Investor Relations Direction

FOURTH QUARTER AND FULL YEAR 2005 PRELIMINARY RESULTS

HIGHLIGHTS

4Q 2004	4Q 2005	% Var	2005 RESULTS (Millon euros)	Jan-Dec 2004	Jan-Dec 2005	% Var
			Unaudited Figures			
38.0	41.9	10.3%	Net Income	158.1	191.0	20.8%
66.9	71.0	6.1%	Operating Profit	275.1	332.8	21.0%
100.1	110.7	10.7%	Operating Cash-Flow	399.1	478.4	19.9%
			Euros per share			
0.16	0.18	10.3%	Net Income	0.66	0.80	20.8%
0.42	0.46	10.7%	Operating Cash-Flow	1.67	2.00	19.9%
238.7	238.7	-	Number of shares at the end of the period (million)	238.7	238.7	-

Note: Both years are formulated according to IFRS

- ✓ This year Enagas' annual financial statements are presented according to the International Financial Reporting Standards (IFRS). Conversion of the financial statements was smooth and had no significant impact on the Company's Balance Sheet and Profit and Loss Statement.
- ✓ **Net Income earned in the 2005 financial year** reached **191.0 million euros**, up **20.8%** from the figure recorded in 2004.
- ✓ The **Operating Profit (EBIT)** for the year was 332.8 million euros, **21.0%** higher than the 275.1 million euros earned in the previous fiscal year.
- ✓ Significant factors in the positive growth in profits included the substantial increase in income from assets put into operation in 2004 and 2005, the high volume of liquid natural gas that was regasified throughout the year and the operating cost control strategy implemented during the period.
- ✓ **Operating expenses** for the year **remained at levels similar to those seen in the four previous years**, thus confirming the Company's operating efficiency.
- ✓ **Investments** during the year reached **358.7 million euros**. Furthermore, the investments approved by the Enagas Board of Directors amounted to 354.1 million euros, a figure that is basically accounted for by the Madrid-Cordoba and Alicante-Valencia gas pipelines and related compression stations.
- ✓ The **assets put into operation** during the 2005 financial year totalled **473.2 million euros**, thus increasing the Company's solid remunerable asset base.
- ✓ The **demand for gas transported** in the System in 2005 rose to **376,041 GWh, up 17.6%** from the figure recorded in the previous year.
- ✓ The Company's **net financial debt** at 31 December amounted to **1,546.6 million euros**, which represents a ratio of **47.9% of total assets**. The **average cost of the debt** at 31 December was **3.39%.**
- ✓ **Order ITC/4099/2005** was published on 30 December 2005, establishing the applicable remuneration scheme for regulated gas sector activities in 2006. According to this Order, **the total estimated remuneration for Enagas in 2006** for regulated activities would entail a **maximum increase of 14% with respect to the previous year.**
- ✓ On January 12, the Company paid out a **gross interim dividend of 0.16 euros per share, charged to** the Net Profit for 2005.

1. RESULTS

1.1 Quarterly Results

Enagas earned a **Net Income** for the fourth quarter of **41.9 million euros**, **10.3% higher** than the 38.0 million euros obtained during the last quarter of 2004.

The Operating Profit (EBIT) for the fourth quarter reached **71.0 million euros** which, compared to the 66.9 million euros earned in the same period for the previous year, registers a **growth of 6.1%.**

Operating Cash Flow (EBITDA) for the quarter rose to **110.7 million euros**, **up 10.7%** from the 100.1 million euros recorded for the same period in 2004.

In the fourth quarter, 3.8 million euros were entered as non-recurrent staff expenses, to a large degree due to severance payments for early retirement.

The **Net Income per share** in the fourth quarter was **0.18 euros**. **The Operating Cash Flow per share** in this period was **0.46 euros.**

1.2 Accumulated Results.

As of 31 December 2005, Enagas earned an accumulated **Net Income** of **191.0 million euros, 20.8% higher** than the 158.1 million euros registered on the same date in 2004.

