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## MAIN HIGHLIGHTS

- ✓ The results for 2011 include, from 1 January 2010, the impact of the inclusion of the Gaviota underground storage facility.
- ✓ Figures also include the proportional consolidation of 40% of the Altamira regasification plant, owned by the Company since 13 September.
- ✓ **Net profit** advanced **9.3%** in 2011 to **€364.6Mn** due to the **increase in regulated revenue from the significant volume of assets put into operation in recent years, acquisitions carried out** and the **cost efficiency strategy** pursued by the Company.
- ✓ **EBITDA** for the year was **€885.5Mn**, up **13.4%** compared to 2010 while **EBIT** advanced **10.4%** to **€585.9Mn**.
- ✓ **Like-for-like operating expenses** increased by **2.7% in the period**, once again demonstrating the Company's commitment to cost control.
- ✓ **Investment** amounted to **€781.4 Mn**, while **€780.5Mn of assets** were put **into operation**. Both amounts are higher than Company guidance set at the beginning of the year.
- ✓ **Net debt** at 31 December stood at **€3.44Bn**, equivalent to **3.9x EBITDA**. The Company's **average cost of debt** for the year was **2.8%** compared to 2.7% in 2010.
- ✓ Change to **shareholder remuneration policy**: In 2011 the Enagás Board of Directors approved an improvement in shareholder remuneration. **Under this new scheme, the pay-out will increase to 65% of earnings in 2011 and 70% of earnings for the period 2012-2014**. These increases in the pay-out have still be approved by the General Shareholders' Meeting.
- ✓ In 2011, Enagás acquired 40% of the **Altamira** regasification plant in Mexico. The final administrative permit was granted for Enagás to acquire 100% of the **Gaviota underground storage facility** and the Company also entered into a purchase agreement with Regional Canaria de Energías to acquire a 41.94% holding in **Gascan**.
- ✓ **Demand for gas transmitted** in 2011 totalled 413,803 GWh, **5.2% lower** than in 2010. This is largely due to the 19% decline in deliveries of natural gas for electricity generation at conventional and combined-cycle plants.

## KEY HIGHLIGHTS

### Key indicators January-December (unaudited)

#### Income statement

(€ Mn)	January-December		
	2011	2010	% Chg
<b>Regulated revenue</b>	1,096.3	966.0	13.5%
<b>EBITDA</b>	885.5	780.8	13.4%
<b>EBIT</b>	585.9	530.9	10.4%
<b>Net profit</b>	364.6	333.5	9.3%

#### Balance sheet, financial ratios and average cost of debt

	January-December	
	2011	2010
<b>Total assets (€ Mn)</b>	7,717.4	6,829.1
<b>Net debt (€ Mn)</b>	3,442.6	3,175.3
<b>Equity (€ Mn)</b>	1,867.4	1,738.8
<b>Net debt/total assets (%)</b>	44.6%	46.5%
<b>Net debt/(net debt + equity) (%)</b>	64.8%	64.6%
<b>Net debt/EBITDA (times)</b>	3.9x	4.1x
<b>Average cost of debt (%)</b>	2.8%	2.7%

#### Other metrics

(€ Mn)	January-December		
	2011	2010	% Chg
<b>Investment</b>	781.4	796.3	-1.9%
<b>Assets put into operation</b>	780.5	644.6	21.1%

#### Key quarterly indicators (unaudited)

(€ Mn)	Fourth quarter		
	2011	2010	% Chg
<b>Regulated revenue</b>	280.7	247.5	13.4%
<b>EBITDA</b>	230.9	192.7	19.8%
<b>EBIT</b>	151.3	124.6	21.4%
<b>Net profit</b>	93.8	78.6	19.4%

## **EARNINGS** **PERFORMANCE**

### **FY11**

The results for 2011 include, from 1 January 2010, the impact of the inclusion of the Gaviota underground storage facility, which received its final administration permit in September.

Figures also include the proportional consolidation of 40% of the Altamira regasification plant, owned by the Company since 13 September.

**Net profit** for 2011 was **€364.6Mn, a 9.3% increase** on the 2010 figure and above the Company's objective of 5% growth.

This is due to the increase in regulated revenue from the significant volume of assets put into operation in recent years, acquisitions carried out and the cost efficiency strategy pursued by the Company.

**Net Finance Expense** (-€65.6Mn) **increased by 12%** compared to the previous year due to higher debt compared to 2010 and a slight increase in the average cost of debt, which rose from 2.7% to 2.8%.

