

gasNatural UNION FENOSA



Fourth Quarter 2009 Results (FY09)

February 16, 2010



Disclaimer



This document may contain market assumptions, different sourced information and forward-looking statements with respect to the financial condition, results of operations, business, strategy and the plans of Gas Natural SDG, S.A. and its subsidiaries.

Such assumptions, information and forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the assumptions and forward-looking statements as a result of various factors.

No representation or warranty is given by Gas Natural SDG, S.A. as to the accuracy, completeness or fairness of any information contained in this document and nothing in this report should be relied upon as a promise or representation as to the past, current situation or future of the company and its group.

Analysts and investors are cautioned not to place undue reliance on forward-looking statements, which imply significant assumptions and subjective judgements, which may or may not prove to be correct. Gas Natural SDG, S.A. does not undertake any obligation to update any of the information contained herein or to correct any inaccuracies it may include or to release publicly the results of any revisions to these forward-looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in GAS NATURAL's business or acquisition strategy or to reflect the occurrence of unanticipated events or a variation of its evaluation or assumptions.



Agenda

- 1. Highlights**
- 2. Summary of FY09 Consolidated Results**
- 3. Analysis of Results (Pro-forma)**
- 4. Conclusions**

gasNatural **UNION FENOSA**



1 Highlights

Highlights



FY09 Net Income: €1,195 million (+13.1%)

FY09 EBITDA: €3,937 million (+53.5%)

Net Debt as of 31/12/2009: €18 billion ¹

FY09 Gross Dividend: €730 million (+10.2%)²

Notes:

- 1 Taking into account tariff deficit and proceeds from asset disposals materialized in 2010
- 2 Subject to AGM approval

Key Issues



- 1** Timely completion of asset disposal plan with €3.6 billion net proceeds
- 2** Successful €6.9 billion refinancing of acquisition facility in the capital markets
- 3** On track in achievement of synergies
- 4** Maintaining a balanced business model
- 5** Profiting from opportunities in Spanish electricity market
- 6** Facing challenging conditions in gas markets
- 7** Maintaining commitment on dividend

1 Asset Disposals

Financial assets



- Gross cash from financial asset disposals totals €1,135 million:
 - Sale of 5% in CEPSA for €529 million
 - Sale of 1% in REE for €43 million
 - Sale of 5% in Enagás for €155 million
 - Sale of 13% in Indra for €320 million
 - Sale of 4.4% in Isagen (Colombia) for €88 million

As initially planned, approximately one-third of the asset disposal plan has been covered with the sale of financial assets

1 Asset Disposals

Asset sales committed with CNC



- Sale of gas distribution assets and customer contracts to Naturgas completed for €330 million
 - 256,000 gas connection points, 210,000 gas customers, 4,000 electricity customer contracts and transportation assets
 - Gross capital gain: €50 million
- Sale of gas distribution assets and customer contracts in Madrid agreed with Morgan Stanley Infrastructure and Galp Energía
 - 504,000 gas connection points, 412,000 gas customers and 8,000 electricity customer contracts
 - Agreed price of €800 million, with gross capital gain of €380 million (est.). Transaction to be completed in 1H 2010

Meeting regulatory commitments and analyzing different sales structures for 2,000 MW CCGTs

1 Asset Disposals

Other assets



- **Completion of sale of 63.8% of EPSA for US\$1.1 billion**
 - **EBITDA 2009: ~ €150 million¹**
 - **Consolidated net income since May 1, 2009 reported as Income from Discontinued Operations**
- **Agreement of sale of 2.2GW of CCGTs in Mexico plus related gas transportation assets to Mitsui and Tokyo Gas for US\$1.225 billion**
 - **Additional cash inflows of US\$ 240 million before completion**
 - **Transaction to be completed in 2010 (pending regulatory approval)**

Achieving a more balanced business and currency risk profile

Note:

¹ At average exchange rate for year 2009, for consolidation purposes

1 Asset Disposals

On target



Good prices achieved despite adverse financial environment

Timely completion of asset disposal plan

~€3.6 billion of resulting debt reduction to date

2 Successful Refinancing

Acces to bond market



- €6.9 billion issued under GAS NATURAL's EMTN programme
 - June'09: €2 billion, 5-yr at 5.250%, and €500 million, 10-yr at 6.375%
 - October'09: €500 million, 3-yr at 3.125%, €1 billion, 7-yr at 4.375% and €750 million, 12-yr at 5.125%
 - January'10: €650 million, 5-yr at 3.375%, €700 million, 8-yr at 4.125% and €850 million, 10-yr at 4.5%
- All three issues oversubscribed
- Funds used in partial repayment of acquisition debt facility
- Above initial €6 billion target and before initial deadline of end 2011

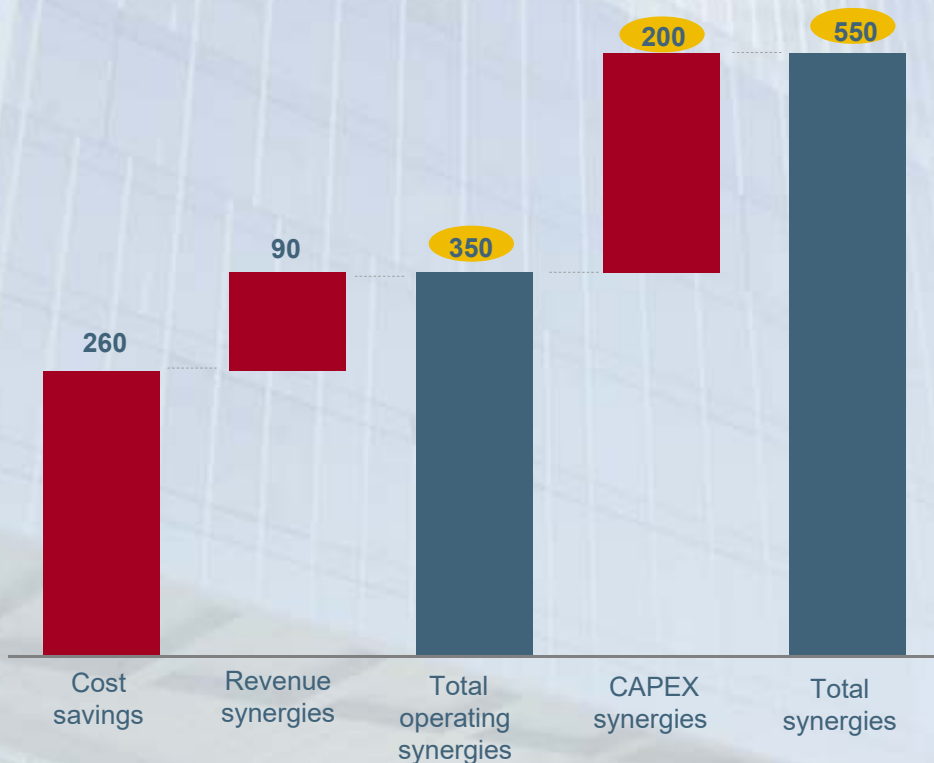
Refinancing at an average cost of 4.7% and an average life of 7.2 years enhances long term leverage efficiency

3 Synergies

Operating and CAPEX



Synergy Plan (€ million)



Current status

- Action plans currently being implemented to achieve synergy targets in 2011
- >50% of total synergies already captured by 2009 (€265 million impact in 2009)
- Smooth implementation, not affecting underlying business