The **Operating Profit (EBIT)** for the year was **332.8 million euros, up 21.0%** from the 275.1 million euros recorded in 2004.

The **Operating Cash Flow (EBITDA)** went from 399.1 million euros in 2004 to **478.4 million euros** at the end of 2005, showing **growth of 19.9%.**

The significant increase in income is due to remuneration from the assets put into operation in 2004 and 2005, and to the high volume of liquid natural gas that was regasified during the year.

Moreover, two other non-recurrent items were registered during the year: 3.4 million euros in capital gains for the sale of a stretch of cable to Gas Natural SDG entered as other operating income, and the application of a subsidy granted in 2002 and collected this year. The effect of these items was to reduce amortizations by 3.6 million euros[1].

Operating Costs for the year **rose 1.8%**, well below the growth in activity registered during the year, in which the demand for gas transported by Enagas was up 13.7% with respect to the same period the previous year.

Throughout 2005, 5.3 million euros were entered as non-recurrent staff expenses, to a large degree due to severance payments for early retirement.

Moreover, it is important to note that pursuant to the IFRS regulations, there have been reclassifications in the operating costs for the 2004 financial year, primarily as a result of an extraordinary outlay reclassified under staff expenses.

[1] According to IFRS criteria, capital subsidies that were previously booked as income to be distributed are now recorded in credit by reducing the value of the assets subsidised.
Likewise, amortizations decrease by the same amount as the application of the subsidies, which under the Spanish General Accounting Plan were recorded as other income, and now reduce the amount allotted to amortization.

The accumulated **Net Income per share** in December 2005 was **0.80 euros**. **Operating Cash Flow per share** in the same period rose to **2.00 euros**.

1.3 Operating Highlights.

The demand for gas transported in the System in 2005 rose to **376,041 GWh, 17.6% higher** than the figure registered for the previous year. **Enagas transported 87.7%** (337,327 GWh) of this figure, the rest being transported by other companies. The demand for supply to the **liberalised market** accounted for **84.3% of the total** at the end of 2005, compared to 80.9% in the previous year.

Of the total demand transported in 2005, 29.6% was for generating electricity from natural gas, higher than the 20.9% reached in the previous year. At the end of 2005, 25 400-MW cycles were operational and six more were in the trial phase.

The **quarterly demand** in the System amounted to **100,798 GWh, up 13.4%** from the fourth quarter in 2004.

4Q 2004	4Q 2005	DEMAND FOR GAS TRANSPORTED (Markets)	Jan-Dec 2004	Jan-Dec 2005
		(GWh)		
19,438	17,203	Tariff Market	61,095	58,893
69,455	83,595	Liberalized Market	258,533	317,148
88,893	**100,798**	**Total demand transported**	**319,628**	**376,041**

Note: 1 bcm = approx. 11,630 GWh

2. INVESTMENTS

2.1 Assets put into operation

Over the **fourth quarter** of 2005, **assets valued at 182.7 million euros** were put into operation.

Since the beginning of the year, **assets amounting to an accumulated total of 473.2 million euros** were put into operation, which ensures growth by increasing the Company's solid remunerated assets base.

The most important assets put into operation throughout the year were:

First Quarter:

- ✓ Villafranca de Córdoba Compression Station (Phase II).
- ✓ Expansion of the Almendralejo Compression Station.
- ✓ Cartagena-Lorca Gas Pipeline (Phase II).
- ✓ Expansion of emission capacity to 900,000 m^3/h at the Cartagena Plant.

Second Quarter:

- ✓ Expansion of the Dos Hermanas Compression Station.
- ✓ Castelnou-Fraga-Tamarite de Litera Gas Pipeline.
- ✓ Third tank with a storage capacity of 127,000 m^3 LNG at the Cartagena Plant.