Net debt at 31 December stood at €3.44Bn.

The depreciation and amortisation charge for the year was €299.6Mn, 19.9% higher than in 2010 and in line with the growth in asset volumes over the last year and the amortisation charge for Gaviota since the beginning of 2010. **EBIT** totalled **€585.9Mn, 10.4%** higher than the previous year.

**EBITDA** increased 13.4% from €780.8Mn to **€885.5Mn** at the end of 2011.

**Like-for-like operating expenses** (stripping out the impact in 2011 of the

Gaviota underground storage facility and the Altamira plant and excluding the one-off charge for early employee retirement and termination benefits in 2010), **increased by 2.7%** compared to 2010, once again demonstrating the Company's commitment to cost control and in line with the cost-containment strategy pursued since 2008.

At 31 December 2011 the Company's workforce totalled 1,127 employees, a slight increase on the 1,047 staff at the end of 2010.

**Regulated revenue grew 13.5%** thanks to the addition of new assets brought on stream and the integration of the Gaviota facility from 1 January 2010.

Revenue from non-regulated activities totalled €68.9Mn. **Total revenue** for the year stood at €1.16Bn, **15.4% higher than in 2010.**

EPS for the year was €1.53 while EBITDA per share over the same period was €3.71.

## INVESTMENT

### Assets put into operation

Projects worth **€780.5Mn came on stream in 2011. This is higher than the €650Mn target set by the Company.** The figure includes the acquisition of 40% of the Altamira regasification plant in Mexico.

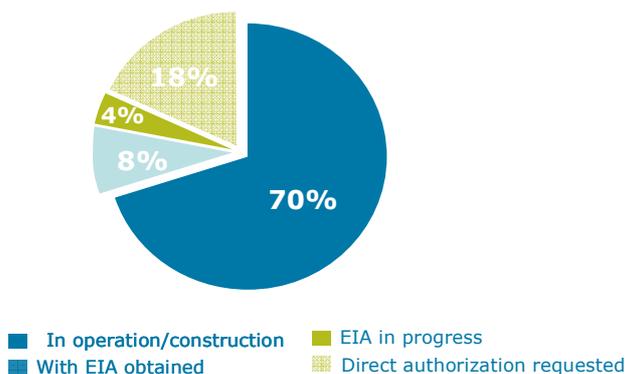
The most noteworthy projects brought into operation include the eighth LNG tank (150,000m<sup>3</sup> capacity) at the Barcelona regasification plant, the Villar de Arnedo compression station, the Algete-Yela pipeline, various tranches of the Tivissa-Paterna pipeline, the Gaviota underground storage facility and the Chinchilla Montearagón compressor station.

### Investments

Enagás invested a total of **€781.4Mn** in 2011.

It is worth highlighting that 82% of the planned investment earmarked in the 2010-2014 investment plan is now operational, under construction or at an advanced stage in the planning permission process, having already obtained the related EIS (environmental impact statement).

Permits Capex plan 2010-2014



## Acquisitions

Three important milestones were reached in 2011:

1) The final administrative permit was granted for Enagás to acquire 100% of the Gaviota underground storage facility, thereby enabling the asset to be acquired and included in the 2011 income statement.

2) The National Energy Commission (CNE) and the Mexican Energy Regulatory Commission (CRE) authorised Enagás to acquire 40% of Altamira, which had a positive impact on the Company's income statement from 13 September 2011.

3) Enagás entered into a purchase agreement with Regional Canaria de Energías whereby it acquired a 41.94% holding in Gascan from its industrial shareholders in the Canary Islands. The acquisition is subject to approval from the anti-trust authorisations.

## FINANCIAL STRUCTURE

The Company's **net debt** at 31 December 2011 totalled **€3.44Bn**, higher than the figure of €3.18Bn at the end of 2010.

The **gearing ratio** (net debt / net debt + equity) at the end of 2011 was **64.8%**, compared to 64.6% at 31 December 2010. The **EBITDA/debt ratio** at 31 December 2011 was **3.9x**, lower than the 4.1x recorded at the end of 2010.

The **percentage of fixed-rate debt** at 31 December stood at **71%**, in line with the strategic target set by the Company as the optimum structure for its debt.

Furthermore, **82%** of debt at the end of the fourth quarter was **long-term**, with an **average maturity period of 6.1 years**.

The **average cost of debt** in 2011 was **2.8%**, compared to 2.7% for 2010.

Net cash flow through to 31 December totalled €567.5Mn and was largely used to finance investments and pay dividends.

