First Quarter 2010 Results

April 28, 2010

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Agenda

1. Main Magnitudes
2. Highlights for 1Q10
3. Summary of 1Q10 Consolidated Results
4. Analysis of Results (Pro-Forma)
5. Challenges
6. Conclusions

1 Main Magnitudes

Main Magnitudes

1Q10 Net Income: €386 million (+9.4%)

1Q10 EBITDA: €1,296 million (+77.5%)

Net Debt as of 31/03/2010: €17.9 billion [1]

1Q10 Investments: €250 million (+31.6%) [2]

Notes:
1 Taking into account tariff deficit and proceeds from asset disposals to be materialized in 2Q10
2 1Q10 figures correspond to tangible and intangible investments

2

Highlights for 1Q10

Highlights for 1Q10

Environment

Maximizing value capture in current business

Debt

Highlights for 1Q10

Environment

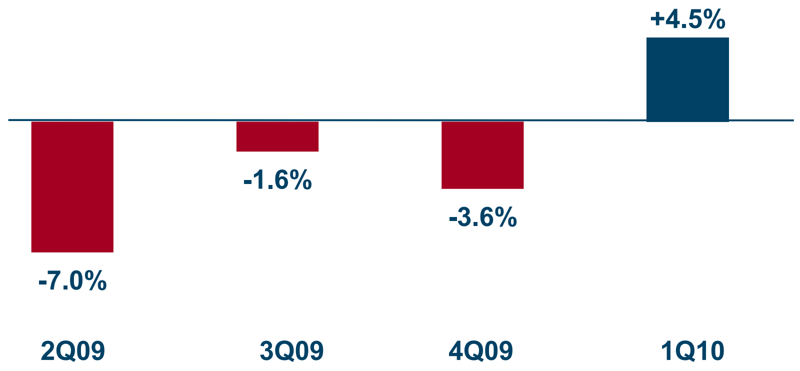
Maximizing value capture in current business

Debt

Environment

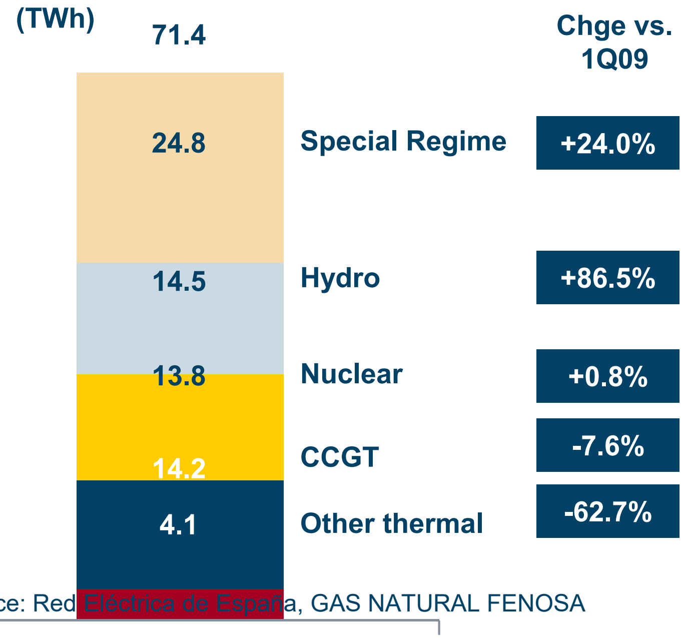
Energy demand in Spain - Electricity

Mainland electricity demand (YoY change)



Source: Red Eléctrica de España

Coverage of mainland demand by technology (1Q10 net production)

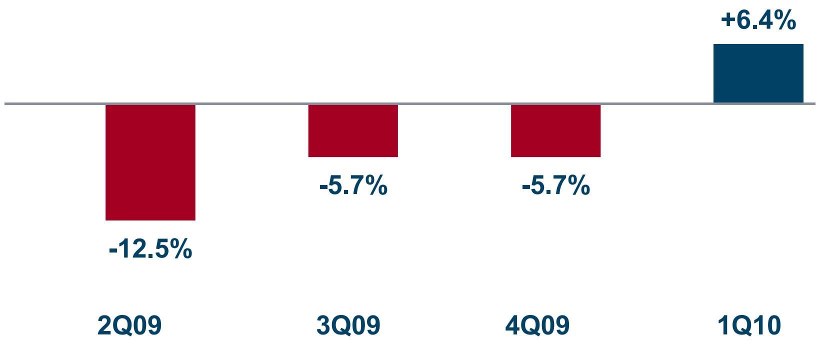


Source: Red Eléctrica de España, GAS NATURAL FENOSA

Electricity demand picking up in 1Q10, with 34.7% covered by Special Regime (vs. 29.4% in 1Q09)

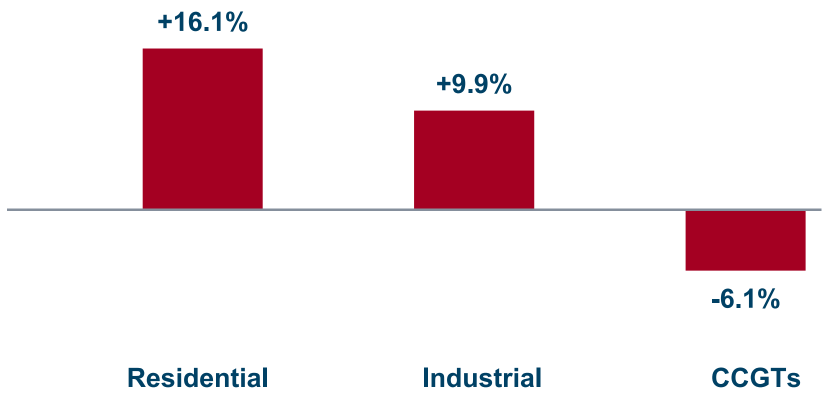
Environment
Energy demand in Spain - Gas

Quarterly gas demand in Spain (YoY change)



Source: Enagas. GAS NATURAL FENOSA

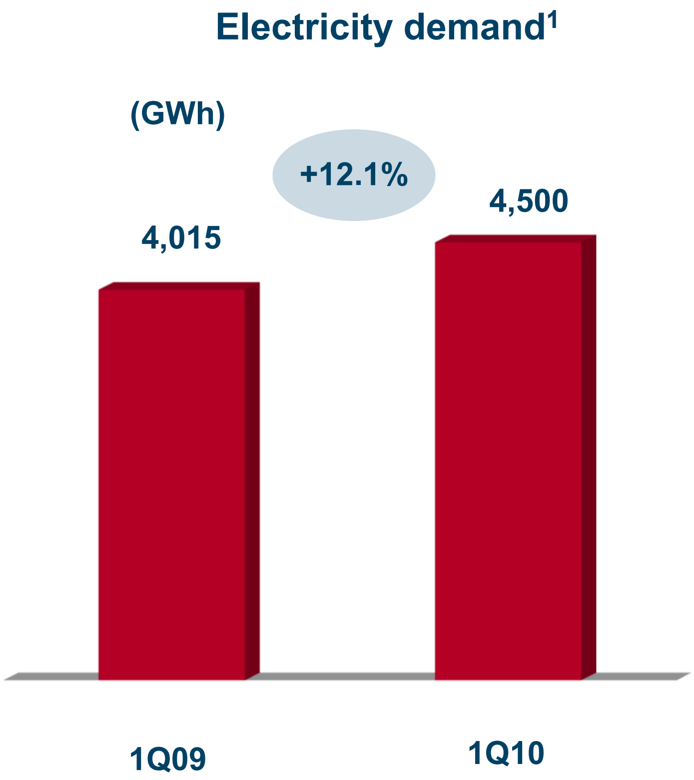
1Q10 gas demand growth by segment (YoY change)

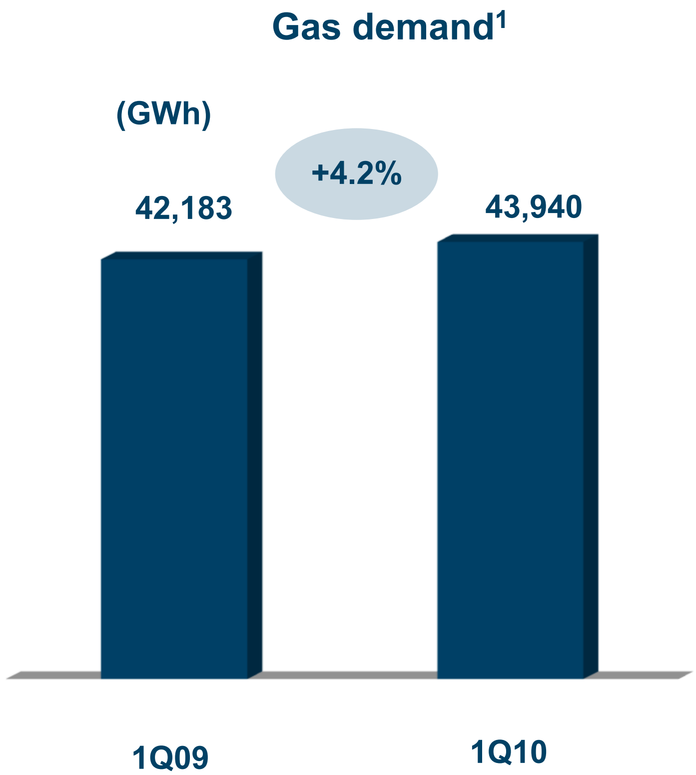


Source: Enagas, GAS NATURAL FENOSA

1Q10 gas demand evidences recovery trend, pushed by residential and industrial segments

