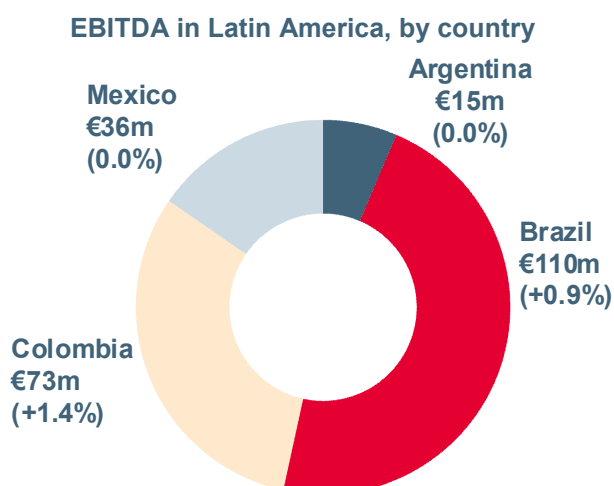
### 4.3.- Gas distribution in Latin America

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

#### 4.3.1.- Results

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
489	612	-20.1	Net sales	956	1.150	-16.9
-302	-428	-29.4	Purchases	-614	-799	-23.2
-17	-17	-	Personnel costs, net	-34	-33	3.0
-45	-45	-	Other expenses/income	-74	-86	-14
<b>125</b>	<b>122</b>	<b>2.5</b>	<b>EBITDA</b>	<b>234</b>	<b>232</b>	<b>0.9</b>

Revenues from distribution in Latin America in 1H09 were affected by the negative performance of currencies with respect to the euro in the last twelve months.



Net sales totalled €956 million, a 16.9% decline, due basically to currency fluctuations.

The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to 1H08.

EBITDA amounted to €234 million, a 0.9% increase on 1H08. Excluding the currency effect, EBITDA increased by 12.1% with respect to the same period last year.

Brazil and Colombia's contributions were particularly noteworthy: together they accounted for 78% of EBITDA.

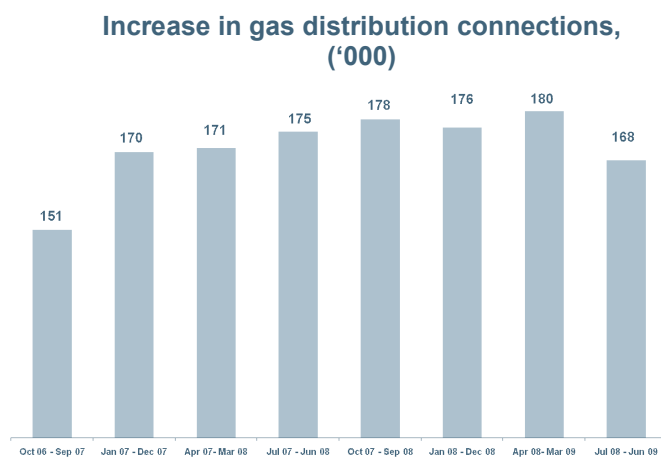
#### 4.3.2.- Main aggregates

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

2Q09	2Q08	%		1H09	1H08	%
44,817	51,228	-12.5	Gas activity sales (GWh):	87,000	99,650	-12.7
28,823	36,563	-21.2	Tariff gas sales	53,448	67,691	-21.0
15,994	14,665	9.1	TPA	33,552	31,959	5.0
303	580	-47.8	Distribution network (km)	61,675	60,294	2.3
37	48	-22.9	Change in distribution connections ('000)	77	84	-8.3
-	-	-	Distribution connections (000) (at 30/06)	5,329	5,161	3.3

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

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh)	34,707	23,758	7,841	20,694	87,000
Change vs. 1S08 (%)	3.7	-33.7	-4.2	-6.6	-12.7
Distribution network	22,567	5,901	17,187	16,020	61,675
Change vs. 30/06/2008 (km)	430	165	446	340	1,381
Distribution connections ('000 at 30/06)	1,410	793	1,979	1,147	5,329
Change vs. 30/06/2008 ('000)	37	12	108	11	168



There were a total of 5,329,000 gas connection at 30 June 2009. High year-on-year growth rates were maintained, and the number of distribution connections increased by 168,000; notably, Colombia added 108,000 distribution connections due to a faster rate of customer acquisition in Bogotá and the Altiplano Cundiboyacense area.

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 87,500 GWh, a 12.7% decrease with respect to the previous year.

Excluding Argentina, where sales grew 3.7% with respect to 1H08, sales in other countries (basically to power plants and industry) declined across the board.

The distribution grid was extended by 1,381 km (2.3%) in the last twelve months to 61,675 km at 30 June 2009; this is in line with the 2.3% growth in the number of distribution connections.

Highlights of activities in Latin America:

- Negotiations with the Argentine Government for a new tariff framework are ongoing as a continuation of the advance reflected in the memorandum agreement that standardised the country's tariff situation.

- Distribution margins in Brazil increased by 11.9% in Rio de Janeiro and 5.4% in Sao Paulo as a result of inflation indexation.

Additionally, the new tariff framework for 2008-2012 in the Rio de Janeiro area was approved, providing an additional increase of 11.8% for CEG Rio and 11.3% for CEG.