The Company reported a **net finance expense** including capitalised borrowing

costs (€26.1Mn) of **€65.6Mn**, compared with the net expense of €58.6Mn recognised in 2010 (including €25.3Mn of capitalised borrowing expenses).

In terms of untapped available financing, the Company had **liquidity of €2.13Bn at the end of the year.**

## OPERATING HIGHLIGHTS

### Demand

Demand for gas transported to 31 December totalled 413,803 GWh, 5.2% lower than in 2010.

This figure includes 11,161 GWh of exports, 21,785 GWh of flows from the Maghreb-Europe pipeline through Portugal and 8,091 GWh of ships loading.

Demand in the conventional sector fell by 0.8%, and gas demand for electricity generation in conventional and combined-cycle thermal plants fell by 19% compared to 2010, as a result of the increased contribution from coal-fired power stations.

There were 66 combined-cycle generators at 31 December 2011.

(GWh)	2011	2010	% Chg
<b>Conventional demand</b>	262,891	265,083	-0.8%
<b>Electricity generation</b>	109,875	135,617	-19.0%
<b>Exports and others</b>	41,037	35,824	14.6%
<b>Total gas demand transported</b>	413,803	436,524	-5.2%

## **SUMMARY OF SIGNIFICANT EVENTS 2011**

### **22/11/11: Enagás signs €200Mn loan with the European Investment Bank (EIB)**

Enagás signed a €200Mn tranche of the €1Bn loan taken out with the EIB in 2008 to finance its 2007-2011 Investment Plan.

### **21/11/11: Appointment to the Audit and Compliance Committee**

At its November meeting, the Board of Directors of Enagás, S.A. appointed Isabel Sánchez García, proprietary director, member of the Audit and Compliance Committee.

### **16/09/11: Enagás purchases 41.94% of Gascan**

Enagás entered into a purchase agreement with Regional Canaria de Energías whereby it acquired a 41.94% holding in Gascan from its industrial shareholders in the Canary Islands. The Company's acquisition of a stake in Gascan will drive the regasification plant projects on Tenerife and Gran Canaria. The acquisition is subject to approval from the anti-trust authorities.

### **14/09/11: Vopak and Enagás successfully complete acquisition of Altamira regasification plant in Mexico**

The joint venture involving Vopak (60%) and Enagás (40%) successfully completed the acquisition of the regasification terminal in Altamira, Mexico, which had been announced in June.

The jointly controlled entity acquired 100% of the shares in the terminal from Shell (50%), Total (25%) and Mitsui & Co. (25%) for \$408Mn and took over operational management of the terminal after obtaining the required government approvals.

### **18/07/11: Change to shareholder remuneration policy**

The Enagás Board of Directors approved an improvement in shareholder remuneration. Under this new scheme, the pay-out will increase to 65% of earnings in 2011 and 70% of earnings for the period 2012-2014. These increases in the pay-out have still to be approved by the General Shareholders' Meeting.

### **12/05/11: Euro Commercial Paper programme (ECP)**

Enagás arranged a Euro Commercial Paper programme (ECP) for a maximum of €1Bn which was registered on the Irish Stock Exchange enabling it to diversify its financing operations in the capital markets with a very attractive funding cost.

Standard and Poor's assigned these bonds an A-1+ rating, the maximum for this category of short-term debt issues.

### **18/04/11: Appointment of the Chairman of the Audit and Compliance Committee**

José Riva Francos, proprietary director, was appointed Chairman of the Audit and Compliance Committee to replace Martí Parellada Sabata, whose term of office had expired.

### **25/03/11: General Shareholders' Meeting**

All the proposals included in the agenda by the Board of Directors for consideration by the General Shareholders' Meeting were approved. The quorum was 57%.

The number of directors was set at 15, highlighting the fact that the majority of Enagás directors qualify as independent directors.

The Company's shareholders were also asked to approve a reduction in the number of shares required to vote at general meetings from 100 to one, a change which will foster greater involvement by minority shareholders.

### **18/02/11: Bancaja exits Enagás shareholder structure**

Bancaja Inversiones SA, a shareholder since Enagás was listed in 2002, sold its

5% ownership interest by means of an accelerated bookbuild. Bancaja tendered its resignation as a legal person director of Enagás, S.A. at the February Board meeting.

