



SUMMARY OF RESULTS
FROM THE FOURTH QUARTER AND FULL YEAR 2002
ENAG.MC / ENG SM<EQ>

4Q 2001	4Q 2002	2002 RESULTS (Million Euros)	Jan - Dec 2001	Jan - Dec 2002
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Unaudited figures

30.6	23.8	Net Income before extraordinary and non-recurring items (*)	78.7	109.3
27.8	29.2	Net Income	117.8	110.1
54.6	46.7	Operating Profit	138.1	207.2
83.9	79.4	Operating Cash Flow	249.4	333.7

Euro per share

2.56	0.10	Net Income before extraordinary and non-recurring items	6.59	0.46
2.33	0.12	Net Income	9.87	0.46
7.03	0.33	Operating Cash Flow	20.89	1.40

11.9	238.7	Number of shares at the end of the period (million)(**)	11.9	238.7
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(*) In the fourth quarter 2002, a reclassification of expenses was carried out for a total cost of 7.8 million euros, previously listed as extraordinary results and since transferred to operating expenses.

**On 5/3/2002, a split was carried out of 20 new shares per pre-existing share.

NOTE

The results for 2002 are not comparable, quarter by quarter, to those of 2001, as they are referenced to a different regulatory framework. Thus, in last fiscal year, the first and fourth quarters brought in higher revenues, as these are the periods when gas consumption is at its highest, whereas under the new framework, which came into force on February 19, 2002, revenues are practically linear throughout the year, as they are preset and do not depend on consumption.

HIGHLIGHTS

- ⇒ The **accumulated net profit** for the year came to 110.1 million euros. Given that in Fiscal 2001, there were positive extraordinary items amounting to 60.2 million euros, the accumulated net profit in comparable terms, in other words, before extraordinary and non-recurring items, experienced a 39% increase with regard to 2001.
- ⇒ **Assets put into operation** in 2002 came to 304 million euros, which increases the remunerated assets base for 2003 and coming years.
- ⇒ The year saw **investments** for 192,3 million euros, thus initiating the projects defined in the Mandatory Planning Document published on September 13, 2002. In the fourth quarter, investments reached 94.5 million euros, setting a pace that will continue throughout 2003.
- ⇒ **Operating expenses** for the year were maintained at levels similar to those of Fiscal 2001, proof of Enagas' operating efficiency, as announced in its public offering.
- ⇒ The **demand for transported gas** for the year increased by 14.7% as compared to 2001, confirming the growth of the Spanish gas market.
- ⇒ The main Rating Agencies gave the Company quite positive ratings: Standard & Poor's long-term **A+ stable** and Moody's long-term **A2 stable**, indicating of Enagas' sound financial structure and the strategic importance of its investment plan.
- ⇒ **Payment of Interim Dividend:** The Enagas Board of Directors approved the payment of a dividend of **0.09 euros/share** on account of the 2002 profits, in accordance with the policy announced by the Company to distribute 50% of its net profit amongst its shareholders.
- ⇒ **Advances in the Regulatory Framework:** Over the course of the year, three important documents were published that supplement the regulatory framework with regard to gas activities: the Mandatory Planning, the liquidation procedure, and the development of the regulations for access to the network and assignment of capacity.



1. RESULTS

In the fourth quarter, a reclassification of expenses was carried out for a total of 7.8 million euros. It corresponded to different services rendered between the months of January and June and payroll adjustments, previously listed as extraordinary results and since transferred to the external services and personnel expenses accounts.

For the purposes of comparing the operating result, we have included the following table, which isolates this effect:

4Q* 2002	4Q 2002	2002 RESULTS (Million Euros)	Jan - Dec* 2002	Jan - Dec 2002
		Net Income before extraordinary and non-recurring items		
28.9	23.8		114.4	109.3
29.2	29.2	Net Income	110.1	110.1
54.5	46.7	Operating Profit	215.0	207.2
87.2	79.4	Operating Cash Flow	341.5	333.7

* Results in comparable terms with those of 30/09/2002.

1.1. Quarterly Results

The quarter's **Net Result** came to 29.2 million euros, as compared to 27.8 million euros in the previous fiscal year.