Third Quarter:

- ✓ Cartagena-Lorca Gas Pipeline (Alhama-Murcia Stretch).
- ✓ Expansion of the Tivissa Compression Station.
- ✓ Expansion of the Bañeras Compression Station.
- ✓ Division of the Arbós-Tivissa gas pipeline.

Fourth Quarter:

- ✓ Expansion of emission capacity to 1,500,000 m^3/h at the Barcelona Plant.
- ✓ Expansion of emission capacity to 1,050,000 m^3/h at the Huelva Plant.
- ✓ Fifth tank with a storage capacity of 150,000 m^3 LNG at the Barcelona Plant.
- ✓ Málaga-Estepona Gas Pipeline stretch II.

2.2 Investments

Investments for the year totalled **358.7 million euros**.

In addition, the **Board of Directors** of Enagas approved **investment projects** in 2005 totalling **354.1 million euros,** a figure accounted for primarily by the transversal gas pipeline project connecting the Córdoba-Madrid and the Alicante-Valencia pipelines, and the associated compression stations.

3. FINANCIAL STRUCTURE

The **net financial debt** of the Company at the end of 2005 was **1,546.6 million euros**, compared to 1,489.9 million euros at the end of the third quarter of 2005, and 1,421.0 million euros registered at 31 December 2004.

The Company also holds a treasury coverage derivative valued at 16.2 million euros at 31 December, entered under financial liabilities at a reasonable value, which is not included in the net financial debt.

The **net debt ratio** (calculated as net debt over total assets) at the end of 2005 was **47.9%,** compared to 48.6% at the end of the previous quarter and 45.8% registered at 31 December 2004.

The accumulated **Net Cash Flow** at 31 December was **293.6 million euros,** and was applied basically to financing investments and the payment of dividends.

The **average cost of the Company's debt** at 31 December **3.39%,** the same cost recorded at 30 September of this year and higher than the 2.98% registered in the 2004 financial year.

The instruments **covering interest rate contingencies** for the 2005-2008 period set a minimum and maximum interest rate applicable to a total of 1,000 million euros. These instruments entered into effect at the beginning of January 2005 and mature in April 2008 at a maximum fixed cost of 4.32%.

The financial result for 2005, including the activation of financial expenses (9.1 million euros), shows a negative figure of 40.4 million euros.

4. MAIN HIGHLIGHTS OF 2005

4.1 Remuneration for Regulation Activities in 2006

Ministry Order ITC/4099/2005

Order ITC/4099/2005 was published on 30 December 2005, establishing the applicable remunerations scheme for regulated gas sector activities in 2006.

As in previous year, the objective of this Ministry Order is to establish and update the applicable remunerations scheme for regulated activities, defining the components of the same and setting out the measures necessary to ensure the smooth provision of the service.

Remuneration for transport infrastructures currently in operation and those that will be put into operation in 2006 **represent no more than 9% of the total cost of the Spanish natural gas system**, even lower than the 10% recorded in 2004.

According to Order ITC/4099/2005, **the total estimated remuneration for Enagas in 2006** for regulated activities would entail a **maximum increase of 14%** over the previous year.

This total remuneration includes the fixed cost of assets put into operation until 31.12.2005 and the projected remuneration for the assets put into operation throughout the 2006 year.

Furthermore, it includes a provision for management of the sale and purchase of gas for supply to the market at tariff prices, remuneration for system technical management and remuneration for investment in the purchase of natural gas allotted to maintaining the minimum reserves in the regasification plant tanks and gas pipelines.

Moreover, the Ministry Order determines the procedure applicable to remuneration for the cost of liquid natural gas storage in tankers, as set out in the Winter Plan approved by Resolution of the General Directorate of Energy Policy and Mines on 28 November 2005.

The CPI and IPI forecasts for 2004 were adjusted when updating remuneration for 2006, as the definitive data is now available.

The main reference variables (efficiency factor, ten-year bond differential and utilisation factor of regasification plants) have remained the same as in previous years.