## CONSOLIDATED INCOME STATEMENT

### 2011

€ Mn (unaudited)	2011	2010	% Chg
Revenue from regulated activities	1,096.3	966.0	13.5%
Other operating revenue	58.8	34.8	68.9%
<b>Total revenue</b>	<b>1,155.1</b>	<b>1,000.8</b>	<b>15.4%</b>
Personnel expenses	-67.0	-67.2	-0.3%
Other operating expenses	-202.5	-152.8	32.5%
<b>EBITDA</b>	<b>885.5</b>	<b>780.8</b>	<b>13.4%</b>
Depreciation/amortisation charge	-299.6	-249.9	19.9%
<b>Operating profit (EBIT)</b>	<b>585.9</b>	<b>530.9</b>	<b>10.4%</b>
Net finance expense	-65.6	-58.6	12.0%
<b>Profit before tax</b>	<b>520.3</b>	<b>472.3</b>	<b>10.2%</b>
Income tax	-155.7	-138.8	12.2%
<b>Net profit for the period</b>	<b>364.6</b>	<b>333.5</b>	<b>9.3%</b>

Note: Figures for 2011 include the Gaviota underground storage facility from 1 January 2010 and the proportional consolidation of 40% of the Altamira regasification plant since 13 September.

Both 2010 and 2011 results include the proportional consolidation of 40% of the BBG regasification plant

### 4Q11

€ Mn (unaudited)	4Q 2011	4Q 2010	% Chg
Revenue from regulated activities	280.7	247.5	13.4%
Other operating revenue	27.7	9.4	194.7%
<b>Total revenue</b>	<b>308.4</b>	<b>256.9</b>	<b>20.0%</b>
Personnel expenses	-17.3	-21.2	-18.4%
Other operating expenses	-60.1	-43.1	39.7%
<b>EBITDA</b>	<b>230.9</b>	<b>192.7</b>	<b>19.8%</b>
Depreciation/amortisation charge	-79.6	-68.0	17.1%
<b>Operating profit (EBIT)</b>	<b>151.3</b>	<b>124.6</b>	<b>21.4%</b>
Net finance expense	-17.5	-14.4	21.3%
<b>Profit before tax</b>	<b>133.8</b>	<b>110.2</b>	<b>21.4%</b>
Income tax	-40.0	-31.6	26.5%
<b>Net profit for the period</b>	<b>93.8</b>	<b>78.6</b>	<b>19.4%</b>

Note: Figures for 4Q11 include the Gaviota underground storage facility in the fourth quarter of 2010 and 2011, the proportional consolidation of 40% of the Altamira regasification plant since 13 September and 40% of the BBG regasification plant.

In the fourth quarter of 2010, with effect from 1 January, the 25% and 15% investments in BBG acquired from BP and Repsol, respectively, were included in the scope of consolidation.

## CONSOLIDATED BALANCE SHEET

€ Mn (unaudited)	31 Dec 2011	31 Dec 2010
Intangible assets	54.8	36.6
Investment property	0.0	0.0
Property, plant and equipment	5,580.1	5,123.7
Non-current investments in group companies and associates	4.7	0.9
Other non-current financial investments	53.6	31.9
Deferred tax assets	29.4	35.4
<b>Non-current assets</b>	<b>5,722.6</b>	<b>5,228.6</b>
Non-current assets held for sale	0.0	31.3
Inventories	13.8	5.3
Receivables	545.0	366.5
Other current financial assets	6.6	108.0
Other current assets	2.1	2.3
Cash and cash equivalents	1,427.3	1,087.1
<b>Current assets</b>	<b>1,994.8</b>	<b>1,600.5</b>
<b>TOTAL ASSETS</b>	<b>7,717.4</b>	<b>6,829.1</b>
<i>Capital</i>	<i>358.1</i>	<i>358.1</i>
Legal reserve	71.6	71.6
Other reserves	1,168.4	1,041.4
Reserves at consolidated companies	-4.4	8.7
<i>Reserves</i>	<i>1,235.6</i>	<i>1,121.7</i>
Retained earnings	0.0	0.0
Profit for the period attributable to equity holders of the parent	364.6	333.5
Interim dividend capitalised	-91.0	-74.5
<b>Capital and reserves</b>	<b>1,867.4</b>	<b>1,738.8</b>
Hedges	-5.8	-2.6
<b>Changes in fair value recognised in equity</b>	<b>-5.8</b>	<b>-2.6</b>
<b>Equity</b>	<b>1,861.6</b>	<b>1,736.2</b>
Provisions	91.6	34.4
Non-current financial liabilities	3,323.1	3,678.1
Non-current liabilities payable to group companies and associates	0.7	0.0
Deferred tax liabilities	386.8	214.7
Other non-current liabilities	76.0	79.1
<b>Non-current liabilities</b>	<b>3,878.1</b>	<b>4,006.2</b>
Liabilities linked with assets held for sale	0.0	5.9
Current provisions	0.0	3.3
Current financial liabilities	1,606.5	730.8
Current liabilities payable to group companies and associates	4.7	0.0
Trade and other payables	366.5	346.7
Other current liabilities	0.0	0.0
<b>Current liabilities</b>	<b>1,977.7</b>	<b>1,086.7</b>
<b>EQUITY AND LIABILITIES</b>	<b>7,717.4</b>	<b>6,829.1</b>