The quarter's **Net Profit Before Extraordinary and Non-Recurring Items** came to 23.8 million euros, as compared to 30.6 million in the same period of 2001.

The quarter's **Operating Result (EBIT)**, after the aforementioned reclassification, came to 46.7 million euros, as compared to the 54.6 million euros obtained over the same period last year.

The **Operating Cash Flow (EBITDA)** went from 83.9 million euros in the fourth quarter of 2001 to 79.4 million euros in the same period of 2002.

The Net Profit Per Share in the fourth quarter of 2002 was 0.12 euros. The Operating Cash Flow Per Share in the same period rose to 0.33 euros.

1.2. Accumulated Results.

As of December 31, 2002, Enagas had obtained a **Net Result** of 110.1 million euros, having registered 117.8 million euros in the same period of 2001.

The period registered positive **Extraordinary Results** amounting to 1.2 million euros, corresponding to the reversion of the surplus from provisions of previous years. Fiscal 2001 saw positive extraordinary results amounting to 60.2 million euros.

The **Net Profit Before Accumulated Extraordinary and Non-Recurring Items** rose to 109.3 million euros, a 39% increase over Fiscal 2001, which registered 78.7 million euros.

The **Operating Result (EBIT)** for the year was 207.2 million euros, 50% higher than the 138.1 million euros of the previous fiscal year.

The **Operating Cash Flow (EBITDA)** came to 333.7 million euros, a 34% increase over the 249.4 million euros accumulated as of December 2001.

On May 3, 2002, all pre-existing shares were **split** into 20 new shares each, and, thus, the total number of shares rose from 11.9 to 238.7 million.



The Net Profit Per Share came to 0.46 euros for the period. The Operating Cash Flow Per Share came to 1.40 euros.

1.3. **Operating Highlights.**

The demand for gas transported by Enagas in the fourth quarter and the annual accumulated demand were as follows:

4Q 2001	4Q 2002	GAS DEMAND TRANSPORTED	Jan - Dec 2001	Jan - Dec 2002
		(GWh)		
38,053	27,300	Regulated Market	130,839	108,340
23,363	39,943	Liberalised Market	80,969	134,642
61,416	67,243	Total Gas Demand Transported	211,808	242,982

These figures reflect the significant growth in the demand for gas (14.7%) with regard to the previous fiscal year and the increasing transfer from the regulated market to the liberalized one. As from January 1st, 2003, the full liberalization of the Spanish gas market was completed, therefore the previously mentioned transfer between markets will further develop.

2. **FIXED ASSETS PUT INTO OPERATION.**

Over the fourth quarter 2002, the fixed assets put into operation came to 54 million euros. In the full year, assets put into operation reached the 304 million euros figure.

The most important projects that have been in operation since the beginning of the year were the following:

- Partial renovation of vaporizers in Barcelona (300,000 m³/h at 72 bar).
- Enlargement of the Cartagena plant: Second LNG tank with a capacity of 105,000 m³ and a 300,000 m³/h increase in the Cartagena production capacity for a total of 450,000 m³/h.
- Puente Genil-Málaga pipeline.
- Cartagena-Lorca pipeline, phase I.
- Gajano-Treto-Laredo pipeline.
- Rivas Loeches- Alcala pipeline.
- Algete-Manoteras duplication pipeline.
- Northwest Madrid semi-ring pipeline.
- Paterna compression station.
- 34 points of gas supply to distributors and combined cycles, including measuring stations.



3. INVESTMENTS.

The investments made in 2002 came to 192.3 million euros, as the projects set out in the Mandatory Plan published last September 13th were initiated. These investments were fundamentally aimed at new transport networks, plant construction works, underground storage facilities and the purchase of materials. The investment process was accelerated in the fourth quarter according to the Company plans, reaching 94.5 million euros, and setting a pace that will continue throughout 2003.

It is worth noting that the Company is already in advanced stage of receiving administrative authorizations for the vast majority of the projects of its plan.