- In Colombia, the automotive LNG market continues to grow: the number of service stations rose 18%, from 142 in June 2008 to 168 in June 2009. The number of vehicles fitted to run on LNG rose by 13%, from 101,736 at 30 June 2008 to 114,694 at 30 June 2009.
- The increase in distribution margins as a result of inflation indexation was approved in several concessions in Mexico. Negotiations to apply the new tariff frameworks continue.

#### 4.4.- Electricity distribution in Spain

##### 4.4.1.- Results

(unaudited)

2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
208	199	4.5	Net sales	417	396	5.3
-	-	-	Purchases	-	-	-
-28	-29	-3.4	Personnel costs, net	-55	-56	-1.8
-43	-40	7.5	Other expenses/income	-75	-72	4.2
<b>137</b>	<b>130</b>	<b>5.4</b>	<b>EBITDA</b>	<b>287</b>	<b>268</b>	<b>7.1</b>

Revenues recognised in the regulated electricity distribution business (transmission, distribution and supply at the tariff) increased by 5.3% year-on-year. Improvements in operating efficiency enabled operating costs to be cut by 1.4%, with the result that EBITDA amounted to €287 million, 7.1% more than in the first half of 2008.

##### 4.4.2.- Main aggregates

2Q09	2Q08	%		1H09	1H08	%
7,195	8,579	-16.1	Electric activity sales (GWh):	16,541	18,337	-9.8
3,336	5,979	-44.2	Tariff electricity sales:	9,070	13,081	-30.7
3,859	2,600	48.4	TPA	7,471	5,256	42.1
-	-	-	Distribution connections (000) (at 30/06)	3,533	3,492	1.2
12,0	17,0	-29.4	ICEIT (minutes)	29,4	37,0	-20.5

Demand for energy in the markets associated with the distribution network performed similarly to the rest of the country, with consumption falling around 7% in terms of demand on the grid. The 9.8% decline in energy supplied reflects not only that reduction in consumption but also the effects of the time lag between consumption and billing.

The process of liberalization in recent months was evident in the 30.7% decline in bundled tariff supply and the 42.1% increase in energy supplied at the TPA tariff.

Excluding factors of force majeure (basically the impact of hurricane Klaus in Galicia and, to a lesser extent, Castilla & León), service quality indicators performed well and were better than in 2008 (when they were the best in the industry). The Installed Capacity Equivalent Interrupt Time (ICEIT) was less than 30 minutes in the first half of 2009, almost 8 minutes lower than in the same period of 2008.

#### 4.5.- Electricity distribution in Moldova

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

##### 4.5.1.- Results

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
39	32	21.9	Net sales	97	68	42.6
-29	-21	38.1	Purchases	-76	-49	55.1
-2	-1	-	Personnel costs, net	-4	-3	33.3
-2	-2	-	Other expenses/income	-5	-4	25.0
<b>6</b>	<b>8</b>	<b>-25.0</b>	<b>EBITDA</b>	<b>12</b>	<b>12</b>	<b>-</b>

EBITDA in the Moldovan electricity business amounted to €12 million, similar to the same period of 2008.

The increase in net operating expenses reflects an inflation-indexed increase in wages as well as greater operation and maintenance work in line with local regulations.

The country's situation and the tariff framework suggest that performance in the second half of the year will be similar to that registered to date.

##### 4.5.2.- Main aggregates

2Q09	2Q08	%		1H09	1H08	%
517	500	3.4	Electric activity sales (GWh):	1,151	1,118	3.0
517	500	3.4	Tariff electricity sales:	1,151	1,118	3.0
-	-	-	TPA	-	-	-
-	-	-	Distribution connections (000) (at 30/06)	800	789	1.4
9.6	13.3	-27.9	Network loss index (%)	13.7	14.6	-6.2

Electricity demand increased by 3% in Moldova despite the international economic crisis.



Improvements in management processes, including power control measures, are evident in a reduction in the electricity loss ratio to under 14.0%. Although seasonal weather fluctuations have a considerable impact on the loss ratio, the full-year ratio is expected to be similar to that registered in the first half. The 2Q09 figures include seasonal factors that are not extrapolable.

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

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

##### 4.6.1.- Results

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
430	472	-8.9	Net sales	843	872	-3.3
-302	-351	-14.0	Purchases	-590	-643	-8.2
-12	-12	0.0	Personnel costs, net	-26	-24	8.3
-28	-26	7.7	Other expenses/income	-76	-75	1.3
<b>88</b>	<b>83</b>	<b>6.0</b>	<b>EBITDA</b>	<b>151</b>	<b>130</b>	<b>16.2</b>

EBITDA in the distribution business in Latin America increased by 16.2% with respect to the first half of 2008, amply offsetting the 9.8% depreciation by the Colombian peso with respect to last year.

The Colombian distribution business contributed €77 million, a 6.3% increase (ignoring the negative currency effect). This growth was driven by a 1.5% increase in demand because of high temperatures in the second quarter.

EBITDA of the distribution companies in Central America amounted to €74 million, a 44% increase due basically to the distribution companies in Nicaragua, where EBITDA amounted to €80 million, contrasting with a negative figure in the first half of 2008, due to improvements in the tariff system as a result of the signature and subsequent ratification of the Protocol of Understanding between the Nicaraguan government and the Group.