Note: Figures for 2011 include the Gaviota underground storage facility from 1 January 2010 and the proportional consolidation of 40% of the Altamira regasification plant from 13 September. Both 2010 and 2011 results include 40% of the BBG regasification plant accounted for using the proportional consolidation method.

## CONSOLIDATED CASH FLOW STATEMENT

€ Mn (unaudited)	Jan-Dec 2011	Jan-Dec 2010
<b>CONSOLIDATED PROFIT BEFORE TAX</b>	<b>520.3</b>	<b>472.3</b>
<b>Adjustments to profit</b>	<b>348.8</b>	<b>307.9</b>
Depreciation of PP&E	299.6	249.9
Other adjustments to profit	49.2	58.0
<b>Changes in working capital</b>	<b>-175.6</b>	<b>-25.2</b>
Inventories	0.3	1.1
Trade and other receivables	-185.8	-41.8
Other current assets	-4.7	-3.3
Trade and other payables	14.5	18.7
<b>Other cash flows from operating activities</b>	<b>-126.0</b>	<b>-126.1</b>
Interest paid	-113.4	-104.7
Interest collected	33.5	13.7
Income tax received /(paid)	-46.1	-29.1
Other inflows/(outflows)	0.0	-5.9
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>567.5</b>	<b>628.9</b>
<b>Capital expenditure</b>	<b>-632.9</b>	<b>-763.4</b>
Group companies and associates	-4.7	-33.6
Intangible assets, PP&E and investment property	-583.2	-629.5
Other financial assets	-45.0	-100.3
<b>Proceeds from disposals</b>	<b>41.5</b>	<b>1.2</b>
Group companies and associates	25.4	1.0
Intangible assets, PP&E and investment property	16.1	0.2
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>-591.4</b>	<b>-762.1</b>
<b>Proceeds from/(payments on) financial liabilities</b>	<b>580.7</b>	<b>765.5</b>
Issuance	1,243.3	880.5
Repayment	-662.6	-115.0
<b>Dividends paid</b>	<b>-216.6</b>	<b>-185.7</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>364.2</b>	<b>579.8</b>
<b>TOTAL NET CASH FLOWS</b>	<b>340.3</b>	<b>446.5</b>
Cash and cash equivalents - opening balance	1,087.1	640.5
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>1,427.3</b>	<b>1,087.1</b>
Cash and bank deposits	25.1	19.0
Other financial assets	1,402.2	1,068.1



## **APPENDIX II: RELATED-PARTY TRANSACTIONS**

### **Introduction**

Every quarter since 2003, Enagás, S.A. has disclosed information on its dealings with related parties. Since Spanish Ministerial Order EHA/2050/2004 of 15 September came into effect, the format for these disclosures has changed to accommodate the new rules.

Key points to note regarding related party disclosures:

- a) Any related party transactions of material size and which exceed volumes handled in the normal business of Enagás, S.A. are approved by the Company's Board of Directors, following a report by the Appointments and Remuneration and Corporate Responsibility Committee.
- b) Under Ministerial Order EHA/3050/2004, there is no need to disclose transactions that form part of the Company's ordinary course of business, are carried out on an arm's length basis or are immaterial in size. Therefore, given the scale of Enagás, S.A.'s financial statements, any transactions whose cumulative volume is less than €3Mn are not disclosed, although the Company may still on occasion decide to disclose transactions that fall below this threshold.
- c) Unless otherwise stated, transactions refer to contracts signed before the period referred to. Where figures refer to new relationships deriving from contracts agreed or commitments undertaken during the year, this is explicitly stated.

### **Transactions carried out by Enagás, S.A. with other group companies, significant shareholders or companies exercising significant influence over Enagás, S.A. (Article 4.1, Paragraph a, of Ministerial Order EHA 3050/2004)**

#### **Enagás, S.A. subsidiaries**

##### **Transactions with "Gasoducto Al Andalus S.A."**

Gasoducto Al Andalus S.A. has paid Enagás, S.A. €6.3Mn in dividends in respect of 2010 results.

