



First Half Results 2011

27 July 2011

**NET PROFIT IN THE FIRST HALF OF 2011 AMOUNTED TO €822 MILLION,
AN 11.0% INCREASE IN RECURRENT TERMS¹**

- Consolidated EBITDA in the period amounted to €2,386 million, up 0.4% with respect to the same period last year, supported by growth in earnings from regulated activities, which were boosted by the growing contribution from gas activities outside Spain and by improved operating efficiency, which offset the effect of divestments on EBITDA.
- Standardising for divestments in 2010 and 2011 of activities related to gas distribution in Spain and power generation in Mexico, EBITDA would have expanded by 3.0%.
- Net profit in the first half of 2011 was €822 million, down 3.6% year-on-year, due primarily to lower gains booked on asset sales with respect to the same period of 2010.
- In recurrent terms, i.e. adjusting for gains/losses on asset divestments in the first half of 2011 and 2010, net profit would have expanded by 11.0%. That growth is the result of stable EBITDA in a demanding macroeconomic context and of financial discipline, reflected by the gradual normalisation of leverage ratio.
- The results obtained in this context highlight the solid fundamentals of GAS NATURAL FENOSA's business model, which is based on an appropriate balance of regulated and liberalised gas and electricity businesses, including a growing, diversified international presence.
- On 14 June 2011, GAS NATURAL FENOSA and SONATRACH signed a set of agreements to resolve their ongoing dispute over the price applicable to gas procurement contracts and lay the foundation for future cooperation.
- The scrip dividend transaction was completed on 14 June 2011. The acceptance rate among GAS NATURAL FENOSA shareholders was 96.4%. The new shares were listed on 29 June 2011.
- On 30 June 2011, and in accordance with the new resolution by Spain's Competition Commission (CNC), GAS NATURAL FENOSA sold 304,000 distribution connectin points in Madrid.
- On 30 June 2011, GAS NATURAL FENOSA bought ACS's direct and indirect stakes in five wind farms.
- The divestments, rigorous discipline in capital expenditure and business performance is leading to a gradual normalisation of the leverage ratio, which was 55.5% at 30 June 2011, a particularly efficient level since the structure, cost and maturities are adjusted to GAS NATURAL FENOSA's business profile.

¹ Standardised for asset sales in the first half of 2011 and 2010.

1.- MAIN AGGREGATES

1.1.- Main financial aggregates

(unaudited)

2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
4,848	4,345	11.6	Net sales	10,205	9,429	8.2
1,090	1,083	0.6	EBITDA	2,386	2,377	0.4
878	983	-10.7	Operating income	1,698	1,834	-7.4
435	467	-6.9	Net profit	822	853	-3.6
-	-	-	Average number of shares (million) ²	922	922	-
-	-	-	EBITDA per share (€)	2.59	2.58	0.4
-	-	-	Net profit per share (€)	0.89	0.93	-3.6
285	342	-16.7	Investments	520	598	-13.0
-1,267	-1,386	-8.6	Net financial debt (at 30/06)	16,949	19,751	-14.2

1.2.- Ratios

(unaudited)

	1H11	1H10
Leverage ³	55.5%	60.0%
EBITDA/Financial income	4.9x	4.3x
Net financial debt /EBITDA	3.8x	4.2x
P/E	11.8x	7.7x
EV/EBITDA	6.8x	6.5x

Share data and balance sheet at 30 June.

² Calculated in accordance with IAS 33.

³ Net financial debt/(Net financial debt + Equity).

1.3.- Main physical aggregates

Gas and electricity distribution:

2Q11	2Q10	%		1H11	1H10	%
93,946	93,931	-	Gas distribution (GWh):	202,976	204,655	-0.8
46,612	45,584	2.3	Europe:	109,644	112,368	-2.4
446	344	29.7	Tariff gas sales	1,801	1,777	1.4
46,166	45,240	2.0	TPA ⁴	107,843	110,591	-2.5
47,334	48,347	-2.1	Latin America:	93,332	92,287	1.1
28,759	29,885	-3.8	Tariff gas sales	54,301	55,256	-1.7
18,575	18,462	0.6	TPA	39,031	37,031	5.4
13,258	12,775	3.8	Electricity distribution (GWh):	27,654	27,227	1.6
8,662	8,239	5.1	Europe:	18,567	18,256	1.7
557	525	6.1	Tariff gas sales	1,223	1,164	5.1
8,105	7,714	5.1	TPA	17,344	17,092	1.5
4,596	4,536	1.3	Latin America:	9,087	8,971	1.3
4,370	4,282	2.1	Tariff gas sales	8,622	8,449	2.0
226	254	-11.0	TPA	465	522	-10.9
-	-	-	Gas distribution connections, ('000)	11,498	11,153	3.1
-	-	-	(at 30/06):			
-	-	-	Europe	5,736	5,651	1.5
-	-	-	Latin America	5,762	5,502	4.7
-	-	-	Electricity distribution connections, ('000)	8,057	9,266	-13.0
-	-	-	(at 30/06):			
-	-	-	Europe	4,548	4,493	1.2
-	-	-	Latin America	3,509	4,773	-26.5
-	-	-	ICEIT (minutes)	20	32	-37.5

⁴ Also includes TPA services in the secondary network.