Environment
Energy demand in Latin America



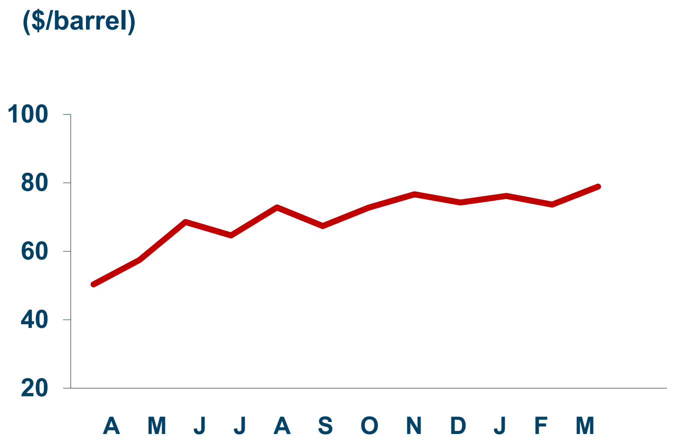


Benefiting from stronger demand in our Latin American markets

Note:
1 Demand for GAS NATURAL FENOSA's operations in the region

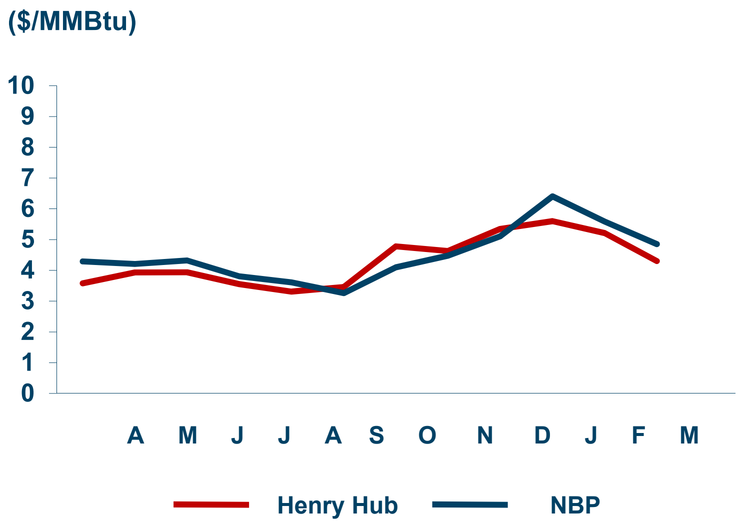
Environment
Commodity prices - Oil and gas

Average monthly price for Brent



Source: Platts

Average monthly price for LNG
(Henry Hub and NBP)



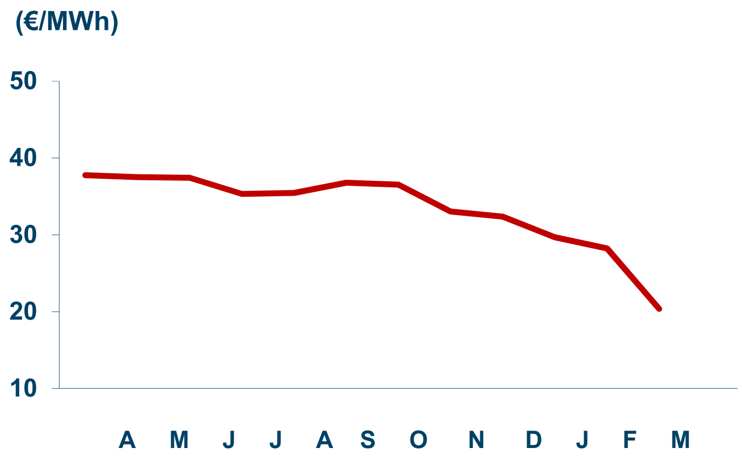
Source: Platts

YoY stability in international LNG prices despite rising prices for Brent

Environment

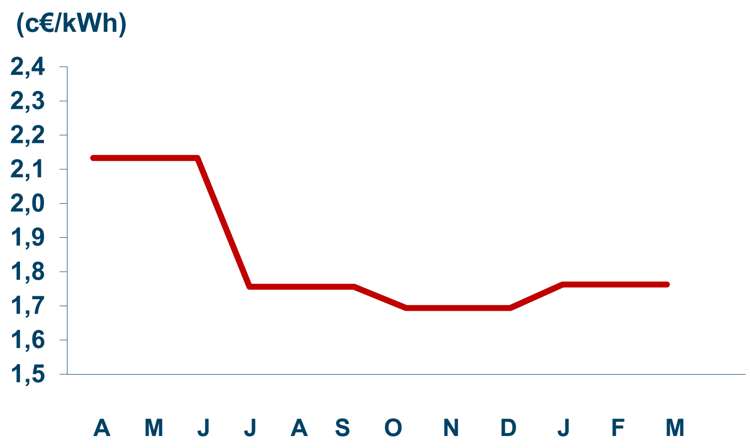
Commodity prices in Spain - Power and gas

Weighted average monthly pool prices in Spain



Source: OMEL, GAS NATURAL FENOSA

Gas price component in TUR[1]



Source: BOE, GAS NATURAL FENOSA

Spanish pool prices accentuate downward trend and lower gas price component in last resort tariff

Note:
1 Spanish tariff of last resort ("Tarifa de último recurso")

Highlights for 1Q10

Environment

Maximizing value capture in current business

Debt

Maximizing value capture in current business

Electricity in Spain - Wholesale

- 100% of power generation hedged against the pool (vs. 87.7% in 1Q09)
  - Pool price-indexed gas contracts
  - Supply contracts
- Optimizing pricing for power generation vs. weighted average daily pool prices
  - Flexible technology mix
  - Better fit to demand and hourly blocks
- Successful electricity supply business
  - 12.3% growth in contracted industrial portfolio
  - Successful renewal of contracts in pricing levels

Increasing business profitability despite challenging environment

Maximizing value capture in current business

Electricity in Spain - Retail

- **Capturing new residential and small business customers**
  - **40,000 net increase in new customer figure**
  - **Totaling 3.9 million residential customers (+5.3%[1])**
- **Retail market: leveraging on Unión Fenosa's position**
  - **Enlarging geographical area with Gas Natural's former areas of action**
  - **Extending activity and know-how**

Increasing retail customer base, especially in small business segment

Note:
1 Not considering the sale of ~3,800 customer contracts in Cantabria and Murcia to Naturgas

Maximizing value capture in current business

Gas supply

GAS NATURAL FENOSA's expected gas demand for 2010

Total gas supply volumes for 2010 to be covered with expected demand

- Enjoying flexibility in GAS NATURAL FENOSA's gas procurement
  - Substantial contractual flexibility of volumes
  - 60% of LNG volumes purchased FOB
- No take-or-pay obligation incurred in 2009 despite demand hitting bottom

Facing harsher competitive environment by securing domestic sales and expanding foreign wholesale markets

Maximizing value capture in current business

Gas supply - Wholesale

- **42.3% share in Spain's industrial gas market**
- **Optimising third party gas supply**
- **Diversifying foreign sales into new markets (+12.6% in foreign sales vs. 1Q09)**

Maintaining profitability of GAS NATURAL FENOSA's portfolio

Maximizing value capture in current business

Gas supply - Retail

- **Gas price component in TUR[1] in 1Q10 -36.5% vs. 1Q09 due to the change in the gas price component formula**
- **Strong competition being waged in this market segment**
  - **GAS NATURAL FENOSA's market share of 68.2% vs. 71.1% in 1Q09**
- **Higher sales volumes in 1Q10 (+9.4%) due to colder weather**

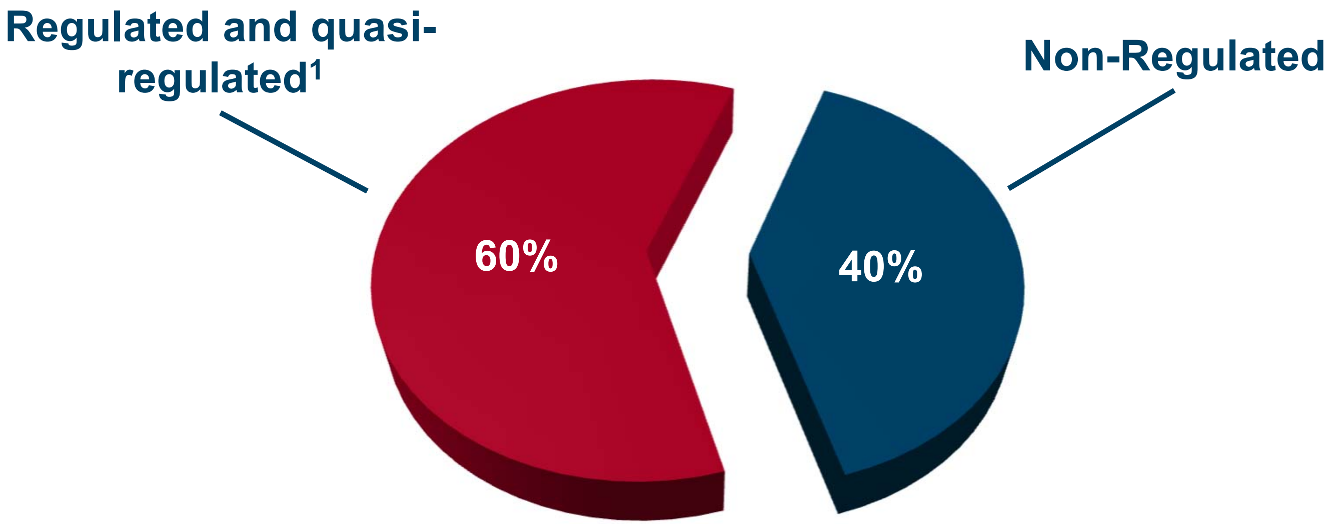
Despite higher volumes sold in 1Q10, EBITDA for Retail has been impacted by the change in the formula for gas price in the TUR[1]