Synergy achievement advancing in accordance with plan

4

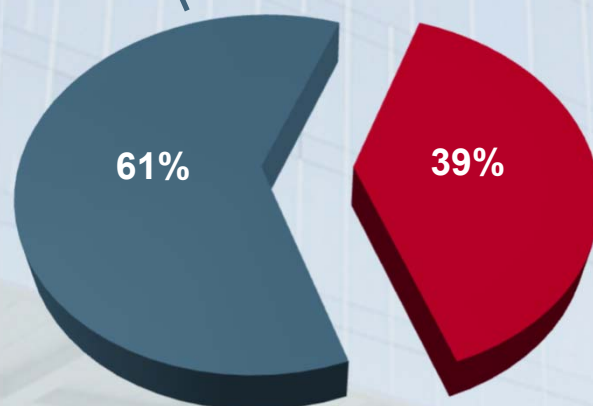
A Balanced Business Model

Balance between regulated and liberalized activities



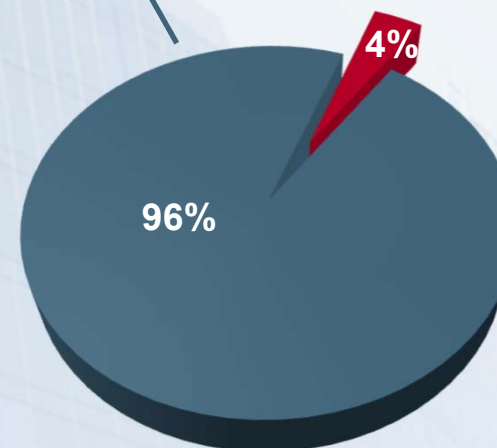
Regulated and Quasi-regulated
EBITDA¹

Regulated + PPAs +
EMPL



Coverage for Power
Generation¹

Supply power contracts
+ Gas contracts



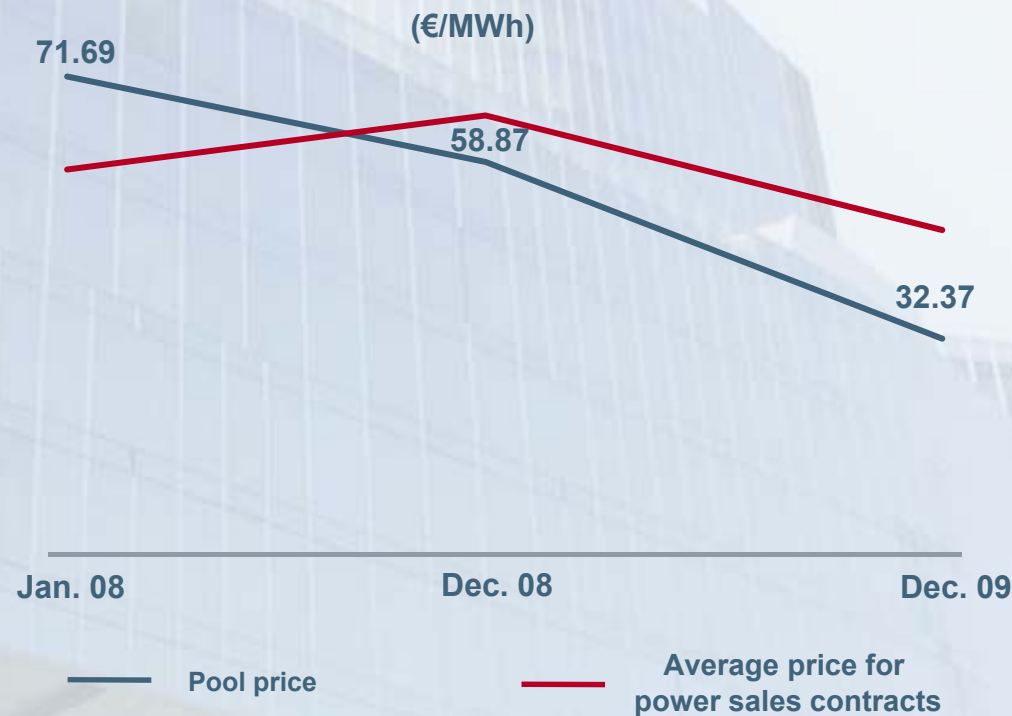
Consolidated stability of business performance

Note:

¹ Pro-forma figures for 2009

5 Spanish Electricity

Profiting from market opportunities



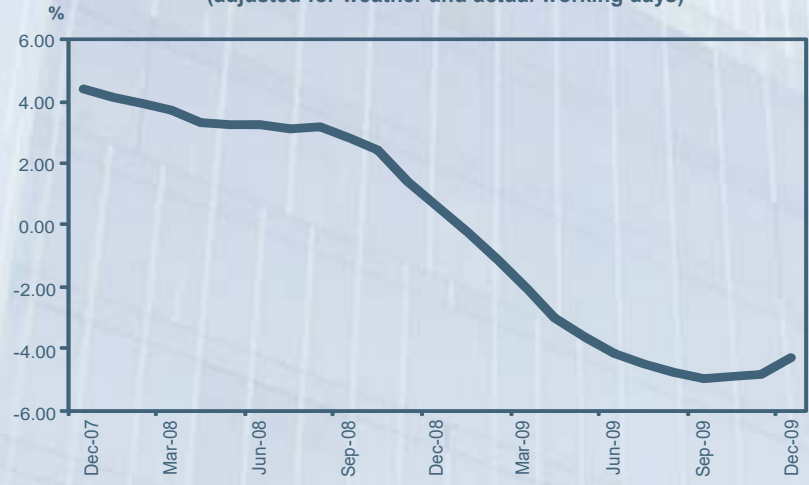
Good contractual conditions negotiated for 2009 enabled healthy margins in power sales to eligible customers despite a lower pool price scenario than 2008

6 Challenging Conditions in Gas Markets

Drop in Spanish gas demand

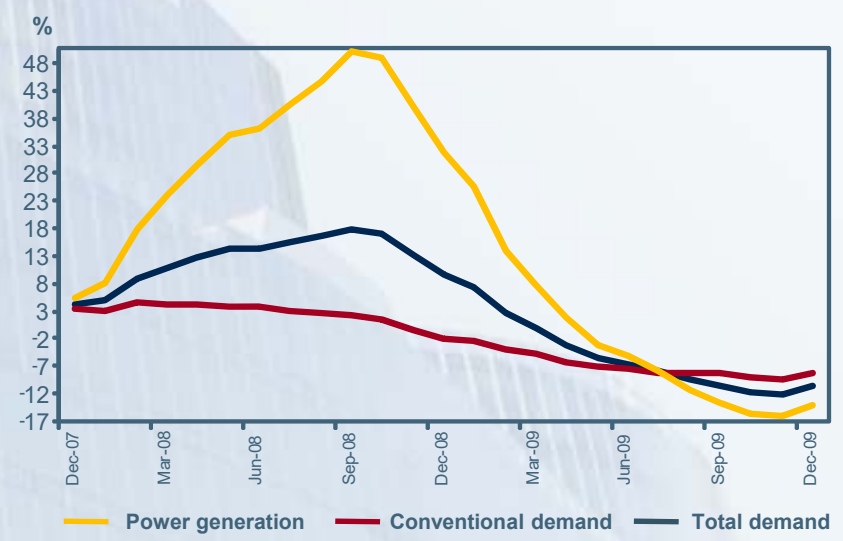


Evolution of Spanish electricity demand¹
(adjusted for weather and actual working days)



(Source: Red Eléctrica)

Evolution of Spanish gas demand¹



(Source: ENAGAS)

- A drop in electricity demand in 2009 resulted in lower volumes of gas used in power generation
- Lower gas demand from power generation in Spain as main driver behind total demand drop in 2009

Change in Spanish gas demand (09 vs. 08)

Total demand	-10.5%
Conventional demand	-7.9%
Power generation	-14.2%

(Source: ENAGAS)

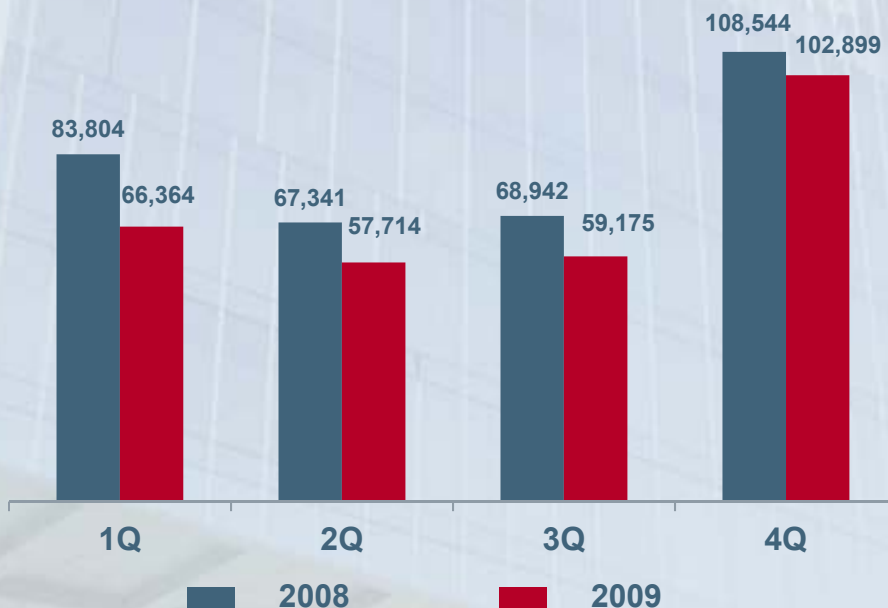
Note:
1 Change over same month in the previous year

6 Challenging Conditions in Gas Markets

Acting with foresight in a global gas market



Gas Sales - Wholesale & Retail (GWh)



- 2008 saw a higher volume of opportunistic foreign sales
- GAS NATURAL did not incur into any take or pay obligation
- Annual gas volumes fall 13.0% with lower demand in every quarter which falls less in 4Q, evidencing a change in trend
- Higher competition in Spanish wholesale and retail gas markets

Flexibility of contracts and infrastructure help to overcome challenging market conditions

7 Dividend Policy

Meeting the commitment announced



- Gross dividend of € 730 million¹
- Gross dividend represents a 10.2% increase on the total amount paid in 2009 (which included an extraordinary dividend paid against reserves)
- Interim dividend paid in January 2010 for an amount of €324 million

Above the 10% committed growth in total dividend

Note:

1 Subject to AGM approval



2

Summary of FY09 Consolidated Results

FY09 Consolidated Results Snapshot¹



(€ million)	2009	2008	Change
Net Sales	14,879	13,544	9.9%
EBITDA	3,937	2,564	53.5%
Operating Income	2,448	1,794	36.5%
Net Income	1,195	1,057	13.1%
Investments:	15,696	3,697	-
Tangible & Intangible	1,884	1,209	55.8%
Financial & Other	13,812	2,488	-
Net Debt (as of 31/12)	20,916	4,913	-

Note:

¹ Unión Fenosa equity consolidated for a 50% holding from 1 March to 30 April, fully consolidated from 1 May

Consolidated Income Statement¹

(€ million)	2009	2008	Change %
Net Sales	14,879	13,544	9.9
Purchases	(9,133)	(9,796)	(6.8)
Gross Margin	5,746	3,748	53.3
Personnel, Net	(600)	(338)	77.5
Other Expenses, Net	(1,209)	(846)	42.9
EBITDA	3,937	2,564	53.5
Other results	50	-	-
Depreciation	(1,400)	(726)	-93.0
Provisions	(139)	(44)	-
Operating Income	2,448	1,794	36.5
Financial Results	(817)	(263)	-
Gain on Sale of Financial Assets	101	14	-
Equity Income	59	6	-
Income Before Tax	1,791	1,551	15.5
Taxes	(440)	(379)	16.1
Income from Ongoing Operations	1,351	1,172	15.3
Income from Discontinued Operations, Net	39	-	-
Minority Interest	(195)	(115)	-
Net Income	1,195	1,057	13.1