##### 4.6.2.- Main aggregates

2Q09	2Q08	%		1H09	1H08	%
5,295	5,142	3.0	Electric activity sales (GWh):	10,326	10,185	1.4
5,295	5,142	3.0	Tariff electricity sales:	10,326	10,185	1.4
4,353	4,203	3.6	Electricity sales	8,463	8,324	1.7
942	939	0.3	TPA	1,863	1,861	0.1
-	-	-	Distribution connections (000) (at 30/06)	5,003	4,448	12.5

Electricity sales amounted to 10,326 GWh, a 1.4% increase, and customer numbers exceeded 5 million, a 12.5% increase due to rapid growth in this variable in Colombia.

	Colombia	Guatemala	Nicaragua	Panama	Total
Electric activity sales (GWh)	6,645	923	1,138	1,620	10,326
Change vs. 1S08 (%)	1.5	-2.2	1.3	3.0	1.4
Distribution connections ('000 at 30/06)	2,499	1,354	704	446	5,003
Change vs. 30/06/2008 ('000)	473	35	29	18	555
Network loss index (%)	11.5	17.5	22.3	10.2	-

Despite the economic recession, energy demand in Central America increased by 1%, including a notable 3% increase in distribution in Panama.

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

#### 4.7.- Electricity in Spain

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

##### 4.7.1.- Results

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
771	1,008	-23.5	Net sales	1,763	2,298	-23.3
-444	-672	-33.9	Purchases	-1,038	-1,474	-29.6
-33	-27	22.2	Personnel costs, net	-63	-54	16.7
-84	-106	-20.8	Other expenses/income	-159	-206	-22.8
<b>210</b>	<b>203</b>	<b>3,4</b>	<b>EBITDA</b>	<b>503</b>	<b>564</b>	<b>-10.8</b>

Net sales in the electricity business in 1H09 amounted to €1,763 million, 23.3% less than in the same period in 2008, primarily as a result of lower electricity prices and output.

The weighted average price in the electricity pool in the first half of 2009 was €41.0/MWh, i.e. 35% less than in 1H08 (€62.7/MWh).

This reduction in pool prices during the first half of 2009 with respect to the first half of 2008 was due to a number of factors, including a reduction in electricity demand, greater hydroelectric output, and growth in "special regime" power production (which increased by 16.3% in the first half of this year and covered 30% of demand), as well as the reduction in the price of energy commodities and CO<sub>2</sub>.

CO<sub>2</sub> emission rights prices were lower than in 2008 and although they have recovered slightly in the last few months, they dropped under €8/tonne in mid-February, the lowest figure yet registered in phase II (2008-2012), but then recovered to average €12.3/tonne in the first half.

Electricity demand in the first half of 2009 totalled 123,779 GWh, 6.4% less than in the same period of 2008.<sup>11</sup> Capacity utilisation peaked this year on 13 January at an hourly average of 44,440 MW, i.e. 436 MW lower than the all-time record established in December 2007.

<sup>11</sup> Source: REE.

The 6.9% reduction in demand corrected for calendar effects and temperature and the 38.6% reduction in international exports led to a 7.6% decrease in net electricity output in Spain.

Hydroelectric output in the period, which was classified as dry from a hydrological standpoint, increased by 18.6% with respect to the first half of 2008.

Nuclear output declined by 14.3% as maintenance shutdowns had a greater impact this year than in 2008.

Combined cycle output was reduced by 23.3% and coal-fired output by 17.6% due to the decline in demand, greater precipitation, and higher "special regime" output. Combined cycle plants contributed 26.4% to national electricity production, compared with 31.9% in the first half of 2008. Expressed in terms of "ordinary regime" output, combined cycle plants accounted for 37.7% of the total in the first half of 2008, compared with 41.8% in the same period last year.

EBITDA in the first half totalled €503 million, 10.8% less than last year, due to the decline in power production and pool prices. EBITDA declined by less than power production (which fell by 23.7%) and wholesale electricity prices in Spain (35%) because power supplied and traded in the forward markets provided the Group with a hedge against around 70% of the variation in pool prices, while 1,200 MW of combined cycle capacity is fuelled under gas contracts indexed to the pool price.

#### 4.7.2.- Main aggregates

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

2Q09	2Q08	%		1H09	1H08	%
-	-	-	Installed capacity (MW):	13,203	12,811	3.1
-	-	-	Hydroelectric	1,860	1,839	1.1
-	-	-	Nuclear	589	589	-
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	617	774	-20.3
-	-	-	CCGT	7,207	6,753	6.7
-	-	-	Renewables	882	808	9.2
8,975	11,433	-21.5	Electricity generated (GWh):	19,172	25,125	-23.7
548	936	-41.5	Hydroelectric	1,911	1,374	39.1
1,010	793	27.4	Nuclear	1,800	1,965	-8.4
457	1,207	-62.1	Coal	1,610	3,310	-51.4
7	83	-91.6	Oil/gas	15	245	-93.9
6,424	7,985	-19.5	CCGT	12,689	17,282	-26.6
529	429	23.3	Renewables	1,147	949	20.9
5,709	4,909	16.3	Electricity sales (GWh):	11,375	9,483	20.0

Hydroelectric output was far higher than in the first half of 2008 as a result of the fact that this was a dry year in the river basins where Unión Fenosa operates, with a Probability of Being Surpassed (PBS) of 74%, compared with 85% in 2008, and with lower hydroelectric capability (854 GWh) with respect to last year (918 GWh). Reservoirs in the river basins where Unión Fenosa operates were 45.0% capacity, 3.4 percentage points lower than the same period of 2008 (48.4%).