Note:
1 Spanish tariff of last resort ("Tarifa de último recurso")

Maximizing value capture in current business

Regulated and quasi-regulated activities (I)

EBITDA 1Q10
(€1,296 million)



Regulated and quasi-regulated activities contribute to stability of business performance

Note:
1 Includes regulated gas and electricity distribution, EMPL, PPAs in Mexico, Puerto Rico and Dominican Republic and renewables in Spain

Maximizing value capture in current business

Regulated and quasi-regulated activities (II)

Activity	Currency	% EBITDA[1]
Gas distribution in Europe	€	33%
Gas distribution in LatAm	Local	17%
Electricity distribution in Spain	€	19%
Electricity distribution in Moldova	Local	1%
Electricity distribution in LatAm	Local	11%
EMPL (Maghreb pipeline)	US$	6%
International power generation (PPAs)	US$	9%
Renewables	€	4%

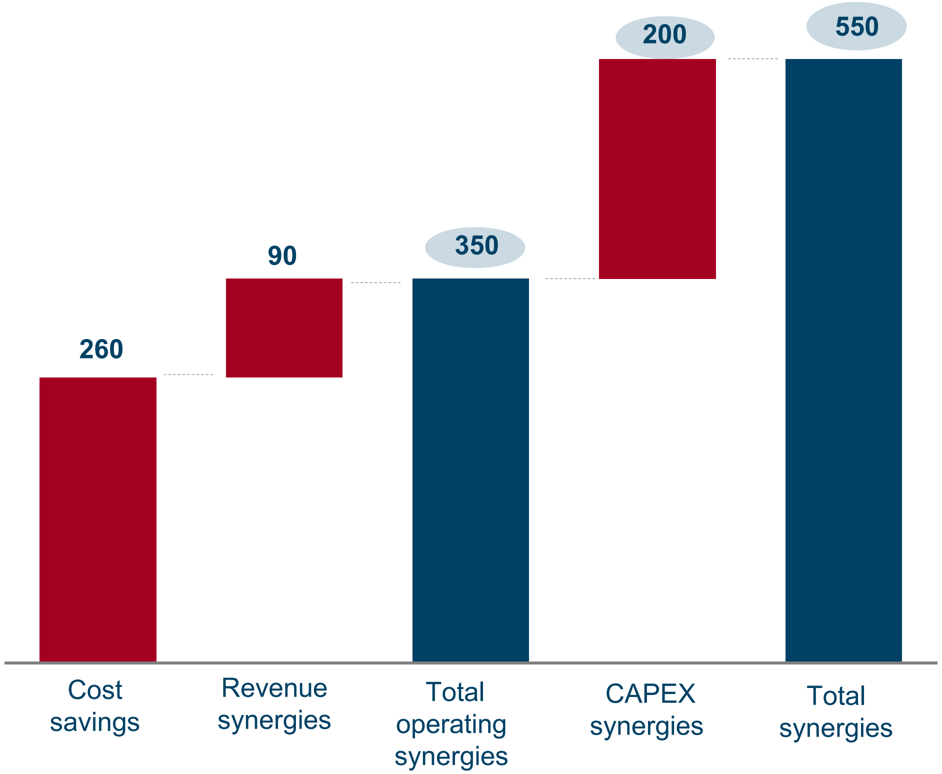
71% denominated in strong currencies (US$/€) evidencing a solid business profile

Note:
1 On total pro-forma EBITDA for regulated and quasi-regulated activities in year 2009

Maximizing value capture in current business

Synergies and efficiency – Current plan

Synergy Plan (€ million)



>50% of total synergies captured in 2009 (€265 million)

100% synergy capture level achievable in 2010

Ongoing synergy and efficiency analysis resulting in launching of a new plan

Maximizing value capture in current business

Synergies and efficiency – New plan launched

- Identification of additional synergies and measures on efficiencies for €200 million with the horizon in year 2012
  - €30 million in revenues
  - €95 million in operating expenses
  - €75 million in CAPEX

- Action plans currently being detailed
  - Implementation to start in 2H10

Scope for higher synergy and efficiency levels identified

Highlights for 1Q10

Environment

Maximizing value capture in current business

Debt

Debt

Materializing pending disposals

- **Sale of gas distribution assets and customer contracts in Madrid to Morgan Stanley Infrastructure and Galp Energía for €800 million**
  - **Estimated gross capital gain of €380 million**
  - **Transaction to be completed in 2Q10**

- **Agreement to sell 2.2GW of CCGTs in Mexico plus related gas transportation assets to Mitsui and Tokyo Gas for US$1.225 billion plus additional cash inflows of US$ 240 million. Transaction to be completed in 2Q10**

- **Sale of 5% of INDRA for € 125 million (executed on 14 April)**

Debt reduction of €1.8 billion from above disposals

Debt
Securitisation of tariff deficit

- **Royal Decree signed in April 2010 to allow securitisation of the tariff deficit**
  - **€10 billion accumulated up to 2008**
  - **Up to € 9.5 billion for the period 2009-12**

- **Government to appoint Securitisation Fund**
  - **Entity in charge of debt security issues**
  - **Beginning of issuance expected in coming months**

€1,446 million[1] debt reduction for GAS NATURAL FENOSA after securitisation of tariff deficit

Note:
1 €1,307 million corresponding to tariff deficit accumulated until 2009 and €139 million corresponding to 1Q10

Debt
Refinancing – New Club Deal

- € 4,000 million loan signed in March 2010
  - € 1,000 million maturing in 3 years
  - € 3,000 million maturing in 5 years
- Arranged as Club Deal with a total of 18 banks
  - High commitment from banks, having offered more than 2 times the final amount
- Lengthening average life of debt
  - Over 50% of adjusted net debt maturing in 2015 and beyond

€3,400 million used to amortize the Unión Fenosa acquisition facility

3

Summary of 1Q10 Consolidated Results

Consolidated Income Statement[1]

(€ million)	1Q10	1Q09	Change %
Net Sales	5,085	3,143	61.8
Purchases	(3,272)	(2,150)	52.2
Gross Margin	**1,813**	**993**	**82.6**
Personnel, Net	(197)	(91)	116.5
Other Expenses, Net	(320)	(172)	86.0
EBITDA	**1,296**	**730**	**77.5**
Depreciation	(408)	(175)	133.1
Provisions	(36)	(7)	-
Operating Income	**852**	**548**	**55.5**
Financial Results	(259)	(70)	-
Equity Income	3	28	(89.3)
Income Before Tax	**596**	**506**	**17.8**
Taxes	(165)	(122)	35.1
Minority Interest	(45)	(31)	45.2
Net Income	**386**	**353**	**9.4**

Note:
1 1Q09 figures include Unión Fenosa accounted using the equity method since 28 February 2009

Consolidated Investments

Tangible and intangible

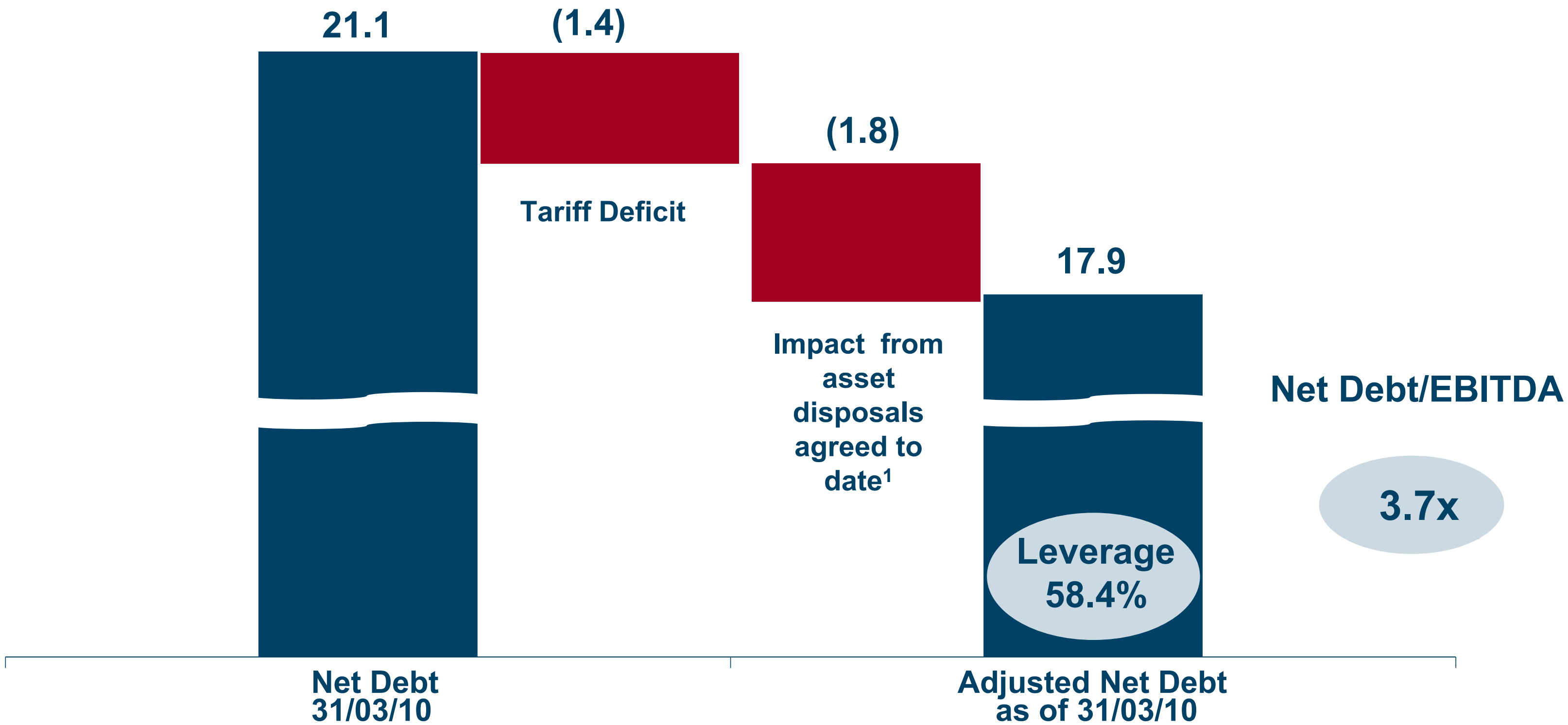
(€ million)	1Q10	1Q09
Electricity:	**130**	**87**
Spain	79	73
International	27	12
Renewables	24	2
Gas:	**12**	**11**
Up + Midstream	-	8
Wholesale & Retail	-	3
UF Gas	12	-
Gas Distribution:	**48**	**89**
Spain	33	63
International	15	26
Electricity Distribution:	**55**	**-**
Spain	31	-
International	24	-
Other	**5**	**3**
Total	**250**	**190**