Order ITC/4101/2005

Also published on the same date was Order ITC/4101/2005, concerning the **applicable tariffs for natural gas.**

Average tariffs rose 4% and 11% for domestic clients and industrial clients respectively, due to the substantial increase in the cost of the raw material.

Furthermore, this Ministry Order clarifies Enagas' obligations with respect to its responsibility to meet the needs of the tariff market and guarantee supply to the clients in that segment.

Order ITC/4101/2005 eliminates the Group 1 tariffs (consumers with supply pressure of over 60 bars), Sub-groups 2.5 and 2.6 (consumption of over 100,000,000 KWh/year) and Group 4 tariffs (consumers with interruptible supply). The consumers affected will now be supplied on the liberalised market, although tariffs are temporarily established for a specific duration defined for each case.

Order ITC/4100/2005

Finally, Order ITC/4100/2005 establishes the **tolls and fees** for third-party access to gas facilities.

The tolls for third-party access to system regasification services have remained constant with respect to 2005, while those applied to transport and underground storage have been reduced by 1.3%.

Since 2001, the tolls for transport have decreased by 11.5% nominally and 28% in real terms, taking into account the Government's forecast for inflation in 2006.

The main highlights of this Order include the creation of new tolls:

- ✓ Short-term tolls to meet the needs of resellers who undertake transactions from time to time, or whose continuity is uncertain.
- ✓ Interruptible tolls, an average of 52% lower than the cost of the guaranteed transport and distribution toll. This toll represents payment for third-party access to the network provided under discontinuous conditions, when supply may not be available.
- ✓ Toll on international transit, subject to the approval of the System Technical Management, based on the distance between the entry and exit points of gas flows with final destination at an exit point within the Spanish gas system.

4.2 Network Code

Order ITC/3126/2005 was published in the month of October, approving the regulations on technical management of the gas system.

These regulations set out the basic technical conditions for the use of the facilities and the procedures to be followed by the parties intervening in the gas system at all phases its operation to ensure the quality, continuity and security of the supply and, hence, a more efficient operation of the gas system.

Moreover, the regulations establish guidelines for the facilities and the basic operational procedures for the system, both under normal conditions and in states of emergency.

4.3 Dividend charged to the 2005 financial year.

The Board of Directors of Enagas approved payment of a **gross interim dividend of 0.16 euros** per share charged to the results of the 2005 financial year.

This dividend was paid out on 12 January 2006. The total dividend for the year will be submitted for approval of the General Shareholders' Meeting, slated to be held in the first six months of 2006.

4.4 Changes in weighting on the Ibex 35 index

In keeping with stock market regulations, on 8 June the Ibex 35 Index Technical Assessment Committee resolved to **increase Enagas' weighting** on the Ibex 35 from 80% **to 100%** of its market capitalization. The **increase in the Company's floating capital** was taken into account in this change.

The increase in floating capital registered during the year, which at the date of publication of this report was 60%, is due to the stake held by Gas Natural SDG S.A in Enagas' share capital, which according to the latest communication to the National Securities Market Commission (5 December 2005), was 14.958%.

5. INFORMATION ON THE OPERATIONS OF ENAGAS S.A. WITH ASSOCIATED PERSONS AND COMPANIES

Since 2003, Enagas has published quarterly information regarding transactions with associated entities. Due to the entrance into effect of Order EHA/3050/2004, of 15 September, the format of the aforementioned information has now changed to adapt to the requirements of the new regulations.

Significant aspects taken into account regarding associated operations include:

a) Associated transactions of significant financial import exceeding the ordinary business of Enagas are approved by the Board of Directors after prior report from the Appointments and Remuneration Committee.

b) In keeping with Order EHA/3050/2004, reporting on those transactions encompassed within the normal business of the Company is not required, provided that such transactions are undertaken under normal market conditions and are not significant in scope. To this effect, and taking into account the highlights of the Company's accounting statements, transactions of less than three million euros are considered as not significant in scope in reference to the period for which the information is reported.

c) The annual figures are not available for certain transactions, specifically when quantification of the same depends on the closing of the gas balance sheet. This means that amounts are sometimes provisional, while at other times the figures included correspond to the first eleven months of the year, in which case such circumstance is expressly noted.