Nuclear output declined by 8.4% due to refuelling and maintenance shutdowns at the Trillo and Almaraz 2 plants, compared with a lower level of shutdowns in the first half of 2008.

Coal-fired output declined by 51.4%, primarily as a result of the aforementioned factors (demand, precipitation, "special regime" and prices).

The combined cycle plants generated 12,689 GWh in 1H09.

GAS NATURAL had a 20.1% share of the "ordinary regime" power generation market in 1H09. The plants logged 4,380 equivalent baseload hours in 1H09, i.e. a load factor of 41%.

In the area of "special regime" power production, GAS NATURAL has a attributable capacity of 882 MW, including 709 MW wind power capacity. GAS NATURAL's net attributable "special regime" output from the wind farms and cogeneration plants in which it has a stake amounted to 1,147 GWh in 1H09, compared with 949 GWh in 1H08.

GAS NATURAL continued sales forward electricity actively in 1H09; transactions maturing in 1H09 amounted to over 3,000 GWh and the company traded over 2,700 GWh in the period.

As regards crossborder trading between Spain and France, GAS NATURAL participated in the daily, monthly and annual interconnection capacity auctions, trading over 410 GWh in the first half of 2009 and managing power in the various markets in the two countries (daily, intraday, constraints, futures). GAS NATURAL's operations in the French market are a further step towards expanding its energy trading business into other European markets so as to optimise its position in electricity through a more diversified portfolio of countries and products.

GAS NATURAL stepped up trading of CO<sub>2</sub> emission permits in 1H09, buying and selling 16.5 Mt through numerous deals involving EUA rights and CER credits, both in organised markets (BLUENEXT, ECX) and with different counterparties, in spot, forward and structured products.

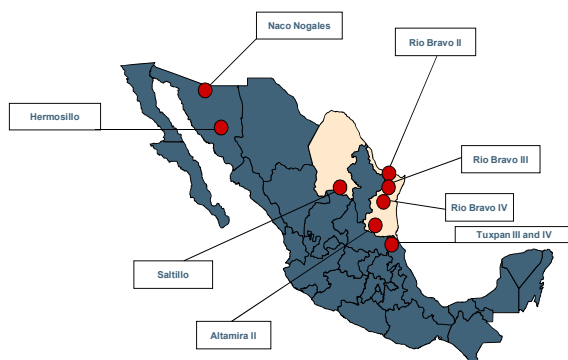
In February 2007, Spain's Industry Ministry established a calendar of electricity auctions to cover the bundled tariff supply, by quarters. On 25 June 2009, GAS NATURAL participated in the ninth such CESUR auction, which involved two products: three-month baseload capacity (July-September and October-December 2009) and three-month peak capacity (08.00-20.00 on working days in July-September and October-December 2009). A total of 4,800 MW of baseload capacity in July-September and 5,000 MW of baseload capacity in October-December were auctioned, along with 670 MW of peak capacity; thirty players participated. The auctions set prices of €42/MWh for the July-September baseload product, €45.7/MWh for the October-December baseload product, €47.6/MWh for the July-September peak product and €51.3/MWh for the October-December peak product; the electricity was sold to the five companies entrusted with supply at the last resort tariff, i.e. Iberdrola, Endesa, GAS NATURAL/Unión Fenosa, HC Energía and E.On.

The outcome of the CESUR auction will be the reference price for setting the energy component of the Last Resort Tariff, which will come into force on 1 July. In addition to the price set by the CESUR auction, the last resort tariff will also be based on the cost of transmission and other regulated activities.

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

## 4.8.- Electricity Mexico

### Ciclos Combinados en México (3.783 MW)



The assets acquired in Mexico are the Anáhuac power plant (Río Bravo II: 495 MW), the Lomas del Real power plant (Río Bravo III: 495 MW), Valle Hermoso power plant (Río Bravo IV: 500 MW), and Electricidad Águila de Altamira (Altamira II: 495 MW), all of which are located in the state of Tamaulipas, in north-western Mexico, as well as a 54-kilometre gas pipeline that supplies gas to those four plants; the Hermosillo 250 MW and Naco Nogales 300 MW plants in the state of Sonora; the Tuxpan III and IV plants (1,000 MW) in the state of Veracruz; and the Saltillo 248 MW power plant in Coahuila state, also in north-western Mexico.

### 4.8.1.- Results

(unaudited)

2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
213	378	-43.7	Net sales	421	680	-38.1
-144	-320	-55.0	Purchases	-276	-562	-50.9
-3	-3	-	Personnel costs, net	-6	-7	-14.3
-11	-8	37.5	Other expenses/income	-30	-22	36.4
<b>55</b>	<b>47</b>	<b>17.0</b>	<b>EBITDA</b>	<b>109</b>	<b>89</b>	<b>22.5</b>

EBITDA in the period amounted to €109 million, up 22.5% essentially as a result of greater availability of the plants with respect to the same period last year, and to the good performance of the dollar/euro exchange rate.