Energy businesses:

2Q11	2Q10	%		1H11	1H10	%
13,683	14,048	-2.6	Electricity generated (GWh):	28,907	29,034	-0.4
8,723	8,841	-1.3	Spain:	19,250	18,335	5.0
669	1,130	-40.8	Hydroelectric	2,363	3,107	-23.9
921	944	-2.4	Nuclear	2,020	1,999	1.1
982	-16	-	Coal	1,305	24	-
-1	-2	-50.0	Oil/gas	-2	36	-
5,602	6,197	-9.6	CCGT	12,315	11,840	4.0
550	588	-6.5	Renewables	1,249	1,329	-6.0
4,960	5,207	-4.7	International:	9,657	10,699	-9.7
76	82	-7.3	Hydroelectric	150	152	-1.3
4,387	4,720	-7.1	CCGT	8,544	9,711	-12.0
497	405	2.7	Oil-fired	963	836	15.2
-	-	-	Installed capacity (MW):	16,494	15,598	5.7
-	-	-	Spain:	13,811	13,380	3.2
-	-	-	Hydroelectric	1,868	1,860	0.4
-	-	-	Nuclear	595	589	1.0
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	617	617	-
-	-	-	CCGT	7,733	7,317	5.7
-	-	-	Renewables	950	949	0.1
-	-	-	International:	2,683	2,218	21.0
-	-	-	Hydroelectric	73	73	-
-	-	-	CCGT	2,289	1,824	25.5
-	-	-	Oil-fired	321	321	-
66,502	66,506	-	Gas supply (GWh):	153,410	151,492	1.3
52,138	53,882	-3.2	Spain	121,083	123,321	-1.8
14,364	12,624	13.8	Rest	32,327	28,171	14.8
12,520	14,495	-13.6	UF Gas ⁵	27,592	27,682	-0.3
5,764	5,865	-1.7	Gas supply in Spain (GWh)	12,473	13,390	-6.8
			Rest (GWh)			
26,432	25,277	4.6	Gas transportation - EMPL (GWh)	62,972	60,508	4.1

⁵ Including 100% of the company's figures.

2.- ANALYSIS OF CONSOLIDATED RESULTS

2.1.- Changes in group size

The main changes in consolidated group size in the first half of 2011 with respect to 2010 are as follows:

- In April 2010, the company sold the following companies: Madrileña Red de Gas, Madrileña Suministro Gas SUR 2010, Madrileña Suministro Gas 2010 and Madrileña Servicios Comunes.
- In May 2010 it sold the following power plants: Anahuac, Lomas del Real, Vallehermoso, Saltillo and Electricidad Aguila de Altamira as well as Gasoducto del Rio pipeline and Compañía Mexicana de Gerencia y Operación.
- In October 2010, Italian company Cilento Reti Gas was fully consolidated.
- In May 2011, the company divested stakes in electricity distribution companies in Guatemala
- In May 2011, the company executed the agreement to break up and redistribute Eufer's assets by swapping stakes in a number of wind farm companies. As a result, Gas Natural Fenosa Renovables received approximately one half of Eufer's total assets, i.e. over 500 MW of installed capacity in operational assets.
- On 30 June 2011, the company disposed of Bis Distribución de Gas, which had 304,000 gas distribution connection points in Madrid.

2.2.- Analysis of results

As regards the dispute between GAS NATURAL FENOSA and SONATRACH over the price review of supply contracts for gas received from Algeria via the Maghreb-Europe pipeline, a final arbitration decision was handed down in August 2010. The arbitrators found that SONATRACH was entitled to a price increase as from 2007. The maximum amount billable retroactively by SONATRACH to GAS NATURAL FENOSA is \$1,970 million for the period to July 2010. GAS NATURAL FENOSA contested the decision before the Swiss Federal Court. Moreover, GAS NATURAL FENOSA requested that a price review process commence with regard to the contracts in question to take account of the intense changes which have occurred, the current global market situation, and, in particular, the Spanish market situation, in line with the provisions of the contracts.

In November 2010, as a precautionary measure, the Swiss Federal Court suspended execution of the arbitration decision until it ruled on the appeal presented by GAS NATURAL FENOSA.

On 14 June 2011, GAS NATURAL FENOSA and Algerian company SONATRACH signed an agreement to resolve all disputes over the prices applicable to gas supply contracts and laying the foundation for future cooperation between the two companies.

SONATRACH and GAS NATURAL FENOSA resolved their dispute over the price applicable to the gas supply contracts, on which an arbitration decision had been handed down in August 2010 reaching an agreement on the price applicable for 2007-2009 and as from 1 January 2010; both parties undertook to withdraw all current legal proceedings.

Under the agreement, GAS NATURAL FENOSA will pay \$1,897 million for the 4.5-year period from 1 January 2007 to 31 May 2011, including all price reviews for the periods 2007-2008-2009 and 2010 to May 2011.