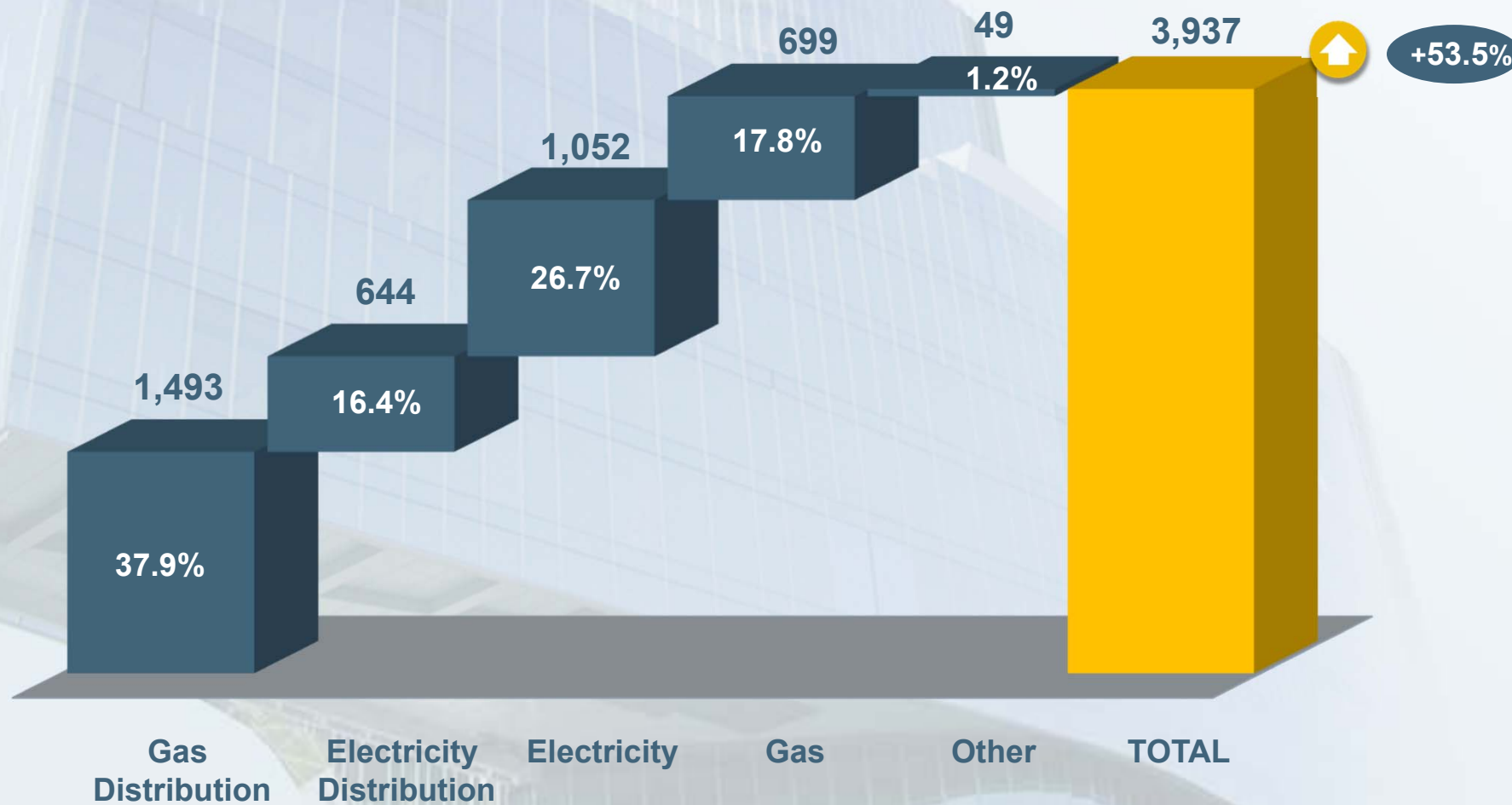


Note:

¹ Unión Fenosa equity consolidated for a 50% holding from 1 March to 30 April, fully consolidated from 1 May

Consolidated EBITDA by Activity

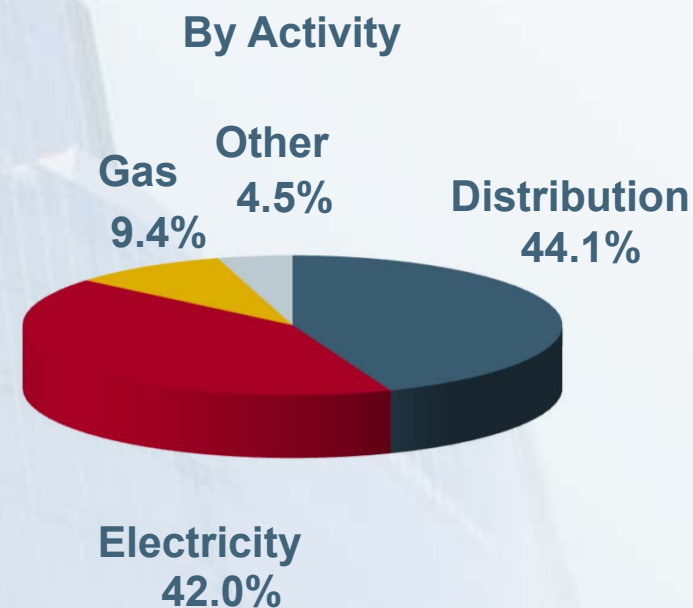
(€ million)



Consolidated Investments

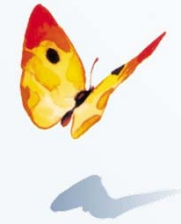
Tangible and intangible

(€ million)	2009	2008
Gas:	177	42
Up + Midstream	143	29
Wholesale & Retail	18	13
UF Gas	16	-
Electricity:	792	416
Spain	628	373
International	164	43
Gas Distribution:	507	668
Spain	357	461
International	150	207
Electricity Distribution:	323	-
Spain	237	-
International	86	-
Other	85	83
Total	1,884	1,209

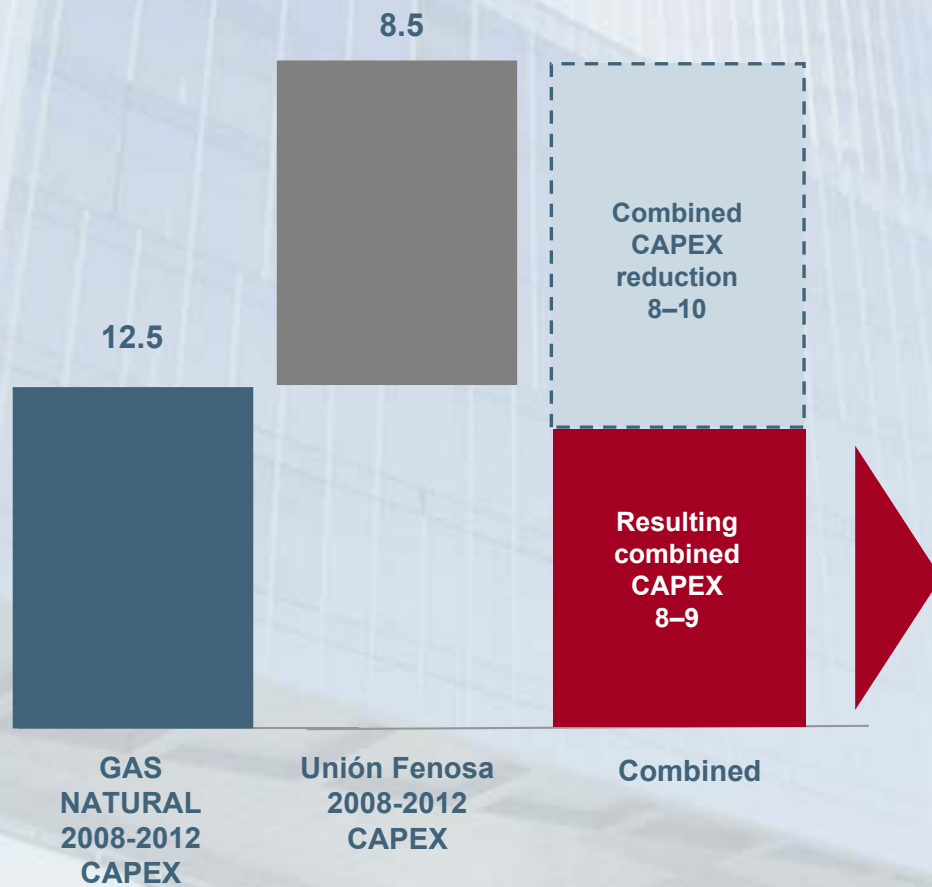


Additional €13.8 billion financial investment relating mostly to the acquisition of Unión Fenosa

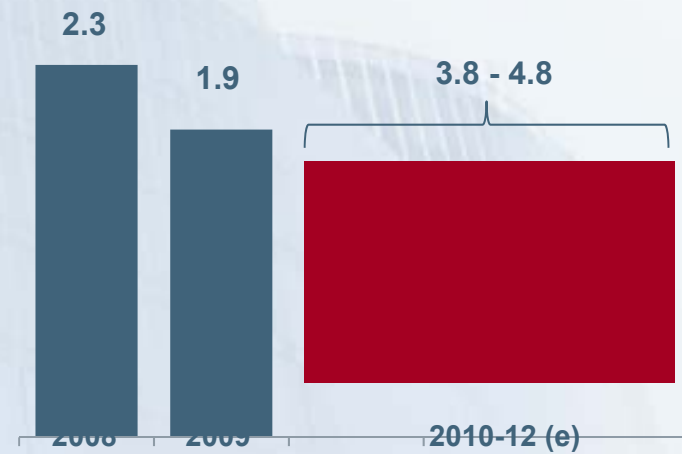
CAPEX Optimisation



Optimisation Plan (€ billion)