Unless otherwise indicated in the text, the transactions refer to agreements signed prior to the period of reference. When these refer to new relationships arising from agreements or commitments undertaken during the first six months of 2005, this is expressly indicated.

5.1 Transactions between Enagas S.A. and companies from its group, with major shareholders and entities with significant influence on Enagas (section A of Point Four.1 of Order EHA 3050/2004).

5.1.1 Enagas S.A. Subsidiary Companies

✓ Transactions with "Gasoducto Al Andalus"

- Enagas S.A. granted in favour of this company a 40.6 million euro loan, for infrastructure's financing.

- Gasoducto Al-Andalus S.A. paid Enagas S.A. dividends totalling 5.5 million euros for the 2004 financial year.
- Enagas S.A. has paid 16 million Euros to this company for transportation rights and has received 4.26 million euros from this company for maintenance services.

✓ Transactions with "Gasoducto Extremadura"

- Enagas S.A. granted this company an 6.6 million euro loan.
- Likewise, Enagas paid Gasoducto Extremadura 8.3 million euros for transport rights, and has received 4.52 million euros from this company for maintenance services.

✓ Transactions with "Gasoducto Campo Maior–Leiria–Braga"

- Enagas S.A. granted this company a 6.0 million euro loan.
- Enagas S.A. has paid 3.36 million Euros to this company for transportation rights

✓ Transactions with "Gasoducto Braga–Tuy"

- Enagas S.A. acts as guarantor for an 8.9 million euro loan granted by a Portuguese financial institution in favor of Gasoducto Braga-Tuy S.A.
- Also, Enagas S.A. has paid 3.4 million Euros to this company for transportation rights

5.2 Transactions with Companies that exercise significant influence on Enagas and with companies on which Enagas exercises significant influence.

5.2.1 Transactions with Gas Natural SDG and companies within its group

- Enagas S.A. paid Gas Natural SDG, S.A. 16.7 million euros as a dividend charged to the 2004 financial year.
- Enagas S.A. has signed 11 third party network access agreements (TPA) with Gas Natural Comercializadora S.A., of which 2 are short-term and 9 are long-term. During the year 2005 were signed 26 TPA agreements, of which, on December 31st 2005, only 2 continue in force. The TPA agreements are standardized models approved by the Ministry of Industry, Trade and Tourism, as are the tolls invoiced by Enagas.
- During the period from 1st January to 31st December 2005, the following services were rendered: A total of 67,620 GWh were regasified, accounting for 34% of the total TPA services, 47.55 million euros had been invoiced for such services; 136,764 GWh were transported, representing 51% of the total TPA transport services, 60.94 million euros had been invoiced for such services; finally, 7,556 GWh were stored, accounting for 58.29% of the total TPA storage services, 20.67 million euros had been invoiced for such services.
- Enagas S.A. has long-term gas sale purchase agreements in place with various companies in the Gas Natural Group for supply to the tariff market. During the year, Enagas S.A. acquired 59,341 GWh of natural gas, for 853.07 million euros. The purchase price corresponds to the cost of the raw material that serves as the basis of the price for assignment to distributors. During this same period, Enagas, S.A. transferred 49,588 GWh to the Gas Natural Group distributors, for

703.23 million euros. The conditions and price at which such assignments were carried out are regulated by the Government.

- In June 2005, Enagas S.A. and Desarrollo del Cable S.A., a company from the Gas Natural Group, reached a sale purchase agreement for fiber optic cable, by virtue of which Enagas S.A. recovers the fiber optic cable transferred to Desarrollo del Cable S.A. in October 2002, with a length of 215 km, and at the same time Enagas transfers to Desarrollo del Cable S.A. part of the excess fiber optic cable in sections of 636 km, under market conditions. The price for such transaction was of 4.94 million euros and the capital gains generated amounted to 3.39 million euros.