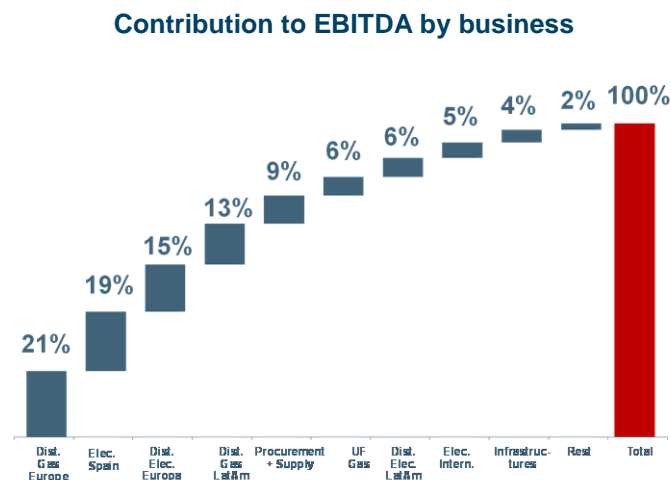
The end of this price conflict enables both companies to study cooperation opportunities in several areas, including SONATRACH's acquisition of a minority stake in GAS NATURAL FENOSA and the latter's potential participation of GAS NATURAL FENOSA in SONATRACH's projects, as well as joint development of future business projects.

2.2.1.- Net sales

Net sales totalled €10,205 million in the first six months of 2011, an 8.2% increase over the same period of 2010, due basically to the contribution from the regulated businesses in Latin America and from Procurements and Supply activities.

2.2.2.- EBITDA and operating income

Consolidated EBITDA in the first half of 2011 amounted to €2,386 million, an increase of 0.4% with respect to the first half of 2010, in a very tough macroeconomic, energy and financial context; this result was achieved due to an appropriate balance of regulated and liberalised gas and electricity businesses, including a growing, diversified international presence, which offset impact on EBITDA of the divestments in 2010.



Distribution of gas and electricity in Spain and other countries accounts for 54.7% of GAS NATURAL FENOSA's EBITDA.

Electricity activity in Spain accounts for 19.3% of consolidated EBITDA.

Depreciation charges increased by 6.6% while provisions were stable at €86 million. Gains from the disposal of fixed assets were less than in the same period last year, with the result that operating income declined by 7.4% to €1,698 million.

(specifically, 507,726 connections points) in April 2010, some generation assets (2,233 MW) in Mexico in June 2010, and sale of the assets in Guatemala in May 2011, EBITDA would have increased by 3.0%.

But for the divestments in 2010, which included the sale of low-pressure gas distribution assets in the Madrid region

Also standardising for the gains/losses on assets sales in the first half of 2011 (Guatemala, asset exchange with Eufer and 304,456 gas connection points in Madrid) with the first half of 2010 (507,726 connection points in Madrid and 2,233 MW of CCGT capacity in Mexico), recurrent net income would have increased by 11.0%.

2.2.3.- Financial results

The breakdown of financial results is as follows:

(unaudited)				
2Q11	2Q10	(€ Mn)	1H11	1H10
28	26	Financial income	58	49
-219	-230	Cost of net financial debt	-445	-478
-52	-97	Other expenses / interest income	-102	-130
-243	-301	Financial result	-489	-559

The cost of financial debt in the first half of 2011 was €445 million, i.e. less than in the same period last year due to the reduction of the gross average debt through divestments performed in 2010 and in the first quarter of 2011, to the amounts collected from the securitisation of the tariff deficit and the cash generated by the company's businesses.

2.2.4.- Corporate income tax

GAS NATURAL FENOSA is taxed in Spain under the consolidated taxation system, in which the tax group is viewed as the taxpayer and its tax base is determined by aggregating the tax bases of its component companies.

The other Spanish-resident companies that are not part of the tax group file individual returns, and those not resident in Spain are taxed in their respective countries; the tax rate on company income (or the equivalent tax) that is in force is applied to income for the period.

The income tax expense is recognised based on the effective tax rate envisaged for the year as a whole. The effective tax rate in the first half of 2011 was 24.9%, compared with 25.7% in the same period last year.

2.2.5.- Minority interest

The main items in this account are the minority shareholders of EMPL, companies in Colombia, gas distribution companies in Brazil, Electricidad Chiriqui and Electricidad Metro Oeste (Panama) and Kangra Coal (South Africa).

Income attributed to minority interest in 2011 amounted to €90 million, i.e. €7 million less than in the same period of 2010.

3. BALANCE SHEET

3.1.- Investments

The breakdown of investments by type is as follows:

(unaudited)

(€ Mn)	1H11	1H10	%
Capital expenditure	463	529	-12.5
Investments in intangible assets	55	59	-6.8
Financial investments	2	10	-80.0
Total investments	520	598	-13.0

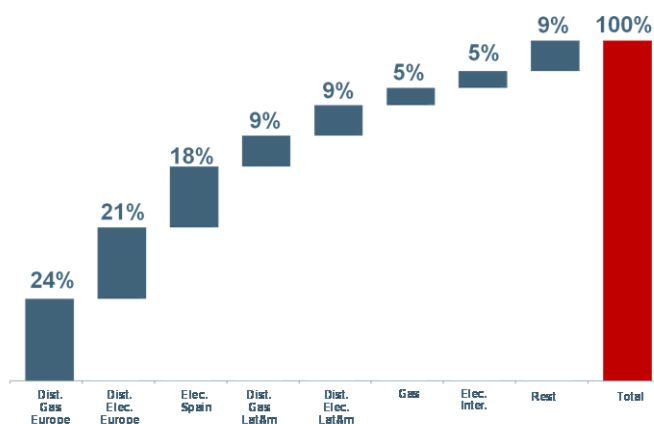
Capital expenditure (intangible assets and property, plant and equipment) amounted to €518 million, 11.9% less than in 2010, due primarily to the completion of CCGT construction. Capital expenditure increased in regulated businesses, primarily gas distribution in Spain (+36.2%), which includes the acquisition of distribution and secondary transportation assets from the company Distribuidora Sureuropea de Gas.