By Activity

CAPEX growth of + 31.6% as a result of change in consolidation perimeter

Net Debt

(€ billion)

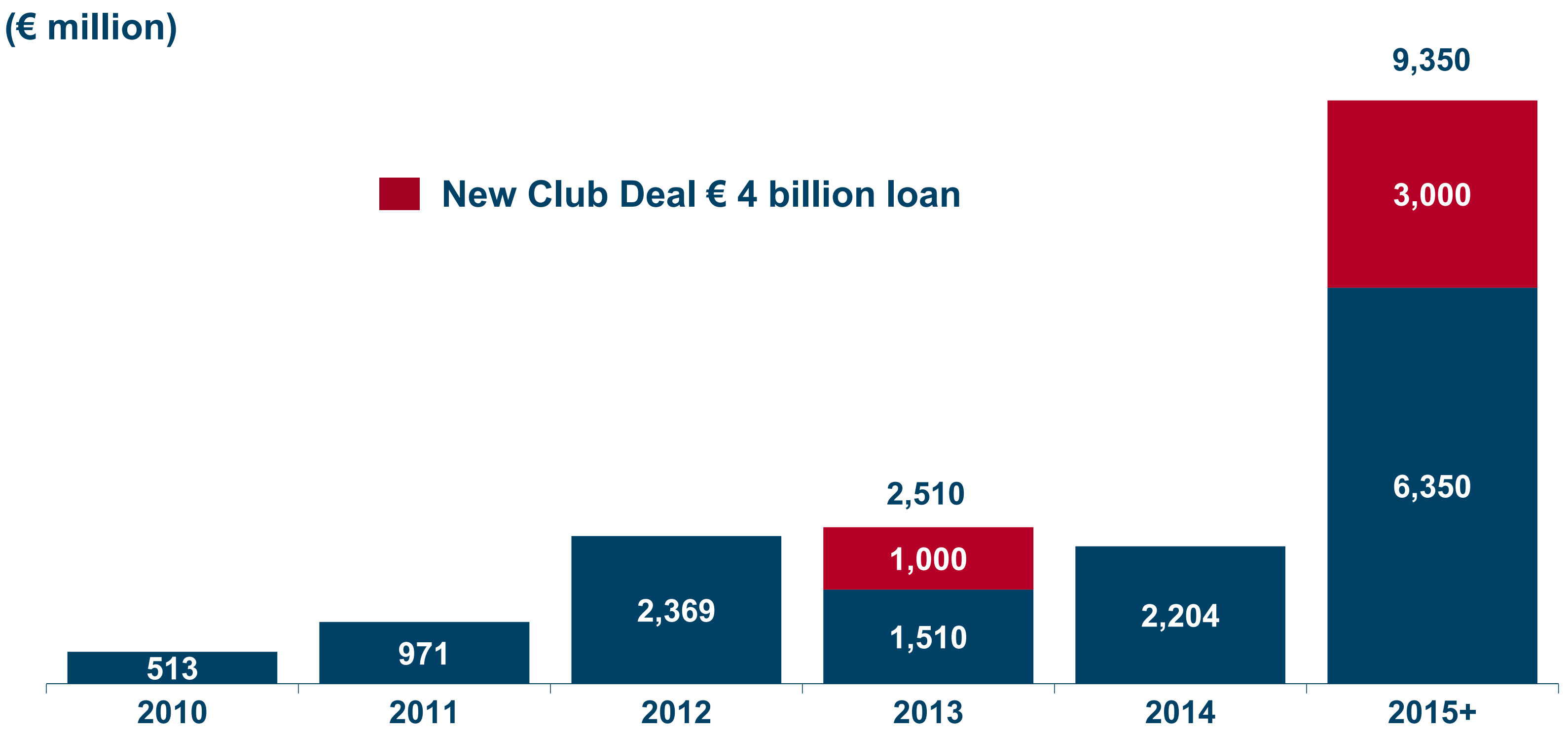


Meeting ~€18 billion Net Debt target, Leverage <60% and Net Debt/EBITDA <4.0x

Note:
1 Includes sale of gas assets in Madrid, sale of CCGTs in Mexico and sale of 5% of Indra

Debt Maturity Profile

Maturities for adjusted Net Debt (€17.9 billion[1])



Acquisition loan fully amortized and 52% of Net Debt with a maturity in 2015 and above

Note:

1 Less tariff deficit of €1,446 million, after Club Deal loan for €4,000 million in Mar. 2010 (disbursed in April) and €1,650 million from asset sales agreed to date (gas assets in Madrid and CCGTs in Mexico) and to be cashed during 2Q10 as well as the sale of 5% of Indra for €125 million

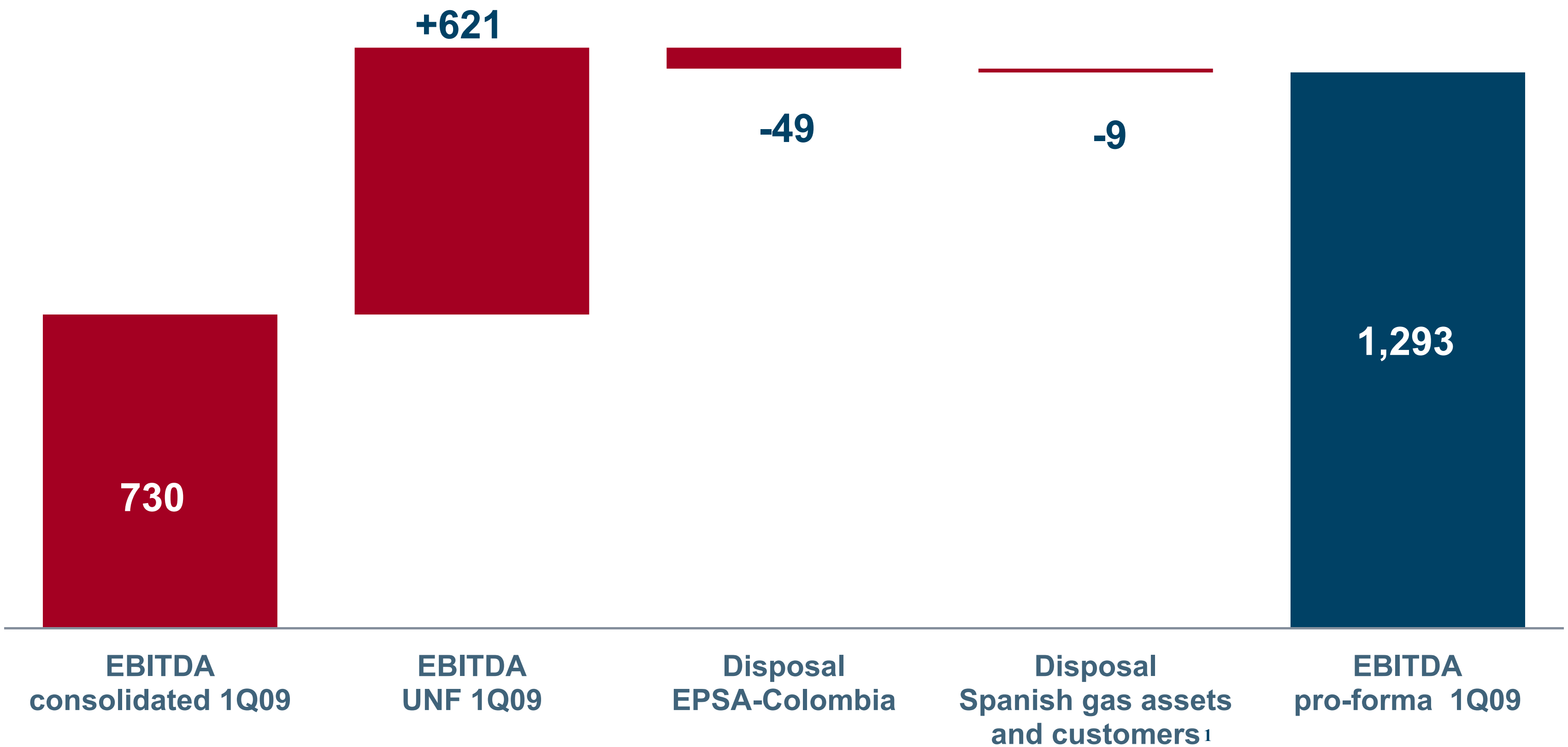
4

Analysis of Results (Pro-forma)