Pro-forma CAPEX (€ billion)

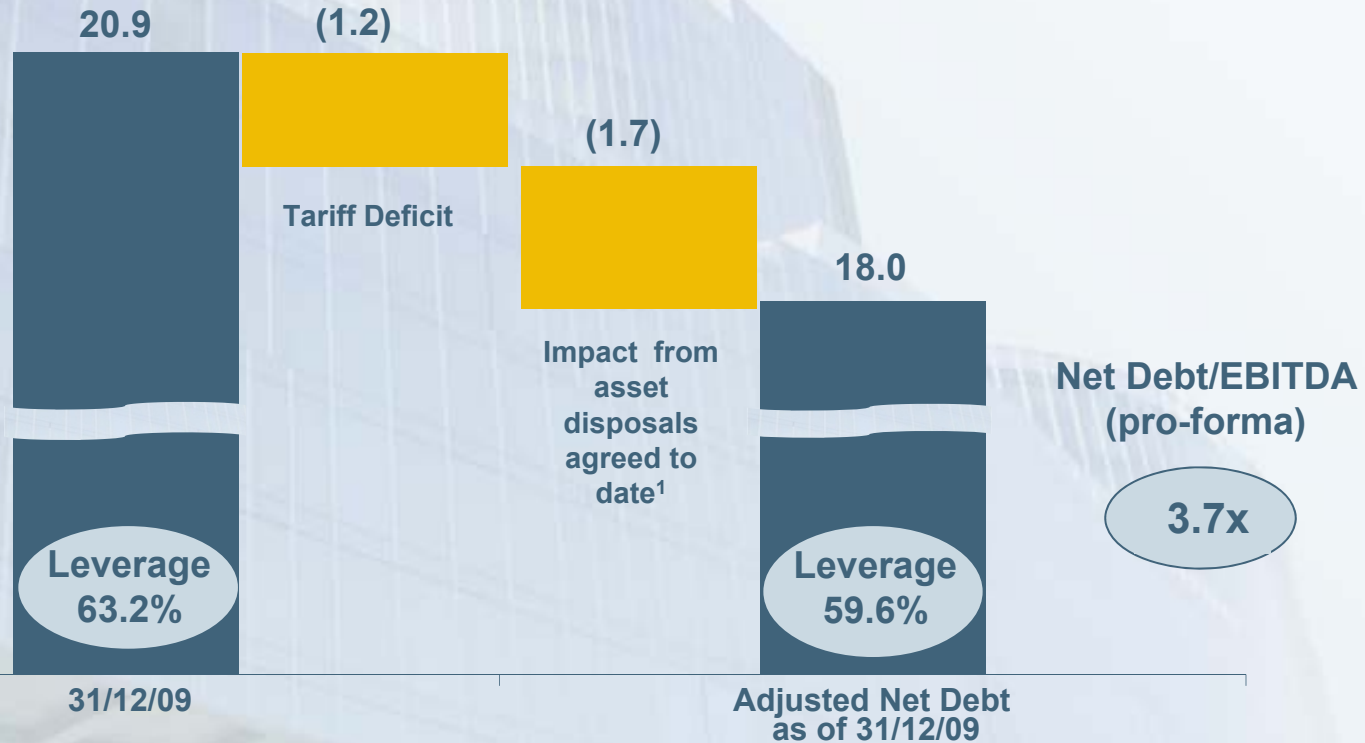


Focus on gas and power convergence in existing markets

Net Debt Evolution



(€ billion)



Meeting ~€18 billion Net Debt target for year-end 2009, Leverage <60% and Net Debt/EBITDA <4.0x

Note:

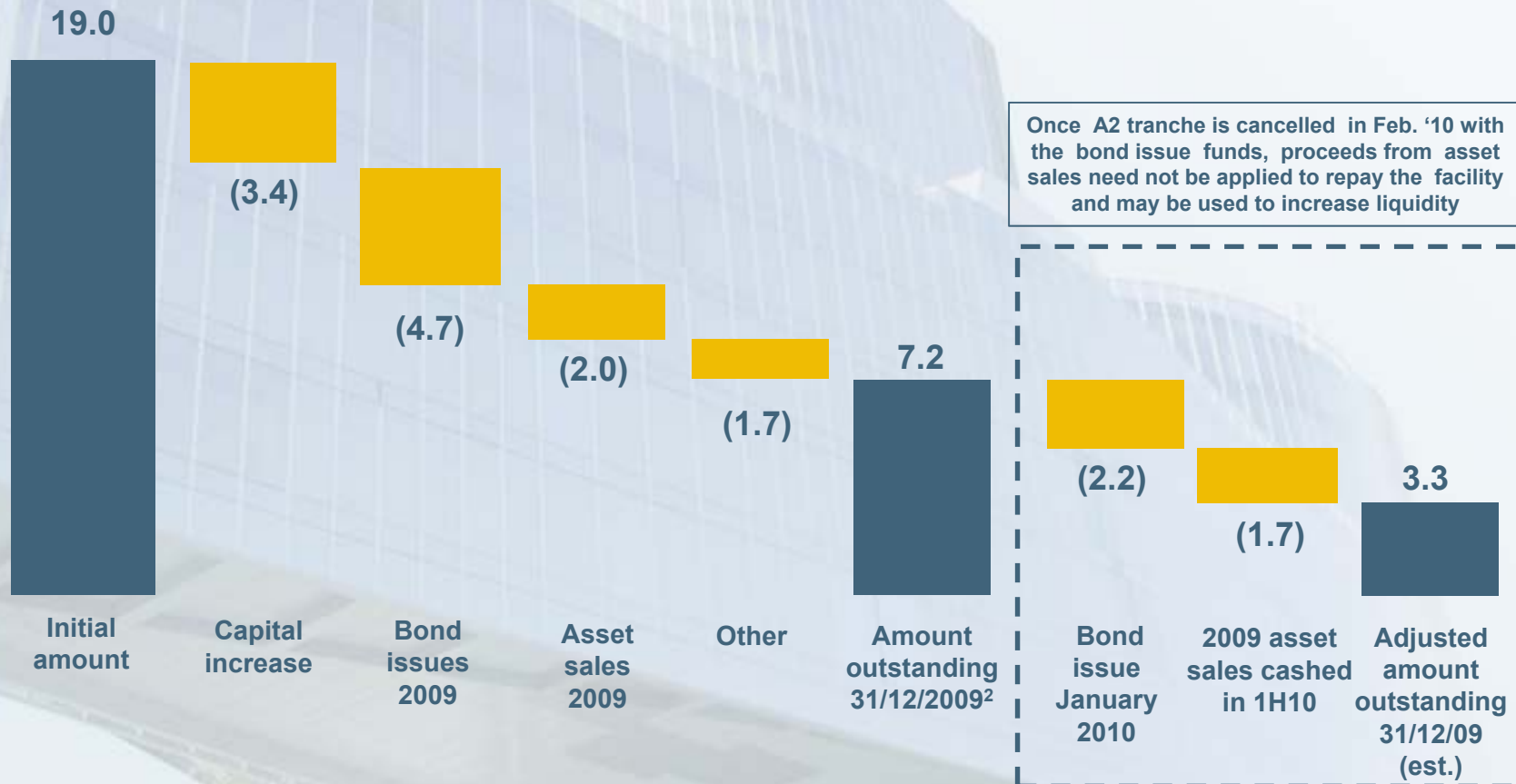
¹ Includes sale of gas assets in Madrid, and sale of CCGTs in Mexico

Evolution of the Acquisition Facility

Acquisition loan down to €3.3 billion¹



(€ billion)



Once A2 tranche is cancelled in Feb. '10 with the bond issue funds, proceeds from asset sales need not be applied to repay the facility and may be used to increase liquidity

Notes:

¹ After €2.2 billion bond issue in January 2010 and €1,685 million from the asset sales agreed to date (Madrid gas assets, Mexican CCGTs), to be collected in 2010