### 4.8.2.- Main aggregates

A total of 11,960 GWh were generated in 1H09, i.e. 5.4% more than in 1H08, with a load factor of 73.9%, i.e. 5 points higher due to higher demand from Comisión Federal de Electricidad.

Availability, which is the pivotal factor for revenues at the Mexican CCGT plants, was 95.8%, 10 points higher than in the same period of 2008. The plants' efficiency improved by 1% overall.

Construction continues on the Norte combined cycle plant in the state of Durango; the project is 84% complete. This 450 MW plant was awarded on 6 March 2007 and is expected to enter commercial operation in the first quarter of 2010.

#### 4.9.- Other electricity

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

##### 4.9.1.- Results

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
161	166	-3.0	Net sales	322	315	2.2
-77	-77	-	Purchases	-148	-141	5.0
-5	-4	25.0	Personnel costs, net	-10	-9	11.1
-17	-18	-5.6	Other expenses/income	-33	-33	-
<b>62</b>	<b>67</b>	<b>-7.5</b>	<b>EBITDA</b>	<b>131</b>	<b>132</b>	<b>-0.8</b>

EBITDA in the period amounted to €131 million, i.e. a 0.8% decline due to the sharp devaluation of the Colombian peso (-7.3%) since the end of 2008.

##### 4.9.2.- Main aggregates

2Q09	2Q08	%		1H09	1H08	%
-	-	-	Installed capacity (MW):	1,560	1,553	0.4
-	-	-	Puerto Rico (CCGT)	271	271	-
-	-	-	Colombia (hydroelectric)	949	949	-
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric)	33	26	26.9
-	-	-	Dominican Republic (oil-fired)	198	198	-
-	-	-	Kenya (oil-fired)	58	58	-
1,724	2,056	-16.1	Electricity generated (GWh):	3,571	4,032	-11.4
423	528	-19.9	Puerto Rico (CCGT)	694	914	-24.1
861	1,098	-21.6	Colombia (hydroelectric)	2,014	2,272	-11.4
65	65	-	Costa Rica (hydroelectric)	132	113	16.8
17	15	13.3	Panama (hydroelectric)	26	26	-
274	267	2.6	Dominican Republic (oil-fired)	528	548	-3.6
84	83	1.2	Kenya (oil-fired)	177	159	11.3
1,301	1,528	-14.9	Electricity sales (GWh):	2,877	3,118	-7.7

Electricity output in the first half of 2009 amounted to 3,571 GWh. Output in Colombia totalled 2,014 GWh, 11.4% less than the same period 2008, which was the wettest year in 23 years. Nevertheless, output was higher than initially expected for a normal water year.

Production by the Puerto Rico power plant declined by 24.1% as a result of the low load factor in the first half of the year: 78.5%, compared with 94% in the same period of 2008.

Production increased by 2% in the Dominican Republic, Kenya and Costa Rica, and capacity utilization was 2.6 points higher than in the first half of 2008. In Kenya, 30 MW of the planned 50 MW expansion to the plant entered commercial operation in July 2009; the other 20 MW are expected to be in commercial operation in the fourth quarter of this year.



## 4.10.- Gas

### 4.10.1.- Up + Midstream

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

#### 4.10.1.1- Results

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
64	66	-3.0	Net sales	144	136	5.9
-6	-16	-62.5	Purchases	-21	-31	-32.3
-1	-2	-50.0	Personnel costs, net	-3	-3	-
-14	-14	-	Other expenses/income	-26	-24	8.3
<b>43</b>	<b>34</b>	<b>26.5</b>	<b>EBITDA</b>	<b>94</b>	<b>78</b>	<b>20.5</b>

Net sales in the Upstream+Midstream business totalled €144 million, a 5.9% increase.

EBITDA amounted to €94 million in 2009, 20.5% more than in 2008. These results were due to the higher utilisation of the gas carrier fleet than last year, and also to favourable evolution of the dollar exchange rate.

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

#### 4.10.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

2Q09	2Q08	%		1H09	1H08	%
26,438	35,583	-25.7	Gas transportation-EMPL (GWh):	50,692	72,905	-30.5
6,967	9,192	-24.2	Portugal-Morocco	12,134	18,206	-33.4
19,471	26,391	-26.2	GAS NATURAL	38,558	54,699	-29.5

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 38,558 GWh in 1HQ09, a 30.5% decline. Of that figure, 38,558 GWh were transported for GAS NATURAL through Sagane and 12,134 GWh for Portugal and Morocco. Lower energy demand in the Iberian Peninsula and optimisation of GAS NATURAL's supply/demand balance led to a lower volume of gas being shipped and, consequently, lower utilisation of the Maghreb-Europe pipeline.

On 27 March 2009, an auction of underground storage capacity was held in Spain for the period 1 April 2009 to 31 March 2010, for a total of 4,257 GWh. The auction, organised by OMEL (the electricity market operator) under the supervision of the CNE (Spain's National Energy Commission), was

conducted via an ascending clock auction method, closing at a price of €1,767/GWh. GAS NATURAL was awarded 37% of the capacity auctioned (1,586 GWh), in line with its projections.