EBITDA 1Q09

Pro-forma vs. consolidated

(€ million)



Note:
1 Gas assets and customers in Murcia and Cantabria sold to Naturgas

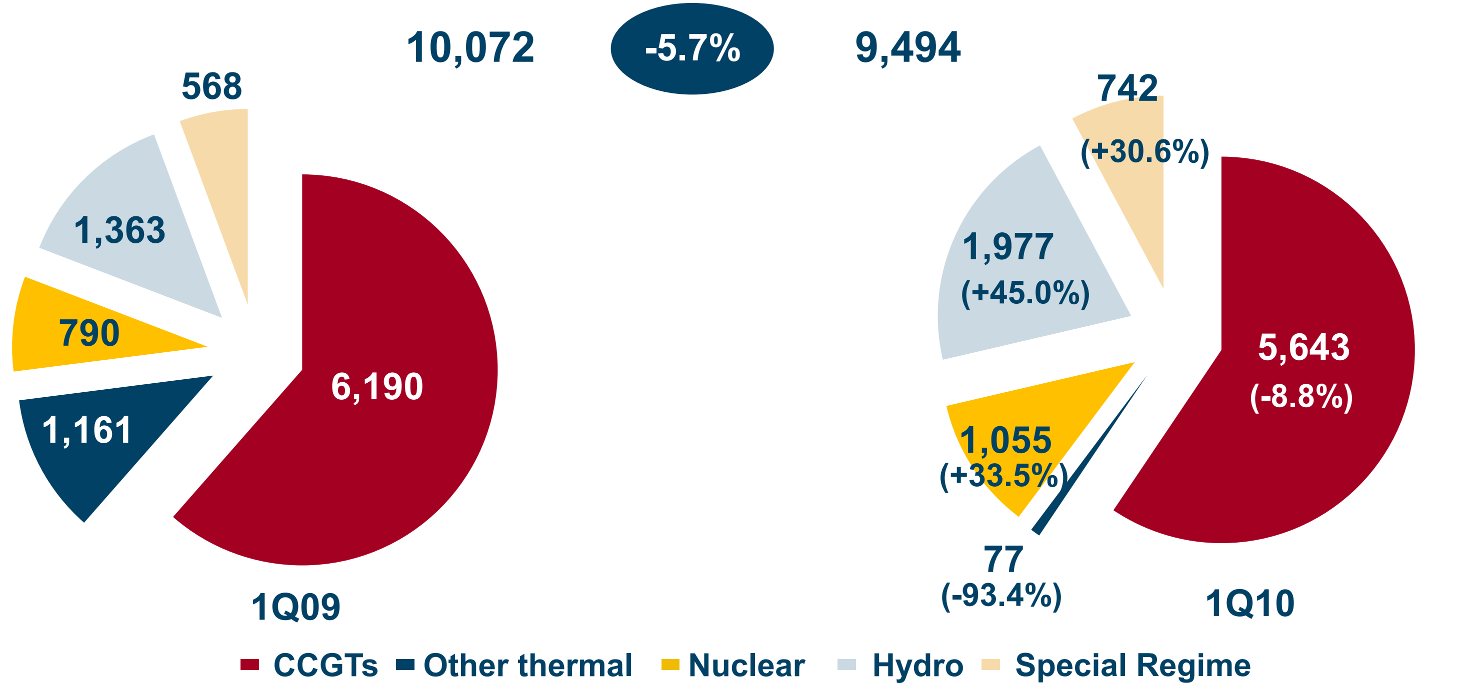
Pro-forma EBITDA Breakdown

(€ million)	Pro-forma 1Q10	Pro-forma 1Q09	Change €m	Change %
Electricity:	**400**	**361**	**39**	**10.8**
Spain	292	251	41	16.3
International	66	75	(9)	(12.0)
Renewables	42	35	7	20.0
Gas:	**249**	**302**	**(53)**	**(17.5)**
Wholesale & Retail	136	176	(40)	(22.7)
Up + Midstream	47	51	(4)	(7.8)
UF Gas	66	75	(9)	(12.0)
Gas distribution:	**389**	**363**	**26**	**7.2**
Europe	258	254	4	1.6
LatAm	131	109	22	20.2
Electricity distribution:	**242**	**232**	**10**	**4.3**
Europe	155	159	(4)	(2.5)
LatAm	87	73	14	19.2
Other	**16**	**35**	**(19)**	**(54.3)**
Total Pro-forma EBITDA	**1,296**	**1,293**	**3**	**0.2**

Electricity

Spain

Total GAS NATURAL FENOSA's production (GWh)

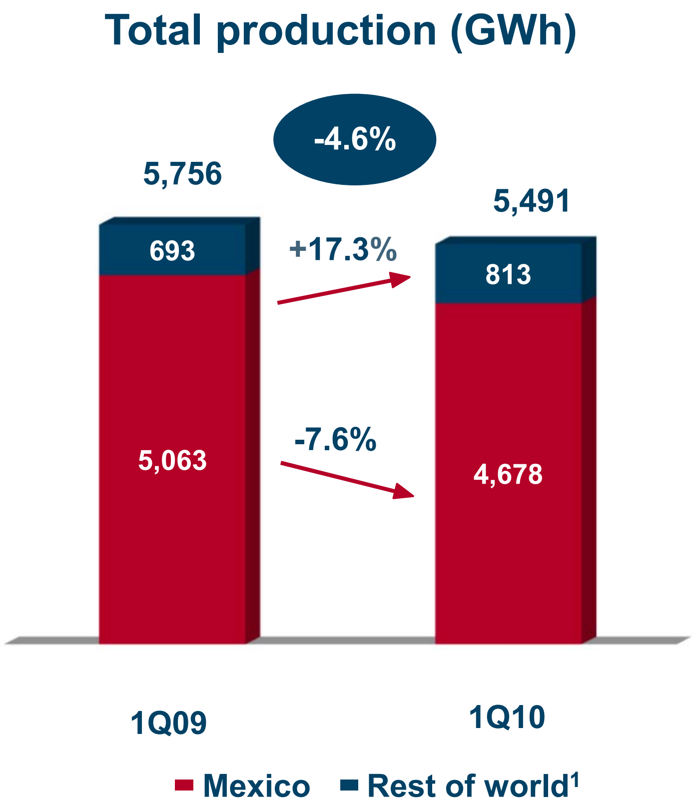


- Average pool price of €26.9/MWh in 1Q10 (-39.4% vs 1Q09) after higher production from hydro and Special Regime
- CCGTs load factor of 36.3% in the period (vs. 39.9% in 1Q09)

EBITDA rises 16.3% to €292 million[1] thanks to optimisation of generation and supply portfolio

Note:
1 Does not include renewables

Electricity
International



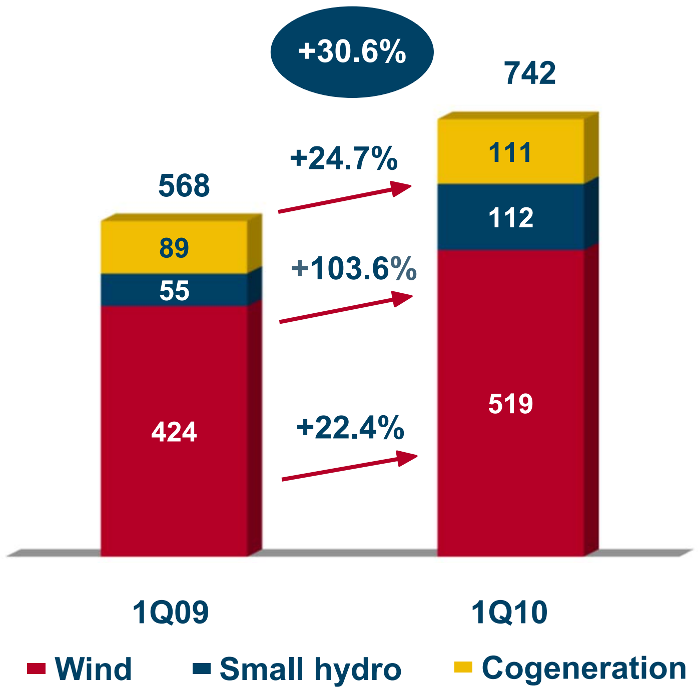
- 90.9% production under US$-denominated PPAs
- New 450 MW CCGT in Durango (Mexico) to be commissioned in May
- Production in Mexico falls as a result of lower volumes dispatched to PPAs

EBITDA of €66 million (-12.0%) after higher maintenance costs

Note:
1 Includes Kenya, Dominican Republic, Panama, Costa Rica, and Puerto Rico

Electricity
Renewables

Total production[1] (GWh)