- Desarrollo del Cable S.A. leased Enagas, S.A. the part of the fiber optic cable necessary for the latter's telecommunications services by virtue of a contract signed in 1999. The annual cost to Enagas for the aforementioned service amounted to 15.58 million euros.

- Enagas S.A. provides Desarrollo del Cable S.A. maintenance services under market conditions and prices, pursuant to a contract signed in 2005. The amount paid for such services was 0.82 million euros.

- Gas Natural Comercializadora has supplied electricity to Enagas facilities for a total of 7.8 million euros.

- Enagas S.A has paid 3.66 million euros to different companies of Gas Natural Group by way of the rental of LNG inventories and storage in ships.

5.2.2 Transactions with BP España, S.A.

- Enagas S.A. paid BP España, S.A, 3.9 million euros as dividends.

- Enagas S.A. has 9 short-term third party network access (TPA) agreements in place with BP Gas España S.A. During the year 2005 were signed 44 TPA agreements, of which, on December 31, 2005, only 6 continue in force. The TPA agreements are standardized models approved by the Ministry of Industry, Trade and Tourism, as are the tolls invoiced by Enagas.

- During the period between 1st January and 31st December 2005, the following services were rendered: a total of 19,795 GWh were regasified, accounting for 10% of the total TPA services, 12.17 million euros had been invoiced for such services; 18,817 GWh were transported, representing 7% of the total TPA, and 5.2 million euros had been invoiced for such transport; finally, 1,087 GWh were stored, which correspond to 8.39% of the total ATR storage services, and 3.012 million euros had been invoiced for such services.

5.2.3 Transactions with the Caja de Ahorros del Mediterráneo (CAM) or with its subsidiary company "Inversiones Cotizadas del Mediterráneo" (INCOMED)

- Enagas S.A. paid INCOMED 3.9 million euros as dividends.

- Enagas S.A. has renewed in 2005 the 6 million euro credit line it has with CAM, and has entered into a line of guarantees in the amount of 12 million euros.

- Enagas S.A. has a hedging agreement (COLLAR) on interest rates with CAM in the amount of 15 million euros for the period from January 2005 to April 2008.

The conditions regarding interest rates, commissions, charges and guarantees established in all the financial agreements signed with the CAM are typical market conditions.

5.2.4 Transactions with Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja)

- Enagas S.A. paid Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja) 3.9 million euros as dividends.
- Enagas S.A. opened a 6 million euro credit line with BANCAJA and contracted a line of guarantees in the same amount.
- Enagas S.A. has a hedging agreement (COLLAR) on interest rates with BANCAJA in the amount of 15 million euros for the period from January 2005 to April 2008.

The conditions regarding interest rates, commissions, charges and guarantees established in all the financial agreements signed with the BANCAJA are typical market conditions.

5.2.5 Transactions with Caja de Ahorros de Asturias (Cajastur) or with its subsidiary company Cantabrica de Inversiones de Cartera S.L.

- Enagas S.A. paid Cantabrica de Inversiones de Cartera S.L. 3.9 million euros as dividends.
- Enagas S.A. opened a 6 million euro credit line with Cajastur.
- Cajastur has a 30 million euro participation in the “club deal” loan signed on 24 November 2004, and paid out on 10 January 2005 with a dead line in 2010.

The conditions regarding interest rates, commissions, charges and guarantees established in all the financial agreements signed with Cajastur are typical market conditions.

5.2.6 Transactions with Sagane Inversiones S.L.

- Enagas S.A. paid Sagane Inversiones S.L, 3.9 million euros as dividends.

5.3 Transactions with Directors, Management and their kin (section B of Point Four.1 of Order EHA 3050/2004).

- Payments for attendance at meetings to members of the Board of Directors totaled 918,000 euros. Remunerations paid to Senior Company Management totaled 2.872 million euros in this period.
- Enagas has paid out severance payments to members of management due to extinction of labour relations, for amount of 1.331.000 €.