A second exploratory well was completed in the Gassi Chergui (Algeria) concession, in which GAS NATURAL has a 40% stake, and continuation of activities in the concession is being evaluated. A well was also completed in the Tangier-Larache (Morocco) concession, in which GAS NATURAL has a 24% stake, with positive results. Two columns of gas totalling 90 metres were detected in the Anchois-1 well, located about 40 km from Morocco's Atlantic coast, which has reached a depth of 2,359 metres.

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

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



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

Both projects are on-shore, located in the port areas of the respective cities, and have a planned regasification capacity of 8 bcm/year; investment per terminal will

be approximately €500 million. The Trieste terminal is expected to be in service in 2013.

Snam Rete Gas continues to develop its projects to connect the terminals with Italy's national gas grid. The Trieste terminal connection project is currently in the process of obtaining environmental approvals.

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

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

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

#### 4.10.2.- Wholesale & Retail

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

##### 4.10.2.1.- Results

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
1,387	1,674	-17.1	Net sales	3,699	3,712	-0.4
-1,231	-1,551	-20.6	Purchases	-3,288	-3,405	-3.4
-16	-17	-5.9	Personnel costs, net	-33	-32	3.1
-81	-30	-	Other expenses/income	-146	-59	-
<b>59</b>	<b>76</b>	<b>-22.4</b>	<b>EBITDA</b>	<b>232</b>	<b>216</b>	<b>7.4</b>

Net sales amounted to €3,699 million, a slight 0.4% decline with respect to the same period of last year. EBITDA amounted to €232 million in the first half of 2009, a 7.4% increase. This was the result of transferring more than 3.4 million retail customers from the regulated tariff to the last resort tariff, as well as increased efficiency from managing the commodity and exchange rate risks associated with the commercial portfolio.

Diversification of the portfolio of commodities and combined management of the commodity and dollar risks supported 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:

2Q09	2Q08	%		1H09	1H08	%
57,714	67,341	-14.3	Gas supply (GWh):	124,078	151,145	-17.9
44,432	64,433	-31.0	Spain:	98,265	129,152	-23.9
-	3,896	-	Regulated market	-	17,383	-
44,432	60,537	-26.6	Liberalised market:	98,265	111,769	-12.1
31,353	43,965	-28.7	GAS NATURAL <sup>12</sup>	77,034	95,396	-19.2
13,079	8,286	57.8	Supply to third parties	21,231	16,373	29.7
13,282	11,426	16.2	International:	25,813	21,993	17.4
3,376	945	-	France	8,106	3,532	-
9,906	10,249	-3.3	Other	17,707	18,461	-4.1
-	-	-	Multiutility contracts (at 30/06)	2,112,836	2,067,517	2.2
-	-	-	Contracts per customer (at 30/06)	1.39	1.38	0.7

<sup>12</sup> Does not include exchanges with other energy companies.

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

GAS NATURAL supplied 77,034 GWh in the liberalised market, a 19.2% decline on 1H08 as a result of lower gas consumption for power generation by combined cycle plants (caused by lower electricity demand and lower pool prices) and the decline in economic activity. GAS NATURAL sold 21,231 GWh of gas for supply to the liberalised market by other supply companies (a 29.7% increase).

Supply in Europe increased notably due to growth in natural gas supply in France.

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

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

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

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

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

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

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

GAS NATURAL also increased the number of multi-utility contracts with its customers by 2.2% to 2,112,836, boosting the number of contracts per customer from 1.38 to 1.39 at 31 June 2009.

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

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

##### 4.10.3.1.- Results

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

(unaudited)						
2Q09	2Q08	%	(€ Mn)	1H09	1H08	%
136	169	-19.5	Net sales	309	360	-14.2
-86	-86	-	Purchases	-175	-175	-
-3	-3	-	Personnel costs, net	-5	-5	-
-5	-6	-16.7	Other expenses/income	-12	-12	-
<b>42</b>	<b>74</b>	<b>-43.2</b>	<b>EBITDA</b>	<b>117</b>	<b>168</b>	<b>-30.4</b>

EBITDA in the first half of 2009 amounted to €117 million, 30.4% less than in the same period last year due to a decline in activity and, to lesser extent, the less favourable energy market situation.

##### 4.10.3.2.- Main aggregates <sup>13</sup>

There was a 4.3% reduction in gas supply in the first half of 2009 due to lower sales to combined cycle plants (-2.7%) and other customers (-6.6%). Sales to industry fell by 10.5% while sales to the residential sector increased by 22.4%.

During the period, the gas acquired under long-term contracts with Egypt and Oman covered practically all the gas needs in the Spanish market, and only 6.6% of total gas needed to be obtained from other sources.

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

2Q09	2Q08	%		1H09	1H08	%
13,693	12,691	7.9	Gas supply in Spain (GWh)	26,291	27,472	-4.3
2,900	4,883	-40.6	International supply (GWh)	9,538	12,734	-25.1
14,404	12,013	19.9	Liquefaction (GWh)	29,519	25,852	14.2
8,383	5,769	45.3	Group	17,180	12,414	38.4
6,021	6,245	-3.6	Other operators	12,339	13,438	-8.2
21,086	22,370	-5.7	Regasification (GWh)	41,971	42,326	-0.8
10,839	9,069	19.5	Group	20,948	16,956	23.5
10,247	13,301	-23.0	Other operators	21,023	25,370	-17.1

<sup>13</sup> Including 100% of the company' figures.