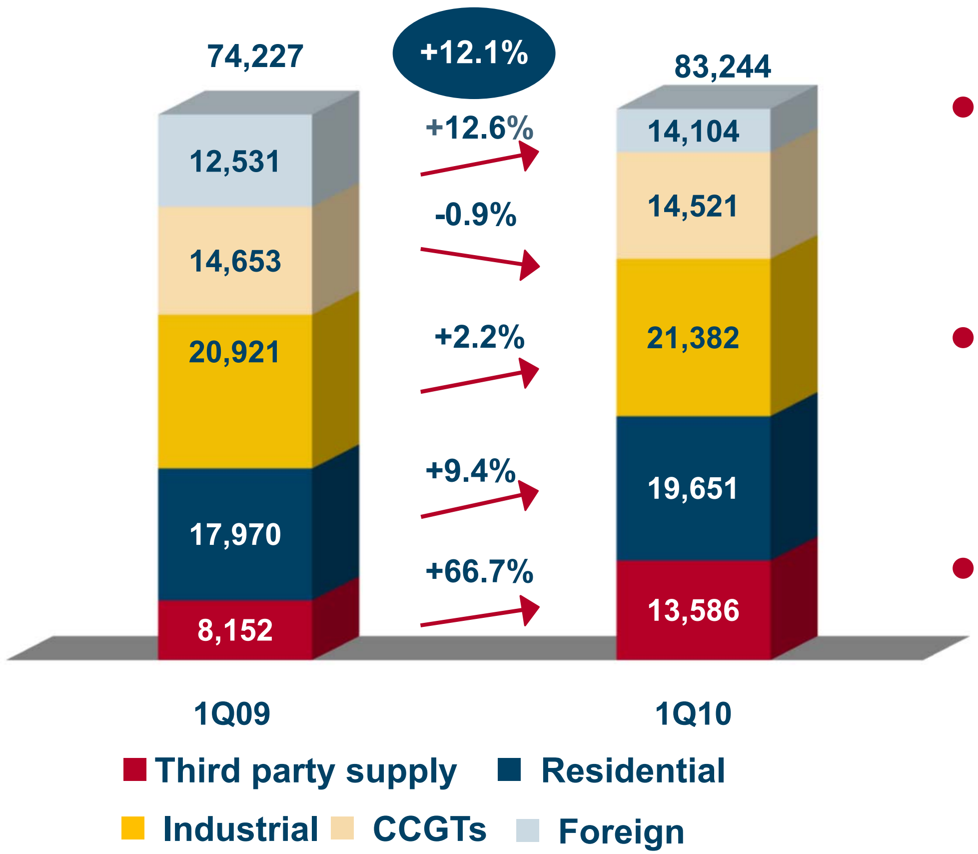
- Installed capacity of 949 MW[1] (+15.2%)
- Load factor 1Q10: 29.6%
- Lower unitary margins vs. 1Q09 due to 39.4% lower pool prices

EBITDA of €42 million (+20.0%) after a 15.2% increase in installed capacity

Note:
1 Attributable

Gas
Wholesale & Retail

Gas supply (GWh)

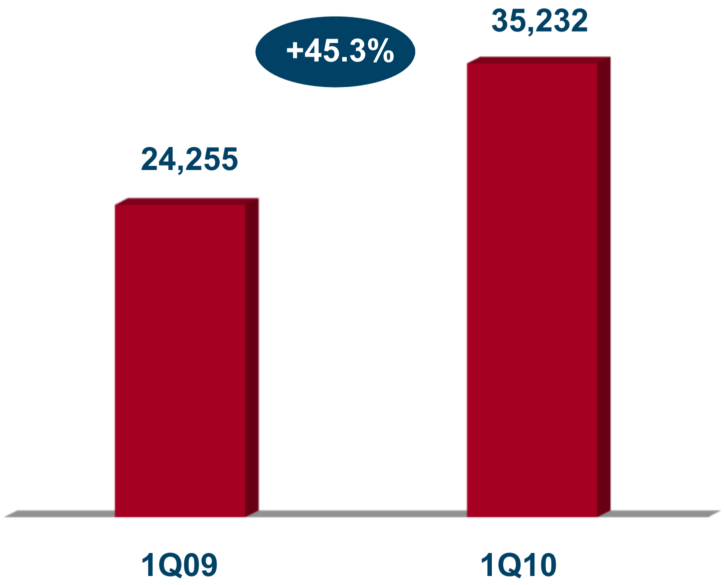


- Overall gas sales in Spain benefiting from higher, weather-related, residential demand and a pickup in industrial demand
- Sales to foreign markets grow 12.6% extending presence into new markets (Argentina, Canada, etc.)
- 42.3% share in industrial markets

EBITDA of €136 million (-22.7%) basically after lower margins for Spanish retail

Gas
Up + Midstream

Gas volumes from Maghreb pipeline (GWh)



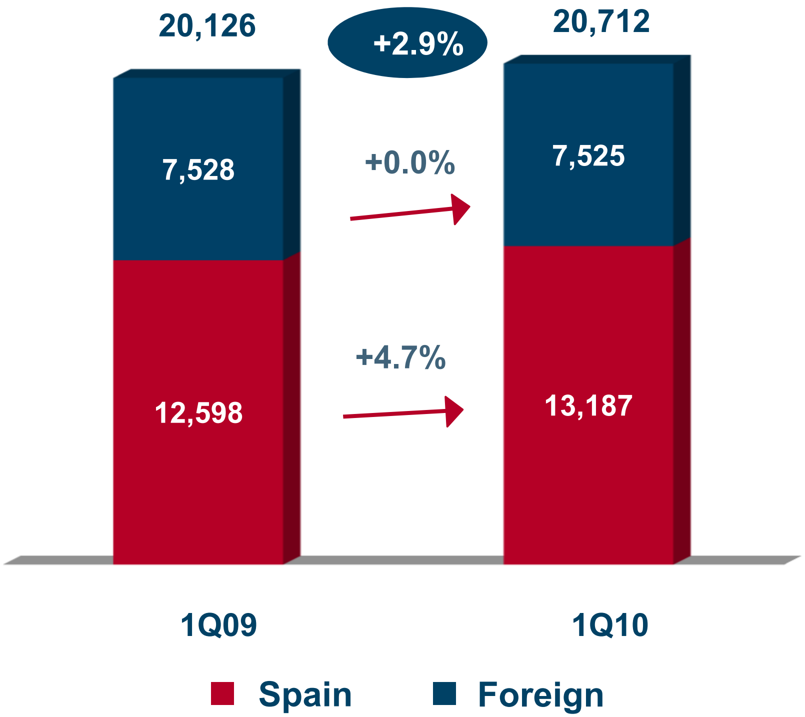
- Maghreb pipeline utilization ratio of above 100% (77% in 1Q09)
- LNG tanker utilization reaches 100%
  - Solely for own transportation
  - No revenue generated in 1Q10 from tanker subleases
- LNG terminal in Trieste in final permitting phase

EBITDA of €47 million, down 7.8% due to absence of LNG tanker subleases in the quarter

Gas

UF Gas

Sales (GWh)[1]



- **Higher industrial sales in Spain underpin volume growth**
- **Maintaining trading sales abroad, but with lower margins due to international gas prices scenario**
- **Lower utilization of Sagunto regasification terminal (-14.4%)**

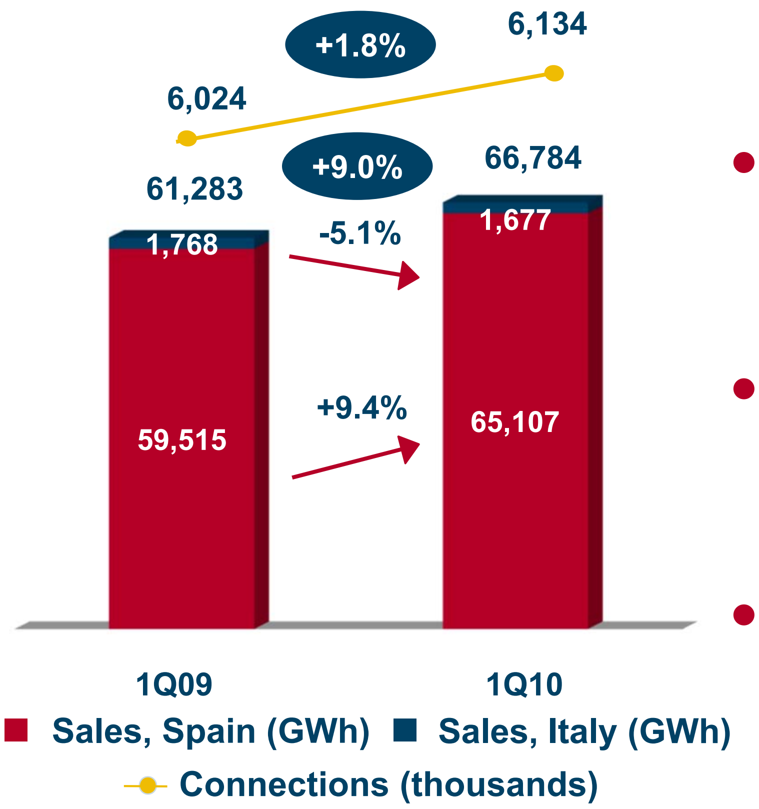
EBITDA of €66 million (-12.0%) due to an unfavourable price scenario and a lower utilization of the Damietta plant

Notes:
1 Considering 100% of UF Gas

Gas Distribution

Europe

Operating figures[1]



- Sales in Spain favoured by colder temperatures vs. 1Q09, unlike in Italy
- Connection points grow 93,000 YoY in Spain (+ 1.7%) and 17,000 in Italy (+4.2%)
- Total network length of 52,544 km growth (+3.4% vs 1Q09)

EBITDA grows 1.6% to €258 million, in accordance with the increase in remuneration expected for 2010