The breakdown of capital expenditure by line of business is as follows:

(unaudited)

(€ Mn)	1H11	1H10	%
Gas distribution:	173	127	36.2
Spain	108	82	31.7
Latin America	50	29	72.4
Italy	15	16	-6.3
Electricity distribution:	154	140	10.0
Spain	102	84	21.4
Latin America	47	50	-6.0
Moldova	5	6	-16.7
Electricity:	118	265	-55.5
Spain	94	179	-47.5
International	24	86	-72.1
Gas:	24	19	26.3
Infrastructures	14	-	-
Procurement & Supply	6	6	-
UF Gas	4	13	-69.2
Rest	49	37	32.4
Total capital expenditure	518	588	-11.9

Total capital expenditure by business



GAS NATURAL FENOSA allocated 63.1% of capital expenditure to regulated businesses, i.e. gas and electricity distribution, which will strengthen their contribution to consolidated EBITDA.

Close to 70% of capital expenditure in the period corresponds to Spain.

Capital expenditure in Latin America remains focused on Mexico and Colombia.

3.2.- Debt

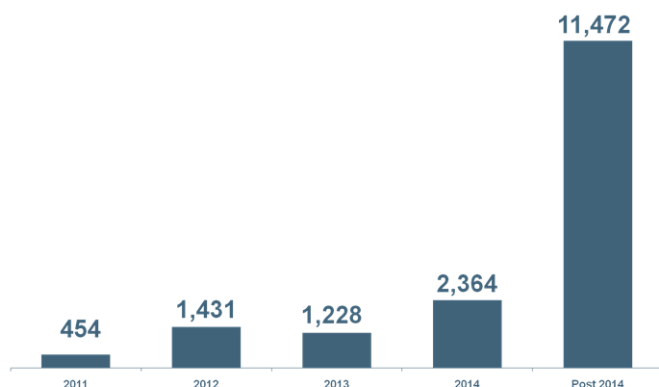
At 30 June 2011, net financial debt amounted to €16,949 million and leverage was 55.5%.

Excluding the tariff deficit (€1,313 million), net debt would be €15,636 million, i.e. leverage of 53.5%.

At 30 June 2011, the net debt/EBITDA ratio was 3.8 (3.5 if net debt is adjusted for the tariff deficit) and the EBITDA/financial income ratio was 4.9.

On 11 January 2011, the Fondo de Amortización del Déficit Eléctrico (FADE) launched an inaugural bond issue amounting to €2,000 million euro backed by rights assigned by Spain's electricity system, from which GAS NATURAL FENOSA received €224 million euro at the end of January 2011. On 15 February 2011, the FADE launched a second bond issue, amounting to €2,000 million euro, from which GAS NATURAL FENOSA received €224 million on 24 February 2011. The company also received €223 million from the FADE's third issue (€2,000 million) on 31 March 2011. On 20 May 2011, the company received €112 million from the FADE's final issue (€1,000 million). As a result, the total inflow in the first half of 2011 was €783 million.

Net Debt for maturity (€ million)



The figure shows the net debt maturity calendar.

A total of 67.7% of the net interest-bearing debt at 30 June 2011 matures in or after 2015. The average term of the debt is over 5 years.

A total of 66.5% of net interest-bearing debt is at fixed interest rates and the other 33.5% is at floating rates. Of the net interest-bearing debt, 4.8% is short term and 95.2% is long term.

At 30 June 2011, cash and cash equivalents together with available bank finance totalled over €7,000 million, providing the company with sufficient liquidity to cover its debt maturities for more than 24 months.

Additionally, at 30 June 2011 the company had €3,737 million available in the form of shelf registrations for financial instruments, including €1,950 million in the Euro Medium Term Notes (EMTN) programme, €473 million in the Euro Commercial Paper (ECP) programme, €947 million in the AIAF-listed commercial paper programme, and a total of €367 million in the Stock Certificates programme in the Mexican Stock Exchange and the Commercial Securities programme in Panama.

In January 2011, the company completed a 6-year €600 million bond issue with an annual coupon of 5.625% under the EMTN programme. In May 2011, it performed an 8-year €500 million bond issue with an annual coupon of 5.375%, under the same programme.

The total amount issued under the EMTN in the last two years totals over €8,000 million, with an average coupon of 4.77% and an average maturity of 7.1 years.

With a view to diversify its sourcing of finance, GAS NATURAL FENOSA issued debt in new markets. Gas Natural Mexico registered a Stock Certificate Programme on the Mexican Stock Exchange valued at MXN 10,000 million. Under this programme, on 20 May 2011 Gas Natural Mexico successfully closed a two-tranche issue (4Y and 7Y) for a total of MXN 4,000 million. The 4Y tranche was placed at a variable rate (the Mexican interbank rate—TIIE—plus a spread of 65 basis points), while the 7Y tranche pays an annual coupon of 8.62%. For this issue Gas Natural Mexico was rated AAA by Fitch Ratings and AA+ by Standard & Poor's.