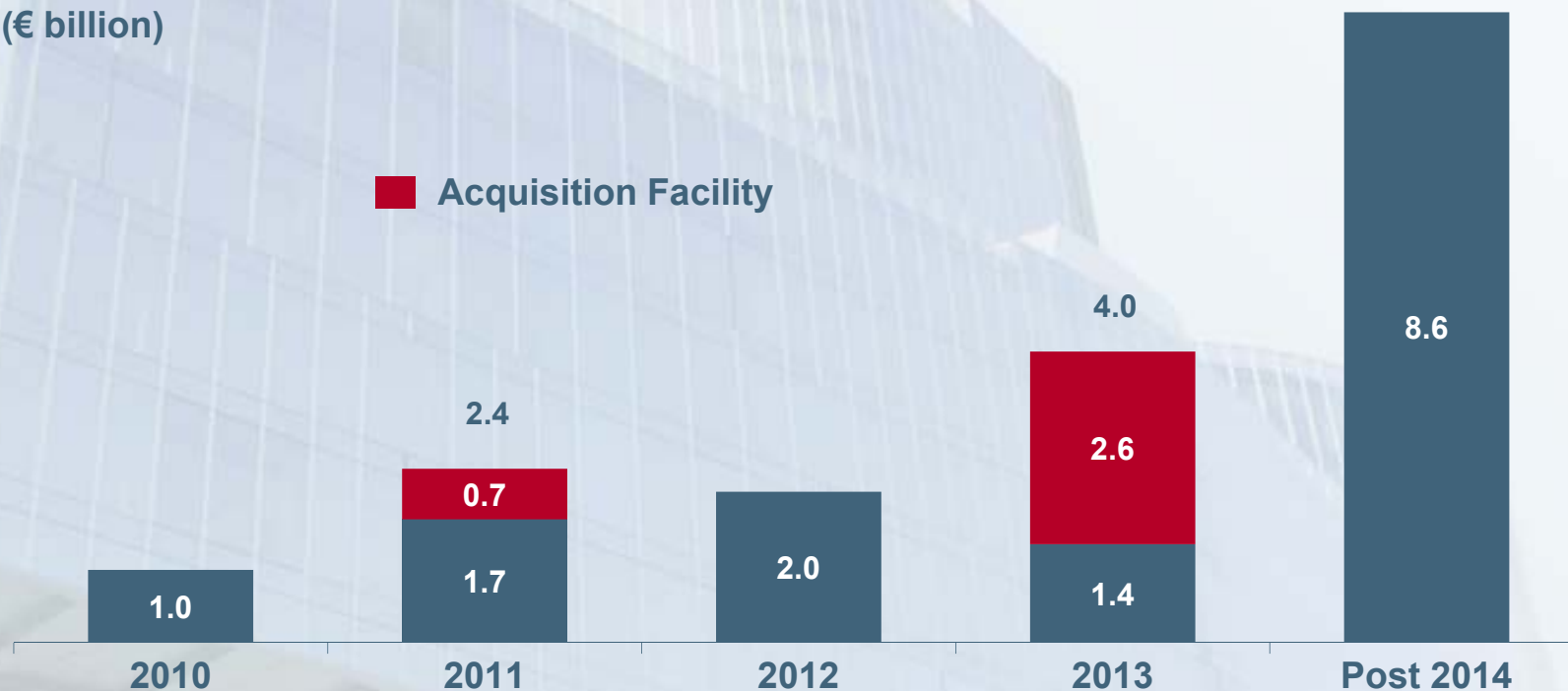
² After cashing proceeds from sale of gas distribution assets to Naturgas

Debt Maturity Profile

Maturity schedule for adjusted Net Debt (€18 billion¹)



(€ billion)



Achieving a smooth maturity profile for our debt

Note:

¹ Less tariff deficit of €1,267 million, after €2.2 billion bond issue in January 2010 and €1,685 million from the asset sales agreed to date (Madrid gas assets, Mexican CCGTs), the proceeds of which will be collected in 2010

3

Analysis of Results (Pro-forma)

Pro-forma EBITDA Breakdown¹



(€ million)	Pro-forma	Pro-forma	Change	
	2009 ¹	2008 ¹	€m	%
Gas:	791	973	(182)	(18.7)
Up + Midstream	181	185	(4)	(2.2)
Wholesale & Retail	396	465	(69)	(14.8)
UF Gas	214	323	(109)	(33.7)
Electricity:	1,499	1,481	18	1.2
Spain	1,050	1,030	20	1.9
International	449	451	(2)	(0.4)
Gas distribution:	1,493	1,389	104	7.5
Europe	983	922	61	6.6
LatAm	510	467	43	9.2
Electricity distribution:	940	870	70	8.0
Europe	602	604	(2)	(0.3)
LatAm	338	266	72	27.1
Other	94	87	7	8.0
Total Pro-forma EBITDA	4,817	4,800	17	0.4

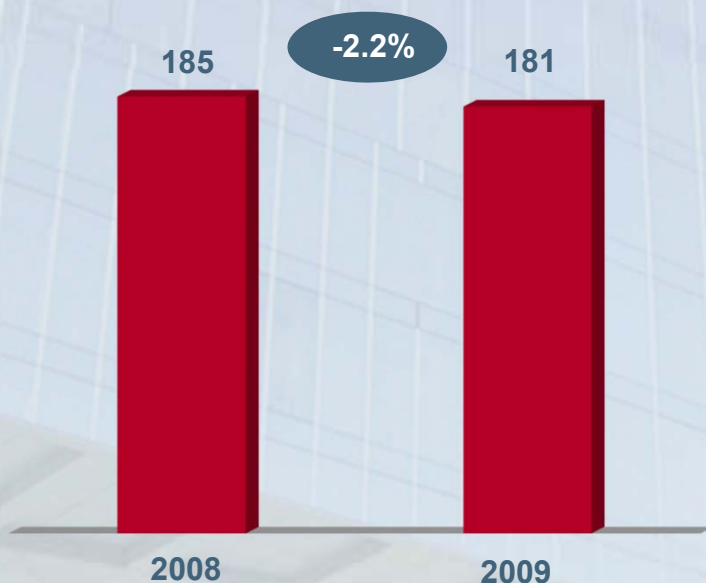
Note:

¹ Pro-forma figures from 1 January, which include the EBITDA for the Unión Fenosa subgroup for the period January-April (€ 724 million) as well as the EBITDA contribution from EPISA (€156 million).

Gas: Up + Midstream



EBITDA (€ million)

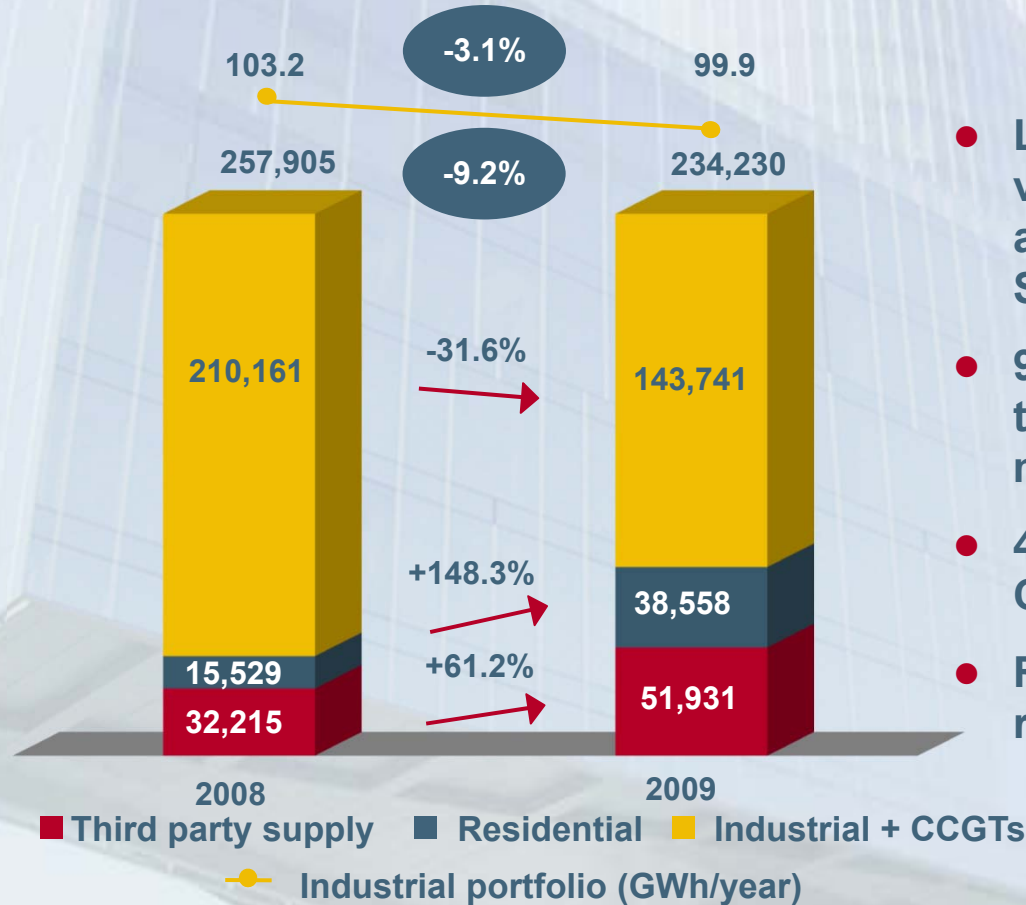


- 18% lower gas volumes through Maghreb pipeline (EMPL)
- LNG fleet maintains 97% utilization ratio
- Exploration projects under development in North Africa (Tangiers-Larache) and Spain
- Algeria: projects terminated in Gassi Touil (arbitration court ruling) and Gassi Chergui (negative results)
- Trieste gas terminal: final permits expected for year end 2010

Higher E&P costs bring EBITDA slightly downwards

Gas: Wholesale & Retail (I)

GAS NATURAL's sales in Spanish liberalized market (GWh)