4. FINANCIAL STRUCTURE

As of December 31, 2002, the net debt ratio (calculated as net debt over total assets) was 43.3%, compared to 43.8% the previous quarter.

The Company's net financial debt at the close of the fourth quarter came to 1,253.9 billion euros, as compared to 1,200.5 billion euros at the end of the previous quarter. This is influenced by the fact that, as of December 31, 2002, there were still around 280 million euros pending collection from the liquidation table that will be received in the next months, following the recent ratification of the procedure through Ministerial Order ECO 2692/2002.

As of December 31 2002, the accumulated **average cost of debt** was 3.87%, as compared to 3.90% at the end of the previous quarter.

The Financial Result for the quarter showed a negative figure of 39.4 million euros.

5. HIGHLIGHTS

5.1. Ratings received from the Main Credit Agencies.

In November, the main Rating Agencies gave positive ratings to Enagas: Standard & Poor's gave a long-term rating of A+ stable, and Moody's gave a long-term rating of A2 stable.

In both cases, the ratings surpassed the Company's expectations.

Both entities highlighted: the stability and security of the Company's revenues under the new Regulatory Framework, and the strategic importance of the investment program with regard to reaching the objectives set by the Spanish Government's Energy Policy.

Finally, the Standard & Poor's document reports that, once the investments projected by Enagas for 2003 and 2004 have been made, the rating could be reviewed upwards.

5.2. Advances in the Regulatory Framework.

5.2.1. Approval of Mandatory Planning in Gas and Power.

On September 13, 2002, the Council of Ministers approved the Document on the Planning and Development of the Power and Gas Transport Networks for 2002-2011 period, whose objectives include, among others, that of ensuring full coverage of the gas demand over the next ten years.

The document projects investments for approximately 5.2 billion euros for the development of the gas transport network over the 2002-2011 period.



5.2.2. **ECO 2692/2002 of October 28th. Procedures for the Liquidation of the Payment for the Activities of Enagas.**

The object of this Ministerial Order is to regulate the procedure for the liquidation of any payment obligations and collection fees needed to pay for regasification, transport, storage and natural gas distribution activities, as well as tolls and tariffs for specific ends.

The liquidatable revenues will be obtained by applying the rates, tolls and taxes currently in force to gas supplies and third-party access in all those activities subject to liquidation. The agent in charge of carrying out these liquidations shall be the Directorate General of Energy and Mining Policy (DGPEM), as proposed by the National Energy Commission (CNE). A provisional liquidation shall be made monthly, and a definitive liquidation annually, the first one being projected for March 2003.

5.2.3. **Royal Decree 1434/2002 of December 27th. Regulation of natural gas transport, distribution, marketing and supply activities and of the procedure for authorizing natural gas facilities.**

Royal Decree 1434/2002 entered into force on January 1st 2003. It regulates three aspects of great importance for Enagas:

- a. It contains the regime for gas activities, in particular, those having to do with transport and supply to the regulated market, authorizations to build facilities and the expropriation system.
- b. It modifies the third party access regime (ATR) contained in Royal Decree 949/2001.
- c. It establishes a transitional mechanism to liberate capacity in order to use it for existing consumption.

a) Gas Activity Regime

- Requirements, Rights and Obligations of transport companies.
- It regulates distribution and commercialization activities, line connections and their economic scheme.
- It governs the issue of supply to the tariff-based market, establishing a model contract between consumers and distributors, and regulating, for the first time ever, assignment contracts between distributors and transport companies.
- It establishes the rules for the transfer from the regulated market to the liberalized one or vice versa, and for changes in marketers.
- It lays out the causes, criteria and effects of the interruption of the supply.
- It regulates the system for new gas facilities, drawing a distinction between direct authorization and authorization through tender, and establishing the procedures for both.
- It establishes the rules for forcible expropriation.

b) Modification of the regime for network access.

Various aspects of great importance in Royal Decree 949/2001 are changed.

- Requests for short-term access may not be made more than twelve months in advance.
- Mechanisms are established to avoid reserves of capacity above the operator's needs.
- A deposit equivalent to the fixed tolls for one year is established as a guarantee of the commitments signed in the first months of service provision.
- At least 25% of all facilities must be used for short-term contracts.