Also in May 2011 and as part of the US\$50 million *Commercial Securities* programme, EDEMET (Panama) issued US\$ 30 million in the local market with a coupon of 2.9%.

The breakdown of the net financial debt by currency at 30 June 2011, in absolute and relative terms, is as follows:

(€ Mn)	30/06/11	%
EUR	13,925	82.2
US\$	1,764	10.4
COP	450	2.7
MXN	327	1.9
JPY	233	1.4
BRL	222	1.3
ARS	31	0.2
Rest	-3	0.0
Total net adjusted financial debt	16,949	100.0

The credit ratings of GAS NATURAL FENOSA's short- and long-term debt are as follows:

Agency	l/p	c/p
Moody's	Baa2	P-2
Standard & Poor's	BBB	A-2
Fitch	A-	F2

3.3.- Shareholders' equity

The proposal for application of 2010 income approved by the Ordinary Shareholders' Meeting on 14 April 2011 includes the payment of a dividend amounting to €324 million (i.e. the amount of the 2010 interim dividend, which was paid on 7 January 2011) as well as a scrip dividend through the issuance of new ordinary shares.

The trading period for the pre-emptive rights corresponding to the scrip dividend out of 2010 income ended on 14 June 2011. As a result, the holders of 3.61% of the pre-emptive rights accepted the irrevocable purchase commitment of GAS NATURAL FENOSA, which undertook to acquire 33,272,473 rights for €15 million gross. The other 96.39% opted to receive new shares. As a result, the definitive amount of ordinary shares with a unit face value of one euro issued as scrip dividend amounted to 31,731,588. The capital increase was registered with the Mercantile Register on 23 June 2011 and the shares were listed on 29 June 2011.

At 30 June 2011, the total number of ordinary shares was 953,488,539, represented by book entries with a par value of one euro each. All of the outstanding shares are fully paid-up and have the same political and economic rights.

On 17 June 2011, the Board of Directors of Gas Natural SDG unanimously approved a capital increase to enable Algerian company SONATRACH to acquire 3.85% of capital, overriding existing shareholders' pre-emptive right. As a result of this decision, 38,183,600 new shares will be issued at 13.4806 euro per share, for which SONATRACH will pay a total of €515 million in cash.

At 30 June 2011, GAS NATURAL FENOSA shareholders' equity totalled €13,592 million. Of that figure, €12,029 million is attributable to GAS NATURAL FENOSA, i.e. an increase of 4.5% with respect to 30 June 2010.

4.- ANALYSIS OF RESULTS BY ACTIVITY

The criteria used to assign amounts to the activities are as follows:

- The margin on intercompany transactions is allocated on the basis of the market which is the final destination of the sale.
- All revenues and expenses relating directly and exclusively to a specific business activity are allocated directly to it.
- Corporate expenses and revenues are assigned on the basis of their use by the individual business lines.

4.1.- Gas distribution in Spain

This area includes gas distribution, third-party access (TPA) and secondary transportation, as well as the distribution activities that are charged for outside the regulated remuneration (meter rentals, customer connections, etc.) in Spain.

GAS NATURAL FENOSA undertook to divest certain gas distribution assets under the plan of action approved by the National Competition Commission (CNC) in connection with the acquisition of Unión Fenosa.

On 30 April 2010, GAS NATURAL FENOSA completed the sale of low-pressure gas distribution assets, specifically 507,726 distribution points and 3,491 km of distribution networks; therefore, there are notable variations when comparing the first half of 2011 and 2010 due to the sale of those assets.

In line with commitments to Spain's National Competition Commission as a result of the Union Fenosa acquisition, on 30 June 2011 the company completed the sale of 304,456 natural gas connection points in Madrid (with a consumption of 147.3 GWh) to Grupo Madrileña Red de Gas for €450 million, i.e. a gross capital gain of €280 million.

4.1.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
312	317	-1.6	Net sales	625	644	-3.0
-4	-5	-20.0	Purchases	-7	-10	-30.0
-18	-15	20.0	Personnel costs, net	-38	-32	18.8
-66	-82	-19.5	Other income	-118	-146	-19.2
224	215	4.2	EBITDA	462	456	1.3
-70	-72	-2.8	Depreciation and amortization	-141	-143	-1.4
-	-	-	Change in operating provisions	-	-	-
154	143	7.7	Operating profit	321	313	2.6

Net sales in the gas distribution business totalled €625 million and EBITDA amounted to €462 million.

Excluding the effect of the above-mentioned divestment of assets in the Madrid region in 2010, revenues would have expanded by 2.5% and EBITDA by 5.7% with respect to the same period last year, due primarily to the increase in regulated remuneration and efficient resource usage.

4.1.2.- Main aggregates

The main aggregates in gas distribution in Spain were as follows:

2Q11	2Q10	%		1H11	1H10	%
46,021	45,131	2.0	Gas TPA sales (GWh):	107,340	110,238	-2.6
337	-3,633	-	Distribution network (km)	44,557	43,285	2.9
16	24	-33.3	Change in connections points ('000)	36	43	-16.3
-	-	-	Connections points (000) (at 30/12)	5,310	5,233	1.5

Excluding divestment proceeds, revenues in the regulated gas business in Spain, which includes TPA (third-party access) services in the distribution network and secondary transportation, were in line with the same period of 2010.