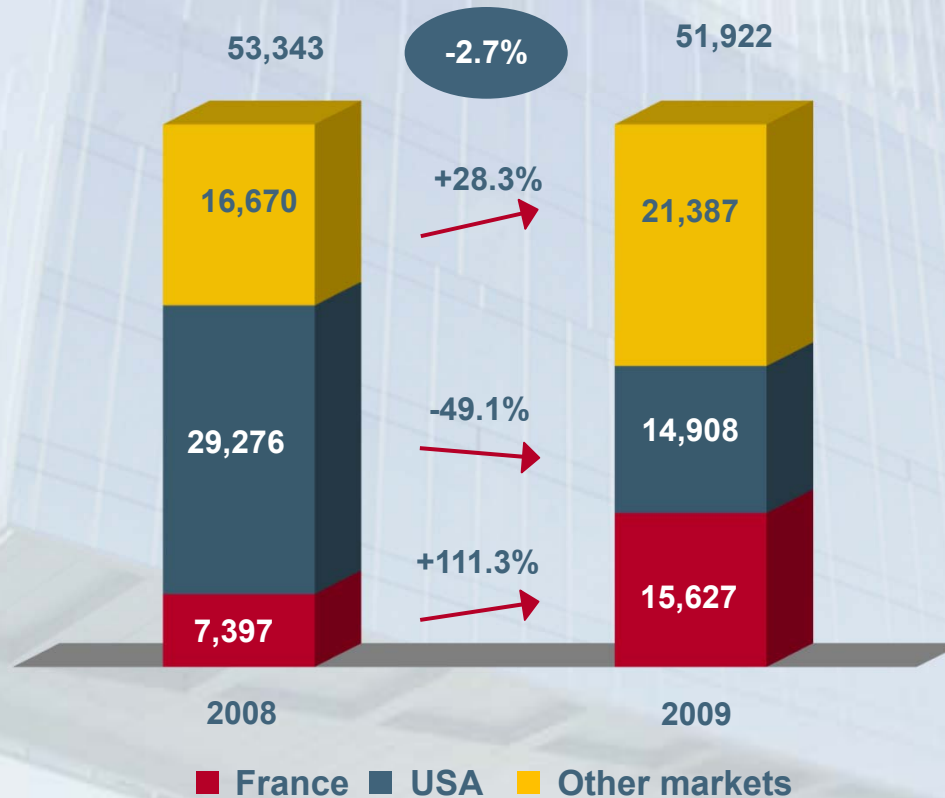
- Lower CCGT-based generation volumes and a drop in economic activity lead to a 9% drop in Spanish liberalized market sales
- 90% of gas sold under contracts in the Spanish market with average maturities of nearly 2 years
- 42% share in industrial market (ex-CCGTs)
- Retail customer base in Spain reaches 5.1 million

Third party supply and residential market help to smoothe swings in supply to power generation

Gas: Wholesale & Retail (II)



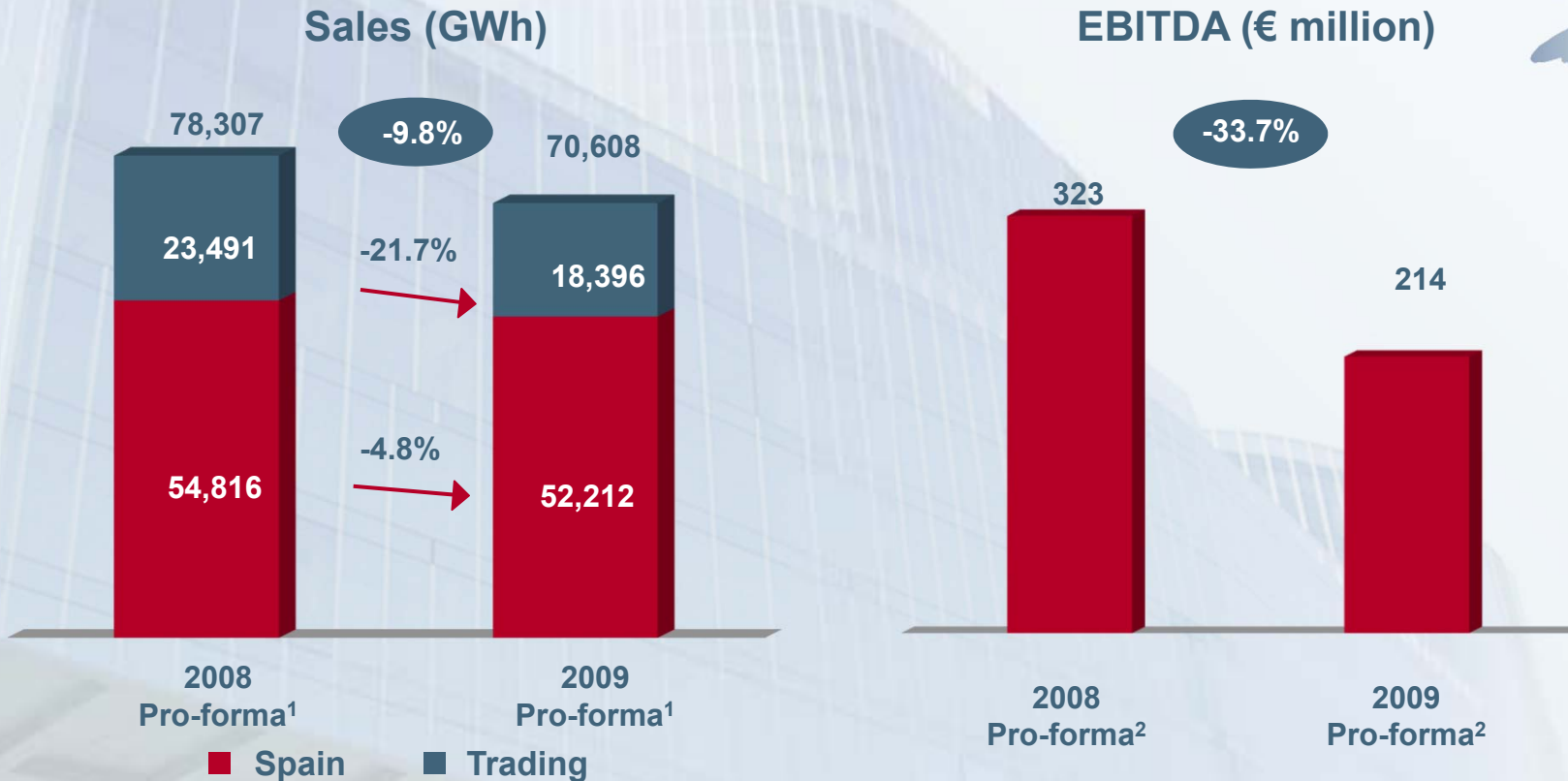
GAS NATURAL's international sales
(GWh)



- Own flexible LNG portfolio and transportation infrastructure allows expansion to distant markets such as South America and Asia
- Sales to USA being replaced by more attractive European markets
- Implementing entry strategies in Belgium (Zeebrugge hub) and Portugal (supply to end customers)

**Successful international diversification with
a more balanced country mix**

Gas: UF Gas



- Lower commercial and industrial sales in Spain almost offset by CCGT sales

EBITDA impacted by lower activity levels and an unfavourable energy scenario

Notes:

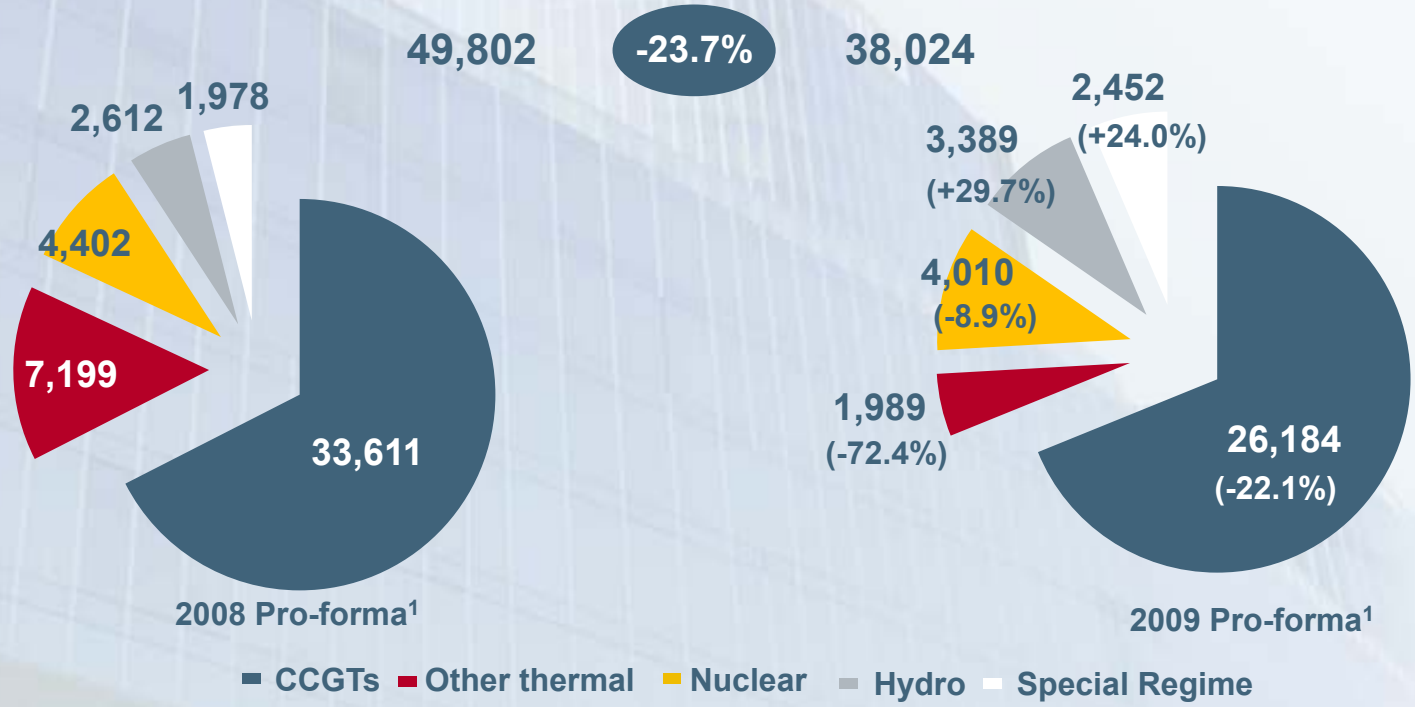
1 Pro-forma figures from 1 January, considering 100% of UF Gas

2 Pro-forma figures from 1 January, considering 50% of UF Gas

Electricity (I): Spain



Total GAS NATURAL production (GWh)