- When third-party access occurs without use of the distribution network, the end of the toll's conduction is invoiced by the Transport Company.
- The maximum period to file claims before the National Commission of Energy for access-related conflicts is one month upon being turned down.

c) Transitional Rules

- The deposit is established retroactively and should also be made by those who signed contracts prior to the entry in force of Royal Decree 1434/2002.
- To avoid excess of reserved capacity above the operator's needs, which might restrict competition, the following mechanism is established:
 - All those that have contracted capacity have a period of three months to reduce it in terms of volume and/or time.
 - This reduction entails no cost or penalty.
- Excess capacity should be used to give preferable coverage to access requests entailing the continuity of contracts currently in force and due to expire before December 31, 2004.
- Any surplus capacity will be assigned in chronological order.

5.3. Interim Dividend for Fiscal Year 2002.

The Enagas Board of Directors approved, in its meeting of last November 22nd, the payment of a gross dividend of 0.09 euros per share, on account of the definitive dividend for Fiscal 2002.

This dividend is in keeping with the policy announced by Enagas to distribute 50% of the company's annual net profit amongst its shareholders.

This dividend was paid out on January 17, 2003. The total dividend for the year shall be submitted for approval at the General Shareholders' Meeting, which shall be held in the first semester of 2003.

5.4. Subscription of a loan for 150 million euros with the Official Credit Institute (ICO) to finance gas infrastructures.

Enagas signed a loan for 150 million euros with the ICO to finance the construction of new infrastructures as part of the investment plan projected for the 2002-2006 period, which amounts to 2.6 billion euros, in order to attend to the rapid growth projected for the demand for natural gas in Spain.

The loan contracted with the ICO includes a repayment period of up to 10 years and projects a grace period of up to five years, and it responds to Enagas' financial policy, which seeks to optimize its financial leverage, reducing the cost of capital and creating value for its shareholders.

5.5. Inclusion of Enagas in the Ibex

On December 23rd, the Ibex Technical Advisory Committee decided to include Enagas, with a weighting of 100%. The inclusion of Enagas in the Ibex 35 took effect on January 10, 2003.

5.6. Payment for Regulated Activities in 2003

On January 17, 2003, Order **ECO/30/2003** was published, establishing the applicable payment system for 2003 for regulated activities in the gas sector.



The **fixed payment** credited to Enagas for its regasification, storage and transport activities comes to 456.5 million euros, as compared to the figure obtained in 2002 for the same activities of 407.6 million euros.

Enagas shall receive additional payments for the assets it will put into operation over the course of 2003, pursuant to the terms of the regulatory framework.

Moreover, Enagas shall receive payment for its management of gas sales, its role as system technical manager and the regasification variable part, which will be higher than 2002 figures due to the expected increase in demand.

The recognized payment to Enagas confirms the stability of the regulatory framework defined in February of 2002.

Madrid, February 3, 2003

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INCOME STATEMENT

(Million Euros)
(Unaudited Figures)

4Q* 2001	4Q 2002		Jan - Dec* 2001	Jan - Dec 2002
536.7	359.7	Sales	2,239.4	1,389.8
56.9	122.2	Provision of Services	174.8	432.1
14.9	12.0	Other Operating Revenues	51.2	49.2
608.5	493.9	Total Revenues	2,465.4	1,871.1
-472.9	-357.7	Supplies	-2,032.0	-1,345.0
-12.6	-17.0	Personnel Expenses	-47.1	-53.0
-39.1	-39.8	Other Operating Expenses	-136.9	-139.4
83.9	79.4	Operating Cash Flow (EBITDA)	249.4	333.7
-29.3	-32.7	Provision for Depreciation of Fixed Assets	-111.3	-126.5
54.6	46.7	Operating Profit (EBIT)	138.1	207.2
-6.5	-10.3	Financial Results	-40.0	-39.4
-4.3	8.3	Extraordinary Items	60.2	1.2
43.8	44.7	Results Before Taxes	158.3	169.0
16.0	15.6	Corporate Income Tax	40.5	59.0
27.8	29.2	Net Income	117.8	110.1

*Revenues between both periods are not comparable as a result of a change in the regulatory framework as of 2/19/2002.