Enagás S.A. has granted Gasoducto Al Andalus a €9Mn loan.

Enagás, S.A. has incurred expenses of €17Mn relating to transmission rights and long-term contracts arranged between the two companies and received revenues of €5.6Mn from franchise royalties and pipeline maintenance services.

##### **Transactions with "Gasoducto Extremadura S.A."**

Gasoducto de Extremadura, S.A. has paid Enagás, S.A. €4Mn in dividends in respect of 2010 results.

In December 2011, Enagás, S.A. cancelled a €0.041Mn loan to this company.

Enagás S.A. has incurred expenses of €8.9Mn relating to transmission rights and long-term contracts arranged between the two companies and received revenues of €5.1Mn from franchise royalties and pipeline maintenance services.

### **Transactions with “Bahía de Bizkaia Gas, S.L.”**

Enagás, S.A. has received revenues of €0.6Mn from this company for engineering services.

### **Transactions with “Enagás Altamira, S.L. Sociedad Unipersonal”**

Enagás, S.A. has granted Enagás-Altamira, S.L. Sociedad Unipersonal a €2.1Mn loan. This short-term loan was granted in the third quarter of 2011, and matured on 5 September 2011. The terms governing interest, fees, expenses and guarantees are all on an arm’s length basis.

Under the terms and conditions of the loan, Enagás, S.A. lent Enagás-Altamira S.L. Sociedad Unipersonal the amount needed in respect of downpayments or advances and fees for extending the deadlines relating to the sale and purchase of shares in Altamira LNG Investment I, BV, Altamira LNG Investment II, BV and Altamira LNG Investment III, BV.

Under the terms of the contract, the purchaser (Altamira LNG CV) pledged to pay the vendors certain amounts, including downpayments or advances on the price and fees for extending the deadlines to meet the conditions precedent. These amounts were subsequently deducted from the price.

In this regard, the following must be noted:

(i) As Altamira LNG CV did not have sufficient funds to honour these payments, the partners of Altamira LNG CV advanced the amounts stipulated in the sale and purchase agreement thereby giving rise to a loan in favour of the Altamira LNG CV partners for the amounts advanced.

(ii) As Enagás-Altamira, S.L. Sociedad Unipersonal (as a partner of Altamira LNG CV) had not yet been established and, as was the case, did not have sufficient funds to make the payments noted in point (i) above, Enagás, S.A. (as sole partner of Enagás-Altamira, S.L. Sociedad Unipersonal) advanced these funds to Enagás-Altamira, S.L. Sociedad Unipersonal, thereby giving rise to the loan between both parties.

### **Transactions between “Enagás-Altamira, S.L. Sociedad Unipersonal and Altamira LNG C.V.”**

On 6 September 2011 Vopak LNG Holding Mexico B.V and Enagás-Altamira S.L. Sociedad Unipersonal signed a shareholder loan in favour of Altamira LNG C.V. for \$17.5Mn (€11.9Mn). Enagás-Altamira S.L. Sociedad Unipersonal will contribute \$7Mn (€4.7Mn). The initial maturity date is 5 September 2012. The terms governing interest, fees, expenses and guarantees are all on an arm’s length basis.

Enagás-Altamira, S.L. Sociedad Unipersonal and Altamira LNG C.V. have therefore signed a subordinated shareholder loan for \$7Mn (€4.9Mn) as per the terms and conditions of this shareholder loan.

### **Transactions between "Enagás, S.A. and Gasoducto Escombreras, S.L. (Unipersonal)"**

In October 2011 Gasoducto Escombreras, S.L. granted Enagás, S.A. a €5Mn credit line maturing in 2012 (renewable annually). At 31 December 2011, the undrawn balance was €4.7Mn.

### **Companies with significant influence over Enagás and companies over which Enagás has significant influence**

#### **Transactions with Caja de Ahorros de Asturias (Cajastur)**

1) On 5 July 2011, Enagás, S.A. paid Cantábrica de Inversiones de Cartera, S.L.U. (Cajastur) a final dividend of €6.3Mn, as approved at its Shareholders' Meeting. Added to the €4.5Mn interim dividend paid on 21 December 2011, the total dividend was €10.8Mn.

2) Enagás, S.A. has a €12Mn bank guarantee line with Cajastur.