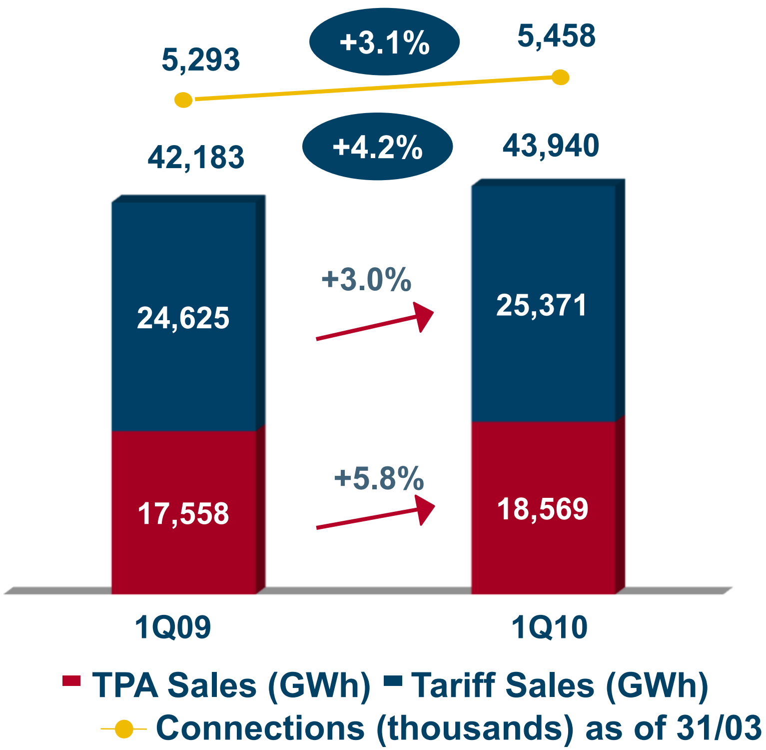
Notes:

1 2009 figures take into account sale of operations in Murcia and Cantabria to Naturgas

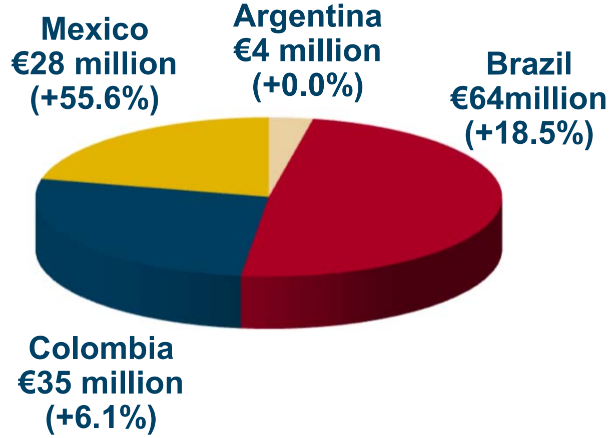
Gas Distribution

Latin America

Operating figures



EBITDA contribution and growth by country
(Total €131 million, +20.2%)

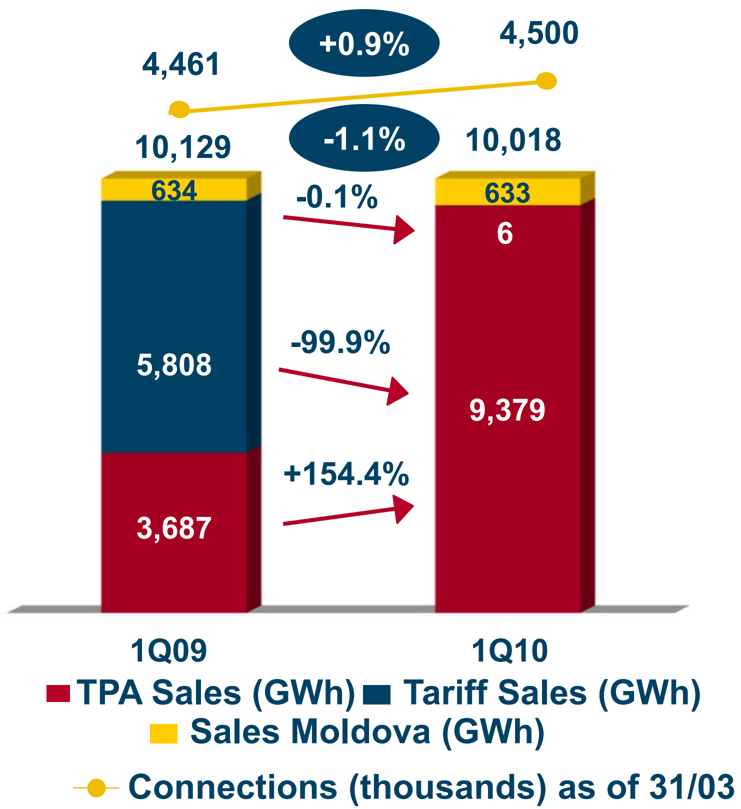


- Colombia leads growth in connection points (+101,000 YoY)
- EBITDA growth in Mexico mainly driven by 15% volume growth and higher tariffs

EBITDA growth enhanced by appreciation of local currencies

Electricity Distribution
Europe

Operating figures



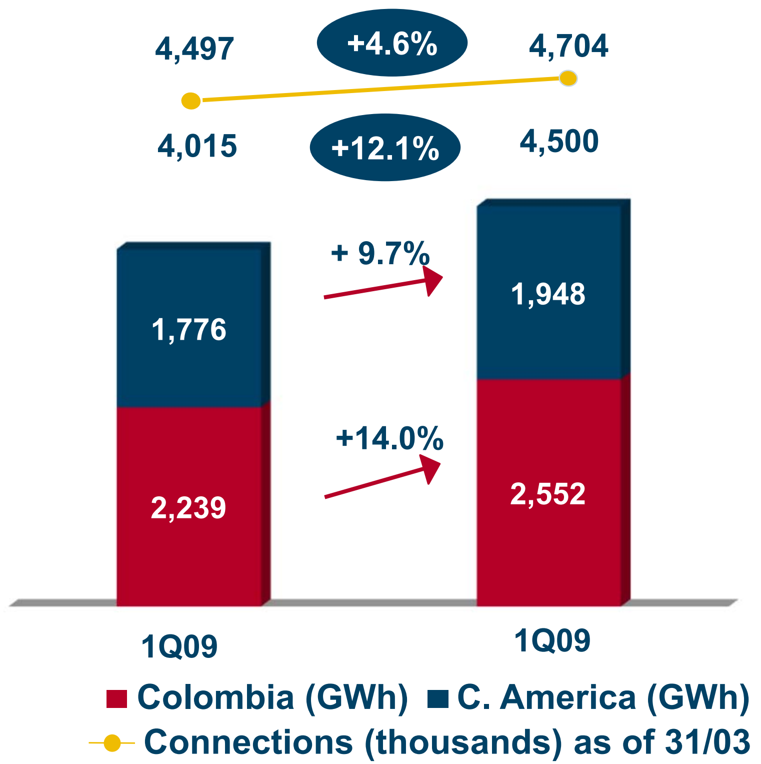
- Spanish electricity sales reflect full liberalisation
- Demand increase of +2.4% vs. 1Q09 on a like-for-like basis evidences recovery in consumption
- TIEPI in Spain of 25.7 minutes after impact from Xyntia storm, but only 8.4 minutes above 1Q09

EBITDA of €155 million in line with current remuneration for 2010

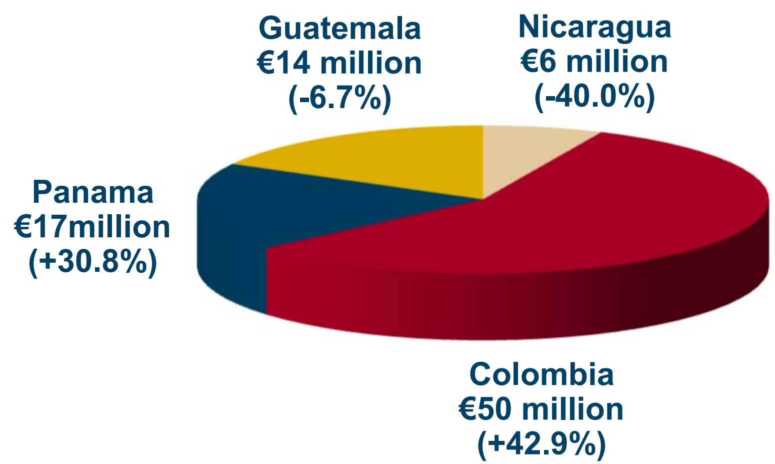
Electricity Distribution

Latin America

Operating figures



EBITDA contribution and growth by country
(Total €87 million, +19.2%)



- Higher demand in Panama and Colombia support EBITDA growth

Improving region's operating and financial performance and enjoying a diversified currency mix

5 Challenges

Challenges
Regulated - Gas distribution

- Enjoying growth in core distribution markets in Spain
  - 80.7% market share in gas connection points
  - Still low penetration of gas distribution in Spain (~33%) provides for ongoing underlying growth

- Tapping growth from high potential given by Latin American markets
  - Colombia
  - Brazil
  - Mexico: development of gas distribution network in Mexico City

Opportunities for growth in regulated gas activities, especialy in the markets with lower penetration

Challenges

Regulated - Electricity distribution

- Electricity demand picking up in Spain: + 4.5% for 1Q10

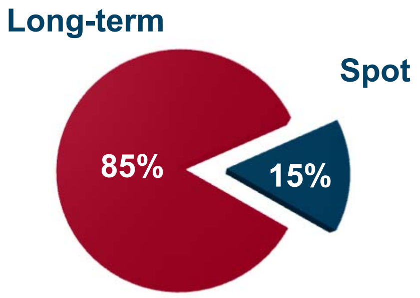
- Electricity demand picking up in LatAm
  - Electricity demand in Colombia +14.0% vs. 1Q09
  - Electricity demand in Central America +10.0% vs. 1Q09