- Average pool price of €38.0/MWh in 2009 (-42%vs 2008) after lower demand and fuel prices and higher production from Special Regime
- CCGTs load factor of 41% in the period and sales of 24,766 GWh (+11.3%) in liberalized market

Complex market conditions in 2009

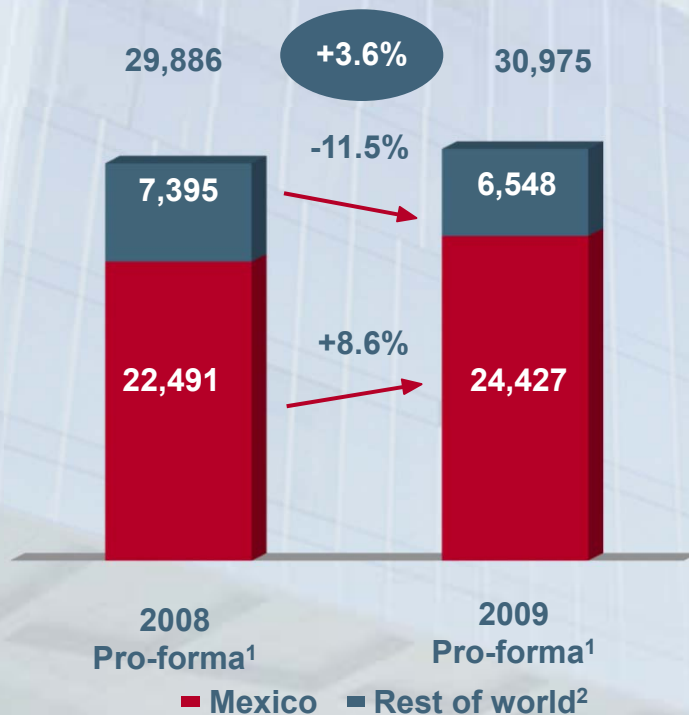
Note:

¹ Pro-forma figures from 1 January

Electricity (II): International



Total production (GWh)



- Production figures rise for Mexican CCGTs after higher demand from CFE, allowing for a 74.9% load factor with an availability of 91.8%
- New Durango 450 MW CCGT is 97% completed, with commissioning expected in 1H10
- Lower production in Colombia (-23.4%) due to drought
- Production in Puerto Rico -8.0% due to lower load factor

High US\$-denominated PPA component provides for stability

Notes:

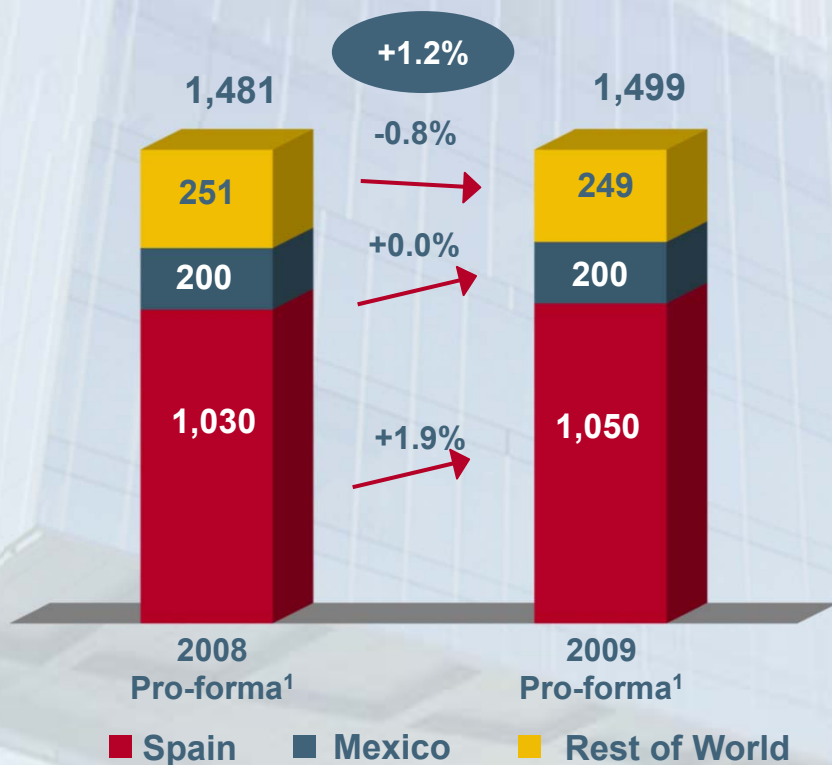
¹ Pro-forma 2009 figures from 1 January

² Includes Kenya, Dominican Republic, Panama, Costa Rica, Colombia and Puerto Rico

Electricity (III): Operating Results



EBITDA (€ million)



- 96% annual coverage against pool price volatility, smoothing its impact on EBITDA
- from July 2009 results in Spain include sales to last resort supply (formerly under Distribution) for 6,337 GWh
- Stable operating conditions help maintain EBITDA in Mexico
- EBITDA in other countries impacted by lower hydro production in Colombia and lower load factor in Puerto Rico

Stable performance based on coverage of Spanish pool price risk

Note:

¹ Pro-forma figures from 1 January

Gas Distribution in Spain

Operating figures



- Connection points grow by 112,000 YoY in spite of drop in residential construction in the country
- Distribution network grows +4.4% to a total of 50,697 km
- Regulated remuneration for 2010 set at €1,157 million¹

EBITDA grows +4.6% to €927 million supported by cost efficiencies

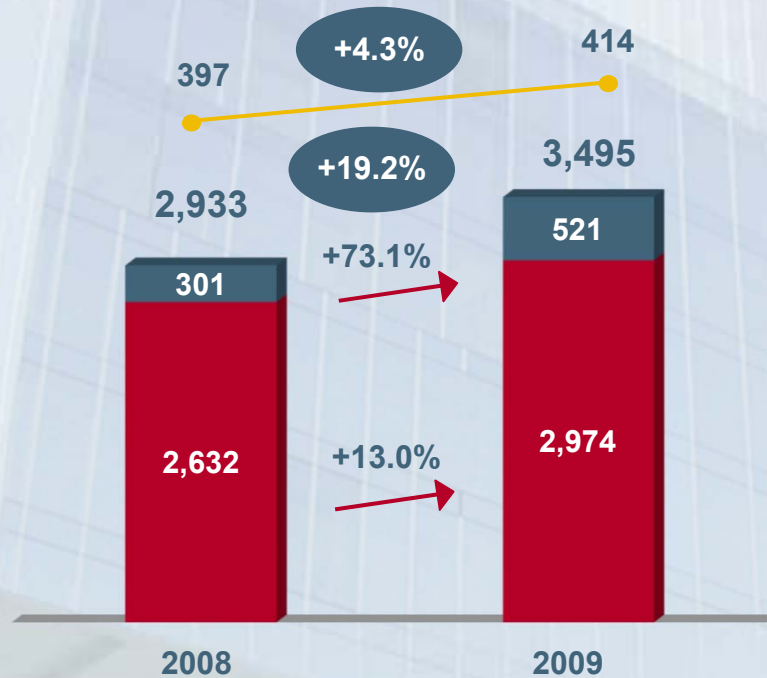
Note:

¹ Does not include the distribution assets sold to Naturgas in 2009

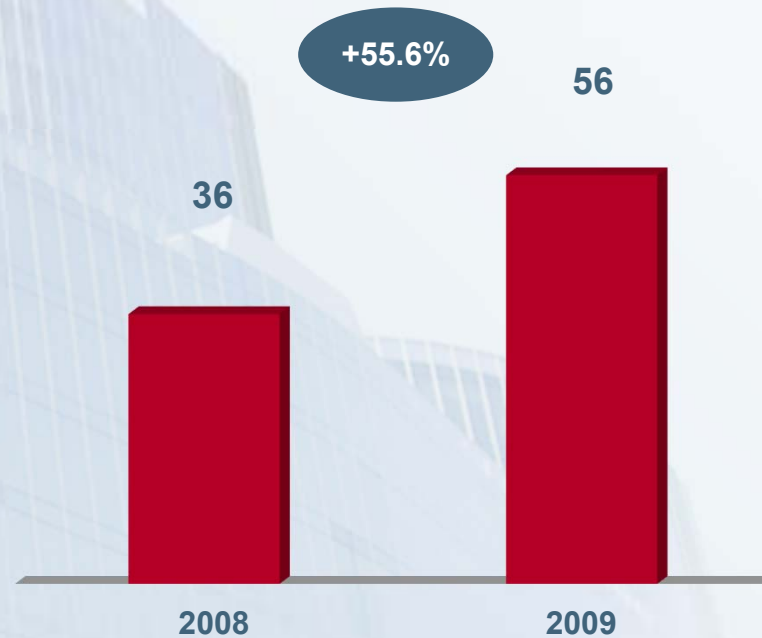
Gas Distribution in Italy



Operating figures



EBITDA (€ million)