Lower consumption in the residential market (due to milder weather in the first half of the year compared with last year) was offset by a recovery in the industrial market.

GAS NATURAL FENOSA continues to expand its distribution network and to increase the number of connections points. But for divestments, the number of connections points would have increased by 77,032 (1.5%) in the last 12 months, and by 36,000 in the first half of 2011, i.e. 16.3% less than in the first half of 2010 due to the lacklustre performance of both the new and existing building markets. The distribution network expanded by 1,272 km. in the last twelve months and connected another 10 municipalities in the first half of 2011.

On 28 February 2011, the company acquired from Distribuidora Sureuropea de Gas (Grupo Corporación Llorente) a number of distribution and secondary transportation assets in the Andalusia and Castilla-La Mancha regions (101 km. of grid and 4 industrial connections) for €27 million.

On 29 December 2010, Spain's Ministry of Industry issued Order ITC/3354/2010, which established the tolls and fees for third-party access to gas installations in 2011 and updated certain aspects of the remuneration for regulated gas activities. The order maintained the system for calculating the distribution remuneration as amended the previous year, updating the remuneration for 2011 in accordance with the actual IPH index for 2009. The initial remuneration recognised for GAS NATURAL FENOSA in 2011 is €1,098 million. That amount includes the remuneration for the 304,456 supply connections sold on 30 June 2011 to the Madrileña Red de Gas group (estimated at €53 million) but does not include the assets acquired from Distribuidora Sureuropea de Gas (estimated at €1 million per year).

The remuneration recognised for secondary transportation in 2011 amounts to €31 million. That amount does not include the assets acquired from Distribuidora Sureuropea de Gas (estimated at €3 million per year).

4.2.- Gas Distribution in Latin America

This division involves gas distribution in Argentina, Brazil, Colombia and Mexico.

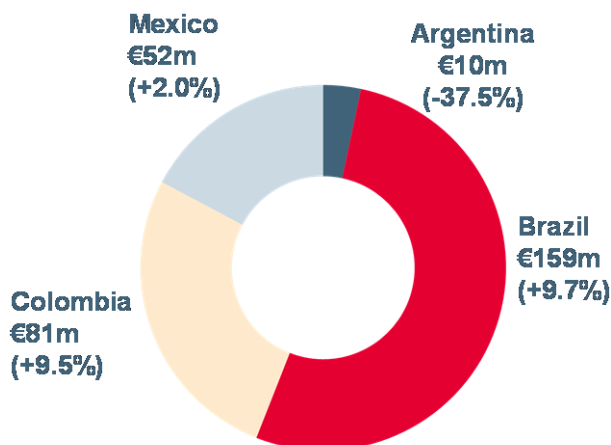
4.2.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
653	632	3.3	Net sales	1,285	1,155	11.3
-413	-402	2.7	Purchases	-829	-734	12.9
-22	-21	4.8	Personnel costs, net	-45	-39	15.4
-57	-54	5.6	Other income	-109	-96	13.5
161	155	3.9	EBITDA	302	286	5.6
-28	-28	-	Depreciation and amortization	-56	-55	1.8
-2	-3	-33.3	Change in operating provisions	-5	-5	-
131	124	5.6	Operating profit	241	226	6.6

EBITDA amounted to €302 million, a 5.6% increase on the same period of 2010. Excluding the currency effect, EBITDA increased by 4.2%.

Net sales amounted to €1,285 million, an 11.3% increase due to higher sales and to currency fluctuations.

EBITDA in Latin America by countries



The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to 2010.

Brazil and Colombia together accounted for 79.5% of total EBITDA; the gas distribution business in Colombia absorbed the sharp impact of the recent tax reform, specifically an amendment to Act 1370 to tax wealth as of 1 January 2011, although the tax is payable in 8 instalments between 2011 and 2014.

Moreover, and as a result of the cold wave, Decree 4825 was enacted in Colombia after a state of economic and social emergency was declared, increasing that tax by 25% to raise funds to offset the effects of the severe floods.

4.2.2.- Main aggregates

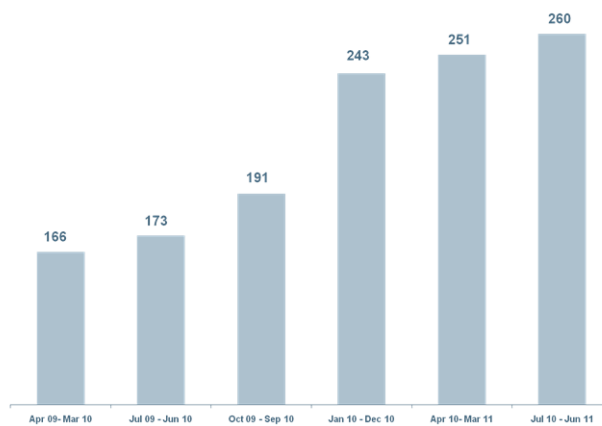
The main physical aggregates in gas distribution in Latin America are as follows:

2Q11	2Q10	%		1H11	1H10	%
47,334	48,347	-2.1	Gas activity sales (GWh):	93,332	92,287	1.1
28,759	29,885	-3.8	Tariff gas sales	54,301	55,256	-1.7
18,575	18,462	0.6	TPA	39,031	37,031	5.4
278	191	45.5	Distribution network (km)	64,987	62,636	3.8
52	43	20.9	Change in connections points ('000)	97	79	22.8
-	-	-	Connections points (000) (at 30/06)	5,762	5,502	4.7