CONSOLIDATED STATEMENT OF CASH FLOWS

(Million Euros)
(Unaudited Figures)

4Q* 2001	4Q 2002	ALLOCATIONS**	Jan - Dec* 2001	Jan - Dec 2002
106.9	94.5	Acquisition of Fixed Assets	216.8	192.3
101.6	21.5	Dividends	214.2	37.5
0.0	0.0	Variation in long term provisions	0.0	0.0
0.0	0.0	Long-term Debts	155.3	749.6
89.3	69.7	Surplus Sources Over Allocations (increase in working capital)	0.0	0.0
297.8	185.7	Total Allocations	586.3	979.4
SOURCES OF FUNDS**				
49.2	52.7	Sources from Operations	142.3	205.2
0.0	0.9	Capital Subventions	28.6	26.3
0.0	0.1	Other Reserves	0.1	0.2
28.4	9.3	Disposal of Fixed Assets	74.5	15.2
220.2	122.7	Increase of net financial debt	0.0	0.0
0.0	0.0	Excess Allocations Over Sources (decrease in working capital)	340.8	732.5
297.8	185.7	Total Sources	586.3	979.4

*Revenues between both periods are not comparable as a result of a change in the regulatory framework as of 2/19/2002.

** To calculate the sources and allocation of funds, the pro-forma balances from FY2000 contained in the Offering Prospectus, registered at the CNMV on June 10, 2002, were used.



BALANCE SHEET

(Million Euros)
(Unaudited Figures)

	DECEMBER	DECEMBER
	2001	2002
Intangible Fixed Assets.....	5.7	9.7
Tangible Fixed Assets.....	2,261.2	2,316.7
Permanent Financial Assets.....	44.0	36.7
Fixed Assets	2,310.9	2,363.1
Deferred Expenses	19.9	20.7
Stocks.....	8.1	2.4
Accounts Receivable.....	408.7	501.1
Short-term Financial Investments.....	2.0	3.6
Cash.....	4.1	0.9
Accrual Accounts.....	0.9	3.9
Liquid Assets	423.8	511.9
TOTAL ASSETS	2,754.6	2,895.7
Equity.....	358.7	358.1
Reserves.....	404.7	405.7
Consolidated Profits and Losses.....	117.8	110.1
Interim Div. Assets.....	-101.6	-21.5
Shareholders' Equity.	779.6	852.4
Deferred Income	479.5	476.1
Provisions Contingencies & Expenses	1.3	2.1
Long-term Debts with Financial Institutions.....	78.6	190.8
Long-term Debts w/ Group Companies & Assoc.	904.4	8.5
Other Accounts Payable.....	2.6	36.6
Long-term Liabilities	985.6	235.9
Current financial debt.....	83.4	1,016.0
Short-term Debts w/ Group Companies.....	322.7	157.0
Trade Accounts Payable.....	85.2	107.2
Other non-trade current liabilities.....	17.3	49.0
Short-term Liabilities	508.6	1,329.2
TOTAL LIABILITIES	2,754.6	2,895.7

*Revenues between both periods are not comparable as a result of a change in the regulatory framework as of 2/19/2002.

MAIN OPERATING HIGHLIGHTS

Relative to gas demand transported

GAS DEMAND TRANSPORTED	4Q 2001	4Q 2002
(GWh)		
Regulated Market	130,839	108,340
Liberalised Market	80,969	134,642
Total Transported Demand	150,392	175,739

Relative to Assets

REGASIFICATION ASSETS	Units	m3 or m3/h
LNG Tanks (number and capacity)	8	560.000 m3
Nominal Regasification Capacity		2.100.000 m3/h
Cistern Loading Bays	9	
Transportation Assets	Units	Km
Km of pipelines in operation		6,383
Compression Stations	9	
Regulating and Measuring Stations (RMS) and Measuring Stations (MS)	248	
Underground Storage Assets	Units	Gw/h
No. Of Storage Facilities	2	
Capacity		24,671