■ Tariff Sales (GWh) ■ TPA Sales (GWh)
 ● Connections (thousands) as of 31/12

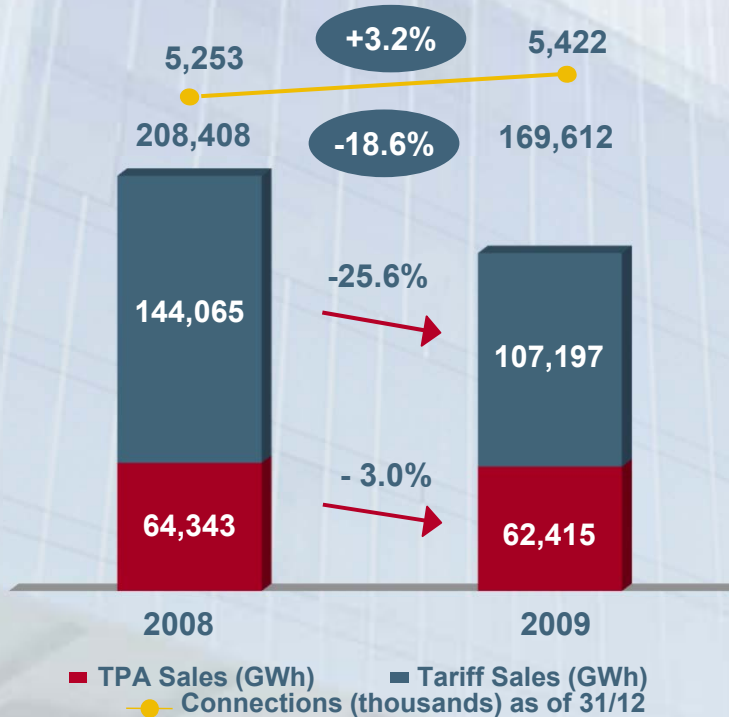
- EBITDA growth in the period favoured by higher remuneration under new framework for 2009-2010 and higher gas sales after network expansion

Achieving steady and profitable growth

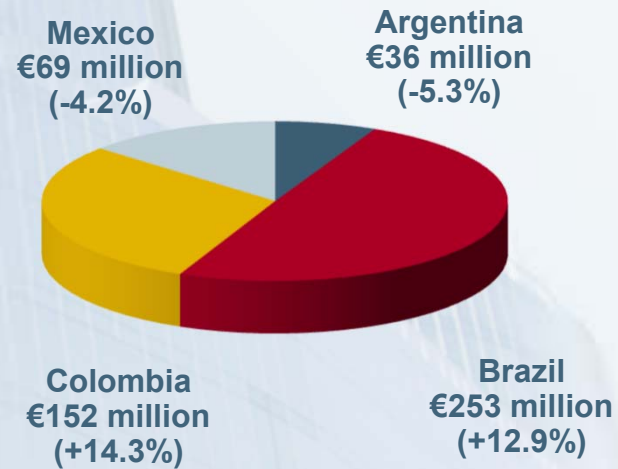
Gas Distribution in Latin America



Operating figures



EBITDA contribution and growth by country (Total €510 million, +9.2%)



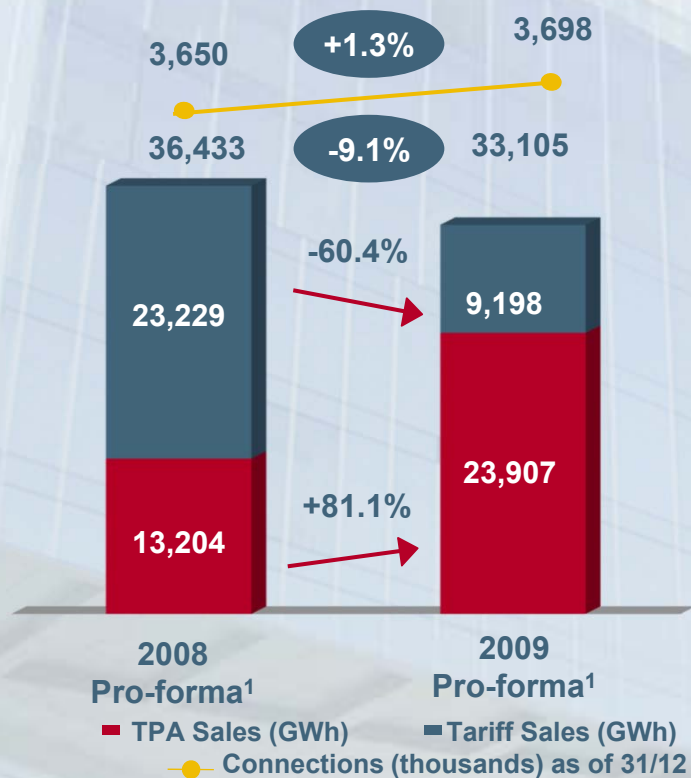
- Lower gas sales overall due mainly to lower demand from power generation
- Maintaining high growth rate of the region's network with +169,000 connection points YoY

Geographical diversification enables overall EBITDA growth

Electricity Distribution in Spain



Operating figures



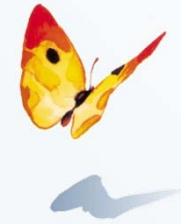
- Actual drop in electricity sales closer to 7%, disregarding impact from adjustments
- End of regulated tariff on 1 July 2009
- TIEPI down 24% to 59 minutes¹ evidences an improvement in service quality
- Regulated remuneration for 2010 totals €745 million²

EBITDA down -1.7% to €577 million³ due to impact from non-recurring revenues accounted in 2008

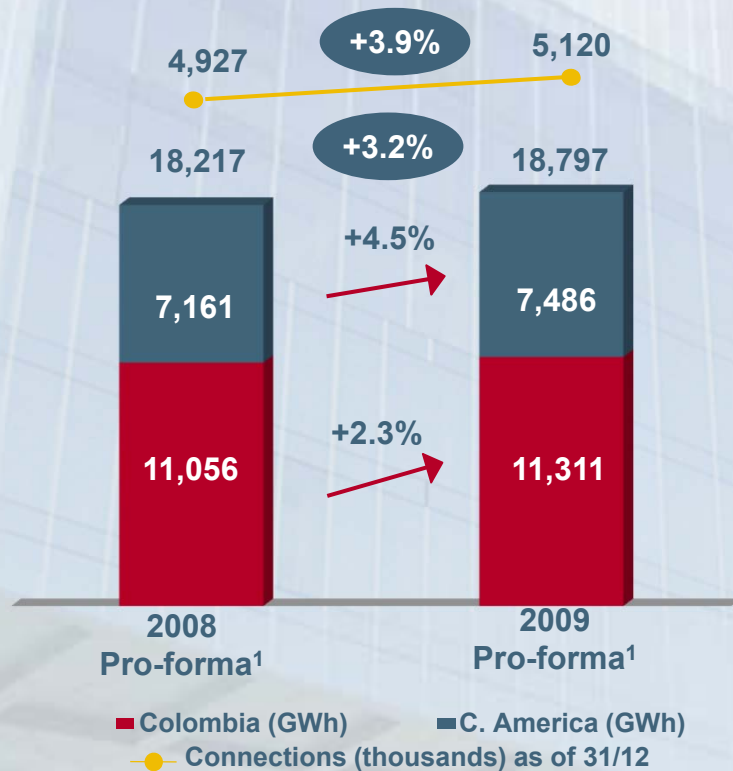
Notes:

- 1 Adjusted for *force majeure* event (hurricane Klaus)
- 2 Initial figure, includes remuneration (€697 million) and transportation (€48 million)
- 3 Pro-forma figures from 1 January. Regulated revenue amounts for 2009 are provisional.

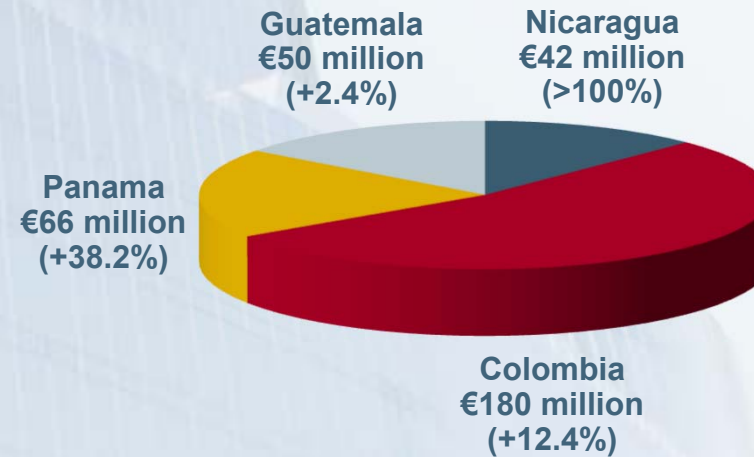
Electricity Distribution in Latin America



Operating figures



EBITDA contribution and growth by country (Total €338 million, +27.1%)¹



- Data in Nicaragua benefited from the application of Protocol of Understanding and improvement of loss ratio

Improving region's operating and financial performance

Note:

¹ Pro-forma figures from 1 January

4

Conclusions

Setting the Foundations for the Future



Operational integration

- Annual operating synergies of €350 million and CAPEX synergies of €200 million, with full effect in 2011

Financial discipline

- Debt reduction through €3.5 billion capital increase and €3.6 billion from asset sales
- Successful €6.9 billion refinancing of acquisition loan results in a more stable debt maturity profile
- Achieving a more balanced business and currency risk profile
- Divestments agreed with CNC do not impair the strategic rationale of the Unión Fenosa integration

Portfolio management

Investment rationalisation

- Efficient combined investment plan focused on an accurate return-payback balance

Setting a firm basis for growth in the next years

Conclusions



- **GAS NATURAL continues to show a solid business model**
 - **Achieving a stable pro-forma EBITDA as targeted, and despite a challenging market environment**
 - **Activity, business and geographical mix provide stability in earnings**
- **Swift execution of Unión Fenosa integration, staying on course in the achievement of the planned synergies**
- **Delivering on commitments on disposals and refinancing**
 - **Achievement levels above target and in a timely fashion**

GAS NATURAL is poised for growth with a stable and efficient financial position, enjoying a balanced financial and business risk profile



Thank you

INVESTOR RELATIONS

telf. 34 934 025 891

fax 34 934 025 896

e-mail: relinversor@gasnatural.com

website: www.gasnatural.com

gasNatural UNION FENOSA