The key physical aggregates by country in 2011 are as follows:

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh)	36,817	24,245	8,584	23,686	93,332
Change vs. 1H10 (%)	2.7	-3.7	10.2	0.4	1.1
Distribution network	23,143	6,044	19,204	16,596	64,987
Change vs. 30/06/2010 (km)	288	90	1,664	309	2,351
Connections points ('000 at 31/12)	1,473	826	2,234	1,229	5,762
Change vs. 30/06/2010 ('000)	34	21	154	51	260

Increase in gas distribution connections, ('000)



There were a total of 5,761,590 gas distribution connections in 2011. Year-on-year growth remains high, with the company adding 259,697 distribution connections (of which 154,157 in Colombia alone).

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 93,332 GWh, a 1.1% increase with respect to the previous year. This slight increase was due to high temperatures in Brazil and Mexico, offsetting growth in Argentina and Colombia.

The gas distribution grid expanded by 2,351 km. (+3.8%) in the last 12 months, to 64,987 km at the end of June 2011.

Highlights of activities in Latin America:

- In Argentina, negotiations with the government on the application of the new tariff framework are continuing. The customer base increased by 8.0% and gas sales by 2.7%, and the company continued to curtail expenditure sharply in a situation of high inflation (25%).
- Business in Brazil improved notably, with 26.8% growth in connection points and a moderate increase in sales to the residential, commercial and industrial markets. Hydro reservoirs in south-eastern Brazil reached 85% of capacity, which reduced dispatching of thermal power plants.
- Gas sales increased by 10.2% in Colombia due to the larger customer base (mainly in residential and TPA markets) while average residential and industrial consumption increased.
- In Mexico, growth in the customer base was 58.8% higher than in the same period of the previous year, i.e. adding 22,000 customers in the first half of 2011.

4.3.- Gas distribution in Italy

The business in Italy also includes gas sales at the regulated tariff.

4.3.1.- Results

(unaudited)

2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
48	35	37.1	Net sales	125	99	26.3
-23	-10	-	Purchases	-67	-48	39.6
-3	-4	-25.0	Personnel costs, net	-7	-7	-
-6	-5	20.0	Other income	-12	-11	9.1
16	16	-	EBITDA	39	33	18.2
-5	-6	-16.7	Depreciation and amortization	-11	-12	-8.3
-1	-1	-	Change in operating provisions	-1	-2	-50.0
10	9	11.1	Operating profit	27	19	42.1

Gas distribution and supply in Italy contributed €39 million in EBITDA, i.e. 18.2% more than in 2010.

The improvement in EBITDA is attributable to remuneration from regulated gas distribution and, mainly, to the higher margin on gas sales due to supplying natural gas obtained under GAS NATURAL FENOSA's own natural gas procurement contracts. Specifically, in the first half of 2011, seven shiploads of liquefied natural gas (2,951 GWh) were regasified at the Panigaglia plant.

4.3.2.- Main aggregates

GAS NATURAL FENOSA has 426,000 gas distribution points in Italy, a 1.9% increase with respect to 30 June 2010.

2Q11	2Q10	%		1H11	1H10	%
591	452	30.8	Gas activity sales (GWh):	2,304	2,130	8.2
446	344	29.7	Tariff gas sales	1,801	1,777	1.4
145	108	34.3	TPA	503	353	42.5
24	21	14.3	Distribution network (km)	6,344	6,113	3.8
-	-	-	Connections points ('000) (at 30/06)	426	418	1.9

A total of 2,304 GWh of gas were distributed, i.e. 8.2% more than in the first half of 2010.

The distribution grid expanded by 231 km in the last 12 months, to 6,344 km at 20 June 2011. This growth included the acquisition of assets in the Sapri and Camerota municipalities in the Campania region of southwest Italy, which added 54 km.

4.4.- Electricity distribution in Spain

The electricity distribution business in Spain includes regulated distribution of electricity and network services for customers, basically connections and hook-ups, metering and other actions associated with third-party access to GAS NATURAL FENOSA's distribution network.

4.4.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
232	205	13.2	Net sales	466	410	13.7
-	-1	-	Purchases	-	-1	-
-25	-27	-7.4	Personnel costs, net	-59	-56	5.4
-23	-36	-36.1	Other income	-58	-65	-10.8
184	141	30.5	EBITDA	349	288	21.2
-53	-53	-	Depreciation and amortization	-106	-105	1.0
1	-4	-	Change in operating provisions	2	-4	-
132	84	57.1	Operating profit	245	179	36.9

On 29 December 2010, Ministerial Order ITC/3353/2010 was published in the Official State Gazette, establishing tolls for third-party access as from 1 January 2011, the tariffs and premiums for special regime facilities, and the regulated revenues for transmission, distribution and TPA.

In addition to publishing regulated revenues for 2011, the Order also included definitive values for 2009 and 2010 remuneration, which were higher than the provisional figures published originally. As a result, the actual figures for 2010 regulated revenues exceed the figure recognised in the first quarter of that year, which was not updated until the end of the year.

Consequently, net revenues increased by 13.7% with respect to the first half of 2010 (when the 2010 review of regulated revenues had not been booked). However, standardising regulated revenues for 2010, growth would have been around 7%.