- Efficiencies in electricity distribution from new developments
  - Enjoying result of improvements in service quality
  - Potential new developments: smart grid, electric vehicles

Combining regulated business profile and underlying growth

Challenges
Gas procurement

Gas sales in Europe in 2009
(Spot vs. long-term)



Source: CERA, IEA

Price unadjustment scenario

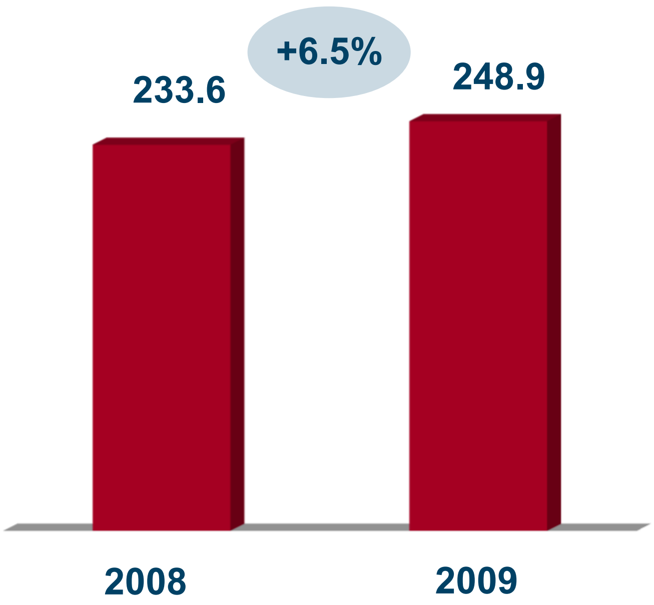
Lower gas prices or **Higher flexibility in gas supply**

- **GAS NATURAL FENOSA's actions for optimization of gas procurement**
  - **Reopening ~60% of gas procurement contracts**
  - **Renegotiating better prices and higher flexibility**

Challenges

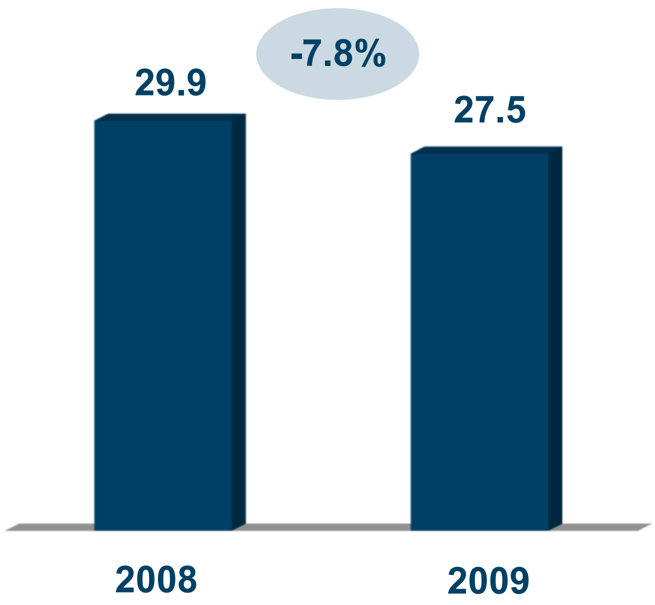
LNG international volumes

World LNG volumes (bcm)



Source: CERA

LNG imports in Spain (bcm)



Source: Enagas, GAS NATURAL FENOSA

GAS NATURAL FENOSA's LNG position enables the expansion into new international markets

Challenges
New markets

New offers and energy services to reinforce leadership in our natural markets

Profit from new opportunities to expand sales into Europe, creating a stable portfolio of global customers together with a position in relevant infrastructures

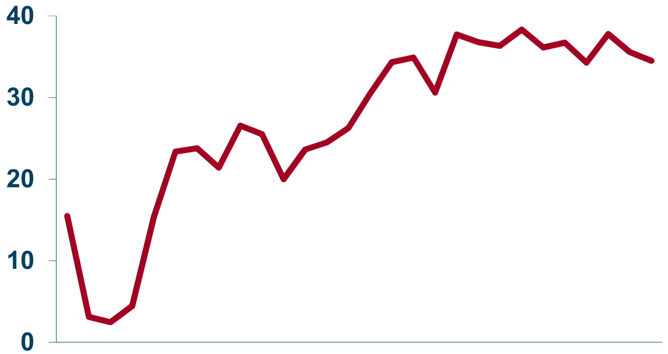
Geographical diversification into premium foreign markets: reaching agreements to secure short- and long-term sales

Maximize the value of both GAS NATURAL FENOSA's contract and asset flexibilities, consolidating new positions in trading, in market and term arbitraging while limiting our risk exposure profile

Challenges
Spanish electricity

Spanish average daily pool prices (1-28 April)

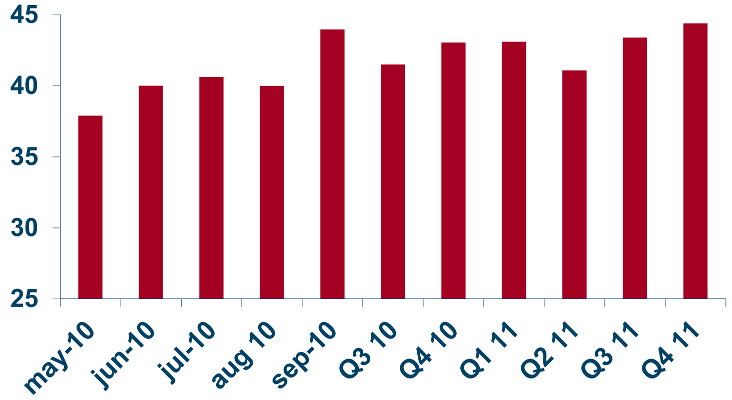
(€/MWh)



Source: OMEL

Futures prices for electricity in Spain (FTB contracts)

(€/MWh)



Source: OMIP

Trend of higher pool prices and lower expected contribution from hydro production than in 1Q10, which was significantly above average

Challenges

Spanish electricity industry model

Premia for renewables subsidize non-mature technologies

Spanish pool and tariff system not reflecting real cost of energy

2009 tariff deficit of €4 billion, above Government estimates

The current model is unsustainable, both financially and technically

GAS NATURAL FENOSA vouches for the adoption of a sustainable regulatory model that solves the current issues

Challenges

Creation of Gas Natural Fenosa Renovables

- Gas Natural SDG
  - Gas Natural Fenosa Renovables
    - Wind power assets and subsidiaries
    - Small hydro assets and subsidiaries
    - Cogeneration subsidiaries

Contribution from the most technically reliable and financially sound renewable technologies

Challenges

Renewables – Current position

A strong asset base

- 949 MW operational assets
- Production in 2009: 2,256 MWh
- EBITDA in 2009: €121 million[1]

Technologically and geographically diversified

- Presence in 13 Spanish regions
- Dominant presence in wind-powered assets (812 MW), complemented with mini-hydro (68 MW) and cogeneration assets (69 MW)
- Positioned in biomass with a portfolio of mid-term projects
- Investments to be made in most efficient renewable energies

Note:
1 Pro-forma

Challenges

Renewables - Growth

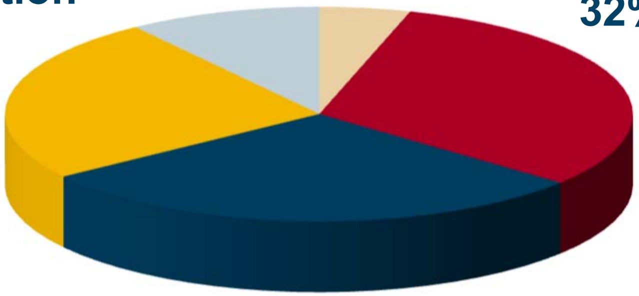
Oriented to development and operational excellence	• With extensive know-how in all processes (development, construction, operation) • Implementing procedures of continuous optimization
With a strong growth potential	• Platform ready to succeed in future wind farm tenders • With a strong wind farm project pipeline with a portfolio of ~ 900 MW • Licences for wind farms granted in Canary Islands(~50 MW), Extremadura and Andalusia tenders • Attending licence tenders in Galicia, Cantabria, Catalonia and other Spanish regions • Developing mini-hydro projects in Spain (~100 MW) • A good starting point to profit from international development opportunities

Challenges
New commercial brand

Providing a single identity that maintain the high recognition awarded to the former brands

Challenges
CAPEX 2010

Total CAPEX 2010: €1.6-1.8 billion[1]



Activity	€ million
Electricity	500-570
Gas distribution	470-520
Elec. distribution	400-450
Gas	~80
Other	~170

- Completing CCGTs in Barcelona and Norte Durango (Mexico)

Enhancing investment in growth in core distribution activities

Note:
1 Includes capitalized interests and labour expenses

6 Conclusions

Conclusions

- GAS NATURAL FENOSA's business mix continues to show a solid profile
  - A stable pro-forma EBITDA in a challenging market environment
  - Unique gas-power convergence model proven to be successful
  - Poised to benefit from demand recovery in markets
- Delivering on commitments
  - Successful synergy achievement, enlarging their scope
  - Excellent track record on asset disposals and refinancing of debt, beating targets both in amount and calendar

2010 starts with an efficient financial position and a balanced financial and business risk profile

Lines of action for 2010

Concluding and consolidating the integration of Unión Fenosa

Continuing to capture synergies

Executing and collecting the funds from planned asset disposals

Continuing along the path of growth

Maintaining commitment of >10% dividend growth

Launching the new 2010-14 Strategic Plan

Thank you

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