The Damietta (Egypt) liquefaction plant operated at a high level in the period, processing 29,519 GWh, 14.2% more than in the same period of 2008. A total of 33 carrier-loads were shipped, of which 20 corresponded to Unión Fenosa Gas.

The Sagunto regasification plant processed 33,970 GWh, i.e. 48 shiploads, 22 of which were for Unión Fenosa Gas (18,877 GWh, 55.6% of the total).

The Reganosa regasification plant produced 7,996 GWh, i.e. 10 shiploads. Of that amount, 2,071 GWh were for Unión Fenosa Gas (25.9% of the total).

Preliminary studies are continuing with regards to a second liquefaction train in Egypt, an expansion of the Sagunto regasification plant, and investment in underground storage capacity. The third storage tank at the Sagunto regasification plant came into service in May.



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

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

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

- The CNMV announces precautionary suspension of trading in GAS NATURAL shares (disclosed 23 April 2009, registration number 107292).
- GAS NATURAL announces that the Board of Directors of Unión Fenosa has approved the proposal to absorb Unión Fenosa into GAS NATURAL, and the proposed share exchange ratio. Additionally, GAS NATURAL appoints six directors to Unión Fenosa's Board of Directors and Rafael Villaseca is appointed CEO to facilitate integration of the two companies (disclosed 23 April 2009, registration number 28530).
- The CNMV lifts the precautionary suspension of trading imposed that same day (disclosed 23 April 2009, registration number 107300).
- GAS NATURAL announces that the Board of Directors of Unión Fenosa has approved the proposal to absorb Unión Fenosa and Unión Fenosa Generación into GAS NATURAL, and the proposed share exchange ratio. (disclosed 24 April, registration number 107418).
- GAS NATURAL files a press release on the merger (disclosed 24 April 2009, registration number 28543).
- GAS NATURAL files the text of the proposal to merge Unión Fenosa, S.A. and Unión Fenosa Generación into GAS NATURAL (disclosed 24 April 2009, registration number 107420).
- GAS NATURAL notifies a change in the date of publication of its 1Q09 earnings (disclosed 24 April 2009, registration number 28544).
- GAS NATURAL publishes the invitation to the conference call to discuss the 1Q09 earnings (disclosed 27 April 2009, registration number 28552).
- GAS NATURAL files an amendment to the invitation to the conference call to discuss the 1Q09 earnings (disclosed 27 April 2009, registration number 28553).
- GAS NATURAL discloses information about the assets in Mexico (disclosed 29 April 2009, registration number 28597).
- GAS NATURAL discloses the delivery of the first shipload of liquefied natural gas (LNG) for Electricité de France (EDF) at the Montoir de Bretagne regasification plant in France (disclosed 4 May 2009, registration number 28628).
- GAS NATURAL publishes 1Q09 results (disclosed 6 May 2009, registration number 1079087).
- GAS NATURAL files the presentation of earnings for the first quarter of 2009 (disclosed 6 May 2009, registration number 28644).
- GAS NATURAL discloses that, through subsidiary GAS NATURAL INTERNACIONAL SDG, it has applied for authorization from the Colombian financial authorities (Superintendencia Financiera de Colombia - SFC) to launch takeover bids for the subsidiaries of Unión Fenosa in that country (disclosed 7 May 2009, registration number 108088).
- GAS NATURAL files the Group's new top-level organization structure following the acquisition of Unión Fenosa. The new organization has been designed to ensure the Group's capacity to compete successfully in an integrated global energy market (disclosed 19 May 2009, registration number 108555).
- GAS NATURAL gives notice that its Ordinary Shareholders' Meeting will be held on 26 June 2009 (disclosed 21 May 2009, registration number 108741).

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

- GAS NATURAL discloses that the Italian Environment Ministry has issued the definitive environmental approval decree (VIA decree) for the liquefied natural gas regasification plant which the company plans to build in the port of Trieste-Zaule, in the Friuli Venezia Giulia region of northeast Italy (disclosed 16 July 2009, registration number 29233).
- GAS NATURAL publishes the invitation to the conference call to discuss its 2Q09 earnings (disclosed 16 July 2009, registration number 29234).
- GAS NATURAL discloses the signature of a contract to sell 248,000 connections in Spain (disclosed in July 2009, registration number 111531).

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

(unaudited)

(€ Mn)	1H09	1H08
Net sales	6,480	6,416
Other operating revenues	48	44
Purchases	-4,118	-4,551
Personnel costs	-249	-180
Other operating costs	-520	-432
<b>EBITDA</b>	<b>1,641</b>	<b>1,297</b>
Depreciation and amortisation	-521	-358
Change in operating provisions	-37	-11
<b>OPERATING PROFIT</b>	<b>1,083</b>	<b>928</b>
Finance income	-322	-104
Gains on disposal of financial instruments	101	4
Income from associates	55	3
<b>CONSOLIDATED PRE-TAX PROFIT</b>	<b>917</b>	<b>831</b>
Income tax expense	-217	-213
Minority interest	-78	-55
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>622</b>	<b>563</b>



## EBITDA

(unaudited)