5.4 Transactions with other associated parties (section D of point Four.1 of Order EHA 3050/2004)

5.4.1 Transactions with La Caixa d´Estalvis i Pensions de Barcelona (La Caixa) and other entities in its group

- La Caixa has a 109 million euro participation in the “club deal” loan signed on 24 November 2004, and paid out on 10 January 2005 with a dead line in 2010, and renewed a 100 million euro credit line with Enagas.

- The bank guarantees granted to Enagas by La Caixa amounted to 30.8 million euros. Furthermore, Enagas has entered into renting agreements with companies in the La Caixa group in the amount of 5.2 million euros of principal.

- Enagas S.A. and La Caixa have four “forward rate agreements” (FRA) in place, for a total of 300 million euros for the period from 7 January 2004 to 10 January 2005.

The conditions regarding interest rates, commissions, charges and guarantees established in all the financial agreements signed with the LA CAIXA are typical market conditions.

5.4.2 Transactions with Repsol YPF and companies within its group

- By virtue of a long-term agreement Enagas has leased the Gaviota underground storage facilities from Repsol Investigaciones Petrolíferas S.A.; Enagas S.A. paid a total of 23.48 million euros to this effect during 2005.

Madrid, 09 de febrero de 2006
Webcast & Conference Call: 09 Oct 05; 17.00h CET
www.enagas.es
Details of Conference call
http://www.conferencing.bt.com/preRegRegisterPage.do?4ugxYMoNYu
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INCOME STATEMENT IFRS

(Millon euros)

(Unaudited Figures)

4Q 2004	4Q 2005		Jan-Dec 2004	Jan-Dec 2005
-5.1	-10.3	Gross Profit	-8.7	-6.4
148.0	172.1	Income from regulated activities	562.5	652.6
17.6	8.8	Other Operating Revenues	52.2	42.9
160.4	**170.6**	**Total Revenues**	**606.0**	**689.1**
-19.5	-19.7	Personnel Expenses	-63.0	-66.4
-40.9	-40.2	Other Operating Expenses	-143.9	-144.3
100.1	**110.7**	**Operating Cash Flow (EBITDA)**	**399.1**	**478.4**
-33.1	-39.7	Provision for Depreciation of Fixed Assets	-124.1	-145.6
66.9	**71.0**	**Operating Profit (EBIT)**	**275.1**	**332.8**
-8.8	**-7.7**	**Financial Results**	**-32.4**	**-40.4**
58.2	**63.3**	**Results Before Taxes**	**242.7**	**292.4**
-20.1	-21.4	Corporate Income Tax	-84.5	-101.5
38.0	**41.9**	**Net Income**	**158.1**	**191.0**

(*)Sales of gas-supplies of gas

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millon euros)
(Unaudited Figures)

	Jan-Dec 2004	Jan-Dec 2005
PRE-TAX CONSOLIDATED INCOME	**242.7**	**292.4**
Adjustments to reconcile net income to net cash	**124.7**	**140.7**
Fixed assets depreciation	124.1	145.6
Changes in provisions	5.8	3.3
(Profit) / Loss on disposal of fixed assets	0.0	-3.4
Variation in deferred income	-6.5	-6.2
Prepayments and other deferred income	1.2	0.7
Other adjustments (reserves)	0.1	0.7
Changes in working capital	**94.6**	**-58.3**
Inventories	0.0	0.0
Debtors	-68.6	68.3
Trade creditors and accounts payable	162.6	-126.6
Other creditors	0.5	0.0
Taxes paid	**-90.9**	**-81.2**
CASH FLOW FROM OPERATING ACTIVITIES	**371.1**	**293.6**
Investments	**-462.9**	**-358.7**
Capital grants	**1.1**	**18.5**
Cash from fixed assets disposals	**0.0**	**4.9**
Changes in financial fixed assets	**11.0**	**-5.1**
CASH FLOW FROM INVESTING ACTIVITIES	**-450.8**	**-340.3**
Net Changes in borrowings	**157.1**	**128.8**
Dividends paid	**-71.0**	**-79.1**
Changes in other debts	**-8.9**	**-3.6**
CASH FLOW FROM FINANCING ACTIVITIES	**77.2**	**46.1**
Net Cash inflow / (outflow)	**-2.6**	**-0.6**
Cash and cash equivalents, begining of period	4.6	2.0
Cash and cash equivalents, end of period	2.0	1.4
NET CASH INFLOW / (OUTFLOW)	**-2.6**	**-0.6**