In the second quarter of 2011, Enagás, S.A. cancelled a €2Mn loan agreement and a €30Mn loan with Cajastur which matured in 2011.

The terms in all financial agreements with Cajastur are normal market interest rates, fees, expenses and guarantees.

#### **Transactions with Bilbao Bizkaia Kutxa (BBK)**

1) On 5 July 2011, Enagás, S.A. paid Kartera 1, S.L. (BBK) a final dividend of €6.3Mn, as approved at its Shareholders' Meeting. Added to the €4.5Mn interim dividend paid on 21 December 2011, the total dividend was €10.8Mn.

2) Enagás, S.A. has a €25Mn credit line with BBK and also a bank guarantee line of €6Mn.

3) It has also arranged a €100Mn loan with BBK.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with BBK are all arranged on an arm's length basis.

#### **Transactions with Oman Oil Holdings Spain, S.L.U.**

On 5 July 2011, Enagás, S.A. paid Oman Oil Holdings Spain, S.L.U. a final dividend of €6.3Mn, as approved at its Shareholders' Meeting. Added to the €4.5Mn interim dividend paid on 21 December 2011, the total dividend was €10.8Mn.

#### **Transactions with Sagane Inversiones, S.L.**

On 5 July 2011, Enagás, S.A. paid Sagane Inversiones S.L. a final dividend of €6.3Mn, as approved at its Shareholders' Meeting. Added to the €4.5Mn interim dividend paid on 21 December 2011, the total dividend was €10.8Mn.

#### **Transactions with Spanish State Holding Company (SEPI)**

On 5 July 2011, Enagás, S.A. paid SEPI a final dividend of €6.3Mn, as approved at its Shareholders' Meeting. Added to the €4.5Mn interim dividend paid on 21 December 2011, the total dividend was €10.8Mn.

### **Transactions with directors, managers and their immediate relatives (Article 4.1, Paragraph b, of Ministerial Order EHA/3050/2004)**

Attendance fees paid to the members of the Board of Directors to 31 December 2011 totalled €1.1Mn. Remuneration paid to the Company's senior management as at 31 December 2011 totalled €3.8Mn.

### **Other related-party transactions (Article 4.1, paragraph d, of Ministerial Order 3050/2004)**

#### **Transactions with Mare Nostrum (Caja Murcia)**

In October 2011, Enagás, S.A. renewed its €35Mn credit line with Banco Mare Nostrum (Caja Murcia) which had expired in September. It also has a €6Mn bank guarantee line in place.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with Banco Mare Nostrum are all arranged on an arm's length basis.

#### **Transactions with Caixa Catalunya**

In December 2011, Enagás, S.A. cancelled a €10Mn credit policy with Caixa Catalunya. It also has a €12Mn bank guarantee line in place.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with Caixa Catalunya are arranged on an arm's length basis.

#### **Transactions with Banco Sabadell**

Banco Sabadell and Enagás, S.A. have an agreement under which the bank will broker a loan for €100Mn corresponding to tranche C of the €1Bn loan granted by the EIB.

Enagás, S.A. also has a three-year €6Mn credit line and a €6Mn bank guarantee line with Banco Sabadell. In addition, Enagás has a three-year €150Mn loan with Banco Sabadell maturing in 2012.

Lastly, Enagás, S.A. arranged an interest-rate swap (IRS) with Banco Sabadell for €50Mn for the period running from November 2009 to November 2012.

The terms governing interest, fees and commissions, expenses and guarantees in all financial agreements with Banco Sabadell are arranged on an arm's length basis.

#### **Transactions with Grupo Eulen**

Enagás, S.A. incurred €2.4Mn in expenses for building and facility maintenance services rendered.

#### **Transactions with Naturgás, S.A**

Enagás, S.A. incurred expenses of €2.7Mn consisting of €2.7Mn for gas purchases for its own consumption and €7,000 for gas services.

#### **Transactions with Naturgás Comercializadora S.A.**

Enagás, S.A. has total of 16 TPA contracts in force with Naturgás Comercializadora, of which 15 are long-term and one is short-term.

Between 1 January and 31 December 2011 the following services were rendered: regasification of 4,126 GWh (billings for these services, including cistern loading, offloading tankers and LNG storage, totalled €6.2Mn); transmission of 3,341 GWh (billings for these services, including the transmission component of tolls, were €1.4Mn); storage of a daily average of 2,067 GWh (billings for these services were €10Mn). TPA contracts are standard form agreements approved by the Ministry for Industry, Trade and Tourism. The tolls billed by Enagás are also set by the Ministry.