(€ Mn)	1Q09	2Q09	3Q09	4Q09	2009
GAS DISTRIBUTION	370	356			
Spain	238	220			
Italy	23	11			
Latin America	109	125			
ELECTRICITY DISTRIBUTION	-	156			
Spain	-	96			
Moldova	-	5			
Latin America	-	55			
ELECTRICITY	130	251			
Spain	92	157			
Mexico	26	47			
Rest	12	47			
GAS	224	127			
Up + Midstream	51	43			
Wholesale & Retail	173	59			
UF Gas	-	25			
REST	8	19			
<b>TOTAL</b>	<b>732</b>	<b>909</b>			

(€ Mn)	1Q08	2Q08	3Q08	4Q08	2008
GAS DISTRIBUTION	365	346	365	313	1.389
Spain	238	219	238	191	886
Italy	17	5	2	12	36
Latin America	110	122	125	110	467
ELECTRICITY DISTRIBUTION	-	-	-	-	-
Spain	-	-	-	-	-
Moldova	-	-	-	-	-
Latin America	-	-	-	-	-
ELECTRICITY	170	127	108	110	515
Spain	137	93	73	63	366
Mexico	19	21	24	33	97
Rest	14	13	11	15	53
GAS	184	110	141	214	650
Up + Midstream	44	34	42	65	185
Wholesale & Retail	140	76	100	149	465
UF Gas	-	-	-	-	-
REST	7	-12	14	1	9
<b>TOTAL</b>	<b>726</b>	<b>571</b>	<b>629</b>	<b>638</b>	<b>2.564</b>

## Tangible investments

(unaudited)

(€ Mn)	1Q09	2Q09	3Q09	4Q09	2009
GAS DISTRIBUTION	88	124			
Spain	63	89			
Italy	9	13			
Latin America	16	22			
ELECTRICITY DISTRIBUTION	-	68			
Spain	-	48			
Moldova	-	4			
Latin America	-	16			
ELECTRICITY	87	182			
Spain	75	160			
Mexico	-	8			
Rest	12	14			
GAS	10	13			
Up + Midstream	7	6			
Wholesale & Retail	3	3			
UF Gas	-	4			
REST	1	6			
<b>TOTAL</b>	<b>186</b>	<b>393</b>			

(€ Mn)	1Q08	2Q08	3Q08	4Q08	2008
GAS DISTRIBUTION	88	151	156	267	662
Spain	60	109	104	188	461
Italy	11	17	15	22	65
Latin America	17	25	37	57	136
ELECTRICITY DISTRIBUTION	-	-	-	-	-
Spain	-	-	-	-	-
Moldova	-	-	-	-	-
Latin America	-	-	-	-	-
ELECTRICITY	74	66	59	154	353
Spain	57	59	60	134	310
Mexico	14	6	-1	17	36
Rest	3	1	0	3	7
GAS	6	5	7	15	33
Up + Midstream	5	4	4	8	21
Wholesale & Retail	1	1	3	7	12
UF Gas	-	-	-	-	-
REST	2	4	4	10	20
<b>TOTAL</b>	<b>170</b>	<b>226</b>	<b>226</b>	<b>446</b>	<b>1,068</b>

(unaudited)

(€ Mn)	30/06/09	30/06/08
<b>Non-Current Assets-</b>	<b>41,104</b>	<b>12,336</b>
Tangible assets	27,413	9,718
Goodwil	11,228	1,595
Investment in associates	83	40
Non-current financial assets	1,268	691
Deferred income tax assets	1,112	292
<b>Current Assets-</b>	<b>7,297</b>	<b>3,748</b>
Inventories	718	497
Trade and other receivables	5,342	2,406
Other current financial assets	756	73
Cash and cash equivalents	481	772
<b>TOTAL ASSETS</b>	<b>48,401</b>	<b>16,084</b>

(unaudited)

(€ Mn)	30/06/09	30/06/08
<b>Equity-</b>	<b>12,374</b>	<b>6,591</b>
Net equity of Parent Company	9,990	6,225
Minority interest	2,384	366
<b>Non-Current Liabilities-</b>	<b>25,385</b>	<b>4,737</b>
Non-current financial liabilities	17,592	2,500
Provisions	1,890	544
Other non-current liabilities	5,903	1,693
<b>Current Liabilities-</b>	<b>10,642</b>	<b>4,756</b>
Current financial debt	5,171	1,494
Suppliers and other current liabilities	5,471	3,262
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48,401</b>	<b>16,084</b>

(unaudited)

(€ Mn)	1H09	1H08
<b>Cash flow from ordinary activities</b>	<b>1,519</b>	<b>1,595</b>
Income before taxes	917	831
Adjustments	756	449
Changes in working capital	190	515
Other cash flows from operating activities	-344	-200
<b>Investment cash flow</b>	<b>-14,396</b>	<b>-655</b>
Investments	-14,760	-707
Disposals	254	29
Other cash flows from investing activities	110	23
<b>Financing cash flow</b>	<b>13,104</b>	<b>-311</b>
Increase of capital	3,400	-
Net proceeds from instruments representing financial liabilities	9,983	-69
Dividends paid	-254	-233
Other cash flows from financing activities	-25	-9
<b>Effect of exchange rate variations</b>	<b>5</b>	<b>-9</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>232</b>	<b>620</b>
<b>Beginning cash and cash equivalents</b>	<b>249</b>	<b>152</b>
<b>Ending cash and cash equivalents</b>	<b>481</b>	<b>772</b>

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