Investor Relations Direction

BALANCE SHEET IFRS

(Millon euros)
(Unaudited Figures)

	December 2004	December 2005
Intangible Fixed Assets....................................	30.5	29.6
Property Assets..	0.7	0.7
Tangible Fixed Assets......................................	2,543.1	2,737.1
Long-term Financial Investment.........................	26.2	27.6
Other non-current assets.................................	0.7	0.6
Deferred tax assets..	18.3	17.9
Total non-current assets	**2,619.6**	**2,813.5**
Inventories..	2.4	2.3
Trade debtors and other short-term debts.........	437.3	402.1
Short-term Financial Investment.........................	3.9	3.8
Tax receivables..	33.4	0.1
Other current assets.......................................	2.8	2.4
Cash and other equivalents resources.............	2.0	1.4
Total current assets	**481.8**	**412.1**
TOTAL ASSETS	**3,101.4**	**3,225.6**
Share capital..	*358.1*	*358.1*
Revaluation reserve	342.5	342.5
Cash flow coverage reserve	-17.7	-10.5
IFRS conversion reserve	-0.7	-0.7
Update Energy National Commission reserve	-1.1	-1.0
Other reserves	323.1	330.3
Legal reserve	71.6	71.6
Voluntary reserves	111.2	189.8
Reserves at companies cons, using the proport. method	6.8	7.9
Consolidated loss and profits	158.1	191.0
Consolidated profits...	*347.7*	*460.3*
Interim Dividend...	*-31.0*	*-38.2*
Total Equity	**997.8**	**1,110.4**
Bank loans...	1,330.1	1,495.9
Other long-term loans......................................	39.4	28.9
Deferred tax liabilities......................................	2.7	2.4
Provisions..	13.3	16.6
Other non-current liabilities..............................	50.3	44.3
Non-current liabilities	**1,435.8**	**1,588.1**
Bank loans and overdrafts...............................	62.0	22.6
Other short-term loans....................................	18.6	16.8
Trade creditors and other short-term credits......	522.2	395.0
Tax payable...	31.8	51.9
Other current liabilities.....................................	33.2	40.9
Current liabilities	**667.8**	**527.1**
TOTAL LIABILITIES	**3,101.4**	**3,225.6**

MAIN OPERATING HIGHLIGHTS 30 DECEMBER 2005

RELATED TO DEMAND FOR TOTAL TRANSPORTED GAS IN THE SYSTEM

DEMAND FOR TRANSPORTED GAS	Jan-Dec 2004	Jan-Dec 2005
(GWh)		
Tariff Market	61,095	58,893
Liberalised Market	258,533	317,148
Total Demand Transported	**319,628**	**376,041**

RELATED TO ASSETS

REGASIFICATION ASSETS	Units.	m^3 ó m^3/h
LNG Tanks (number and capacity)	11	987,000
Nominal Regasification Capacity		3,450,000
Cistern Loading Bays	9	

TRANSPORT ASSETS	Units.	Km
Km of pipelines in operation		7,538
Compression Stations	11	
Regulating and Measuring Stations (RMS) and Measuring Stations (MS)	325	

UNDERGROUND STORAGE ASSETS	Units.	Mm^3/day
No. Of Storage Facilities	2	
Injection Capacity		8.5
Extraction Capacity		12.6