### Transactions with Iberdrola

1) Enagás, S.A. incurred expenses of €9.1Mn consisting of €7.9Mn for gas purchases for its own consumption, €0.8Mn for electricity and €0.3Mn for office rental.

2) Enagás, S.A. has a total of 21 third-party access (TPA) agreements in force with Iberdrola S.A., of which one is short-term and 20 long-term. One TPA agreement was arranged in 4Q11, which is no longer in force.

Between 1 January and 31 December 2011 the following services were rendered: regasification of 13,248 GWh (billings for these services, including cistern loading, offloading tankers and LNG storage, totalled €12Mn); transmission of 15,809 GWh (billings for these services, including the transmission component of tolls, were €12.2Mn); storage of a daily average of 4,449 GWh (billings for these services totalled €26.9Mn). TPA contracts are standard form agreements approved by the Ministry for Industry, Trade and Tourism. The tolls billed by Enagás are also set by the Ministry.

### Transactions with Hidrocantábrico

1) Enagás, S.A. incurred expenses of €25.3Mn for electricity services.

2) Enagás, S.A. has a total of eight long-term TPA contracts in force with Hidrocantábrico Energía, S.A.. Three TPA agreements were signed in 4Q11, of which one remained in force at 31 December 2011. No regasification services were carried out and only the fixed amount stipulated by law was billed. A total of 2,932 GWh of gas was transmitted for Hidrocantábrico with €1.1Mn billed.

## APPENDIX III: CORPORATE RESPONSIBILITY AND SUSTAINABILITY

### Indexes, certifications and assessment agencies



Enagás has renewed its membership of the United Nations Global Compact, of which it has been a member since 2003. Membership implies an ethical commitment to ten universal principles governing conduct and action on matters concerning human rights, work, the environment and the fight against corruption.



Enagás is the world leader in the utilities sector in the 2011 review of the Dow Jones Sustainability Index World (DJSI). Enagás has been a member of this index since 2008. The index is the global benchmark for sustainable investing and analyses the world's 2,500 largest companies, selecting those with the best records on sustainability.



FTSE4Good

Enagás' inclusion in the FTSE4Good index, of which it has been a member since September 2006, has been reaffirmed. This index tracks companies' performance on

internationally recognised corporate citizenship criteria in order to facilitate socially responsible investing.



Enagás has once again been included in the Ethibel Pioneer & Excellence index, having joined in 2009. This Forum provides investors with specific instruments to help them identify socially responsible products by analysing companies' financial, social and environmental performance records worldwide.



In 2011 Enagás joined the new STOXX ESG Leaders index. This index analyses the world's largest 1,800 companies with the best sustainability record.



Oekom upheld its B Prime rating of Enagás, granted in 2010. Oekom is one of the world's top sustainability rating agencies, publishing sustainable investing specific research reports.



Enagás' 2010 annual report was verified for the second time in accordance with standard AA1000, having obtained, for the fourth consecutive year, the top score awarded by the Global Reporting Initiative - GRI (A+). These standards reflect Enagás' commitment to transparency.



As a standard bearer in corporate social reporting, in 2011 Enagás adhered to the International Integrated Reporting Committee's (IIRC) initiative. The IIRC supports the preparation of a single integrated corporate report and shares its knowledge and best practices in this regard.



Enagás was listed in the Carbon Disclosure Leadership Index's (CDLI) CDP Iberia 125 Report which analyses the 125 largest companies in Spain and Portugal. This initiative, which dates back to 2000, compiles information about climate change from over 2,500 of the world's largest companies.



In 2011 Enagás renewed its certification as a Family-Responsible Company granted by the Fundación +Familia to the Company in 2007. Enagás was rated B – Proactive". This is a private, not-for-profit, independent charity set up and run to provide innovative and highly professional solutions to support and protect the family.



In 2010, Enagás was recognised for its equal opportunities and treatment policy, receiving the Equality at Work award by the Ministry for Health, Social Policy and Equality.



Enagás was named one of Spain's Top Employers 2011 based on an independent analysis conducted by the CRF Institute, which identified the Company as one of the best places to work.



Lastly, in 2010 Enagás was awarded EFQM + 400 certification (European Foundation for Quality Management) for its management model. The EFQM model is the European standard bearer for excellence in organisational management.



Enagás' system operator (TSO) and third party network access (TPA) management processes are certified under ISO 9001:2008 while its information management systems and infrastructure development management systems were certified in 2010 and 2011, respectively.

## **APPENDIX IV: Contact data**

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