Recurrent personnel expenses were stable, and the deviation is due to non-recurrent expenditure that was not comparable with the previous year. The "Other income" item reflects efficiency improvements attained through process enhancement. The efficiency gains are even more notable if one compares the trend in expenses with the trend in business and revenues.

Good performance by the main business aggregates and the recognition of lower regulated revenues in the first half of 2010 (for the reasons described above) led to a 21.2% increase in EBITDA to €349 million.

4.4.2.- Main aggregates

2Q11	2Q10	%		1H11	1H10	%
8,105	7,714	5.1	Electric activity sales (GWh):	17,344	17,099	1.4
-	-	-	Tariff electricity sales	-	6	-
8,105	7,714	5.1	TPA	17,344	17,093	1.5
-	-	-	Connections points (000) (at 30/06)	3,733	3,682	1.4
-	-	-	ICEIT (minutes)	20	32	-37.5

Although electricity supply increased by 1.4% (due to adjustments to electricity supplied but not yet billed and the mismatch between consumption and billing), correcting for the calendar effect and temperature reveals that electricity demand was very much in line with the first half of 2010. The number of connection points registered 1.4% organic growth.

Weather did not have a significant impact in GAS NATURAL FENOSA's electricity distribution territory; this fact, combined with the facilities' good performance, enabled the company to attain very good levels of service quality in the first half. The ICEIT (installed capacity equivalent interrupt time) was just over 20 minutes, i.e. a reduction of 12 minutes with respect to the figure for 1H10 (which, in itself, was a notable improvement). In terms of the last twelve months, the ICEIT indicator was just 50 minutes, i.e. an improvement of 12 minutes on the previous year.

Good performance by quality, service and network energy efficiency indicators reflects the success of the ongoing capital expenditure plans, the quality of the network architecture and the allocation of considerable human resources and funds to operation and maintenance.

4.5.- Electricity Distribution in Latin America

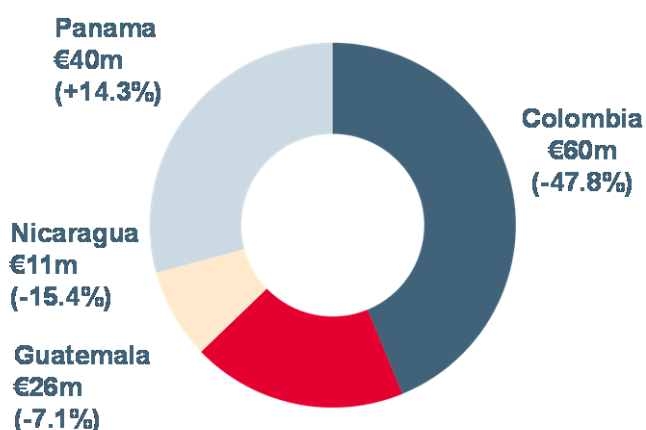
This division involves gas distribution in Colombia, Guatemala, Nicaragua and Panama.

The sale of the electricity distribution business in Guatemala led to its deconsolidation on 1 June 2011.

4.5.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
611	587	4.1	Net sales	1,191	1,105	7.8
-466	-432	7.9	Purchases	-893	-807	10.7
-14	-13	7.7	Personnel costs, net	-29	-27	7.4
-65	-38	71.1	Other income	-132	-80	65.0
66	104	-36.5	EBITDA	137	191	-28.3
-19	-25	-24.0	Depreciation and amortization	-40	-47	-14.9
-26	-31	-16.1	Change in operating provisions	-53	-54	-1.9
21	48	-56.3	Operating profit	44	90	-51.1

EBITDA in Latin America by country



EBITDA from the electricity distribution business in Latin America amounted to €137 million, 28.3% less than in 1H10. Excluding the currency effect, EBITDA would have declined by 26.2%.

This unusual trend is attributable to the distribution business in Colombia, where the amendment to Act 1370 was approved, taxing wealth as of 1 January 2011, although the tax is payable in 8 instalments from 2011 to 2014.

Moreover, and as a result of the cold wave, Decree 4825 was enacted in Colombia after a state of economic and social emergency was declared, increasing that tax by 25% to raise funds to offset the effects of the severe floods.

Electricity demand in Colombia increased by 1.8% in the first half of 2011 with respect to the same period last year.

In May 2011, GAS NATURAL FENOSA sold its stakes in distribution companies DEORSA and DEOCSA to UK fund Actis; those companies together distribute electricity to all of Guatemala except for the capital city and the Departments of Sacatepéquez and Escuintla; also included in the sale were the stakes in other companies in the energy business in Guatemala. The transaction price was US\$345 million. As a result of this divestment, the Guatemala electricity distribution business contributed to the Latin America electricity distribution business EBITDA for only the first five months of 2011.

The Central American distribution companies attained €77 million in EBITDA, a 1.3% increase (including notable 14.3% growth in Panama).

On 15 June 2011, Nicaragua approved a 41.88% increase in the tariff in order to partly reflect the sharp increase in the price of No. 6 fuel oil.

4.5.2.- Main aggregates

2Q11	2Q10	%		1H11	1H10	%
4,596	4,536	1.3	Electric activity sales (GWh):	9,087	8,971	1.3
4,370	4,282	2.1	Tariff electricity sales:	8,622	8,449	2.0
226	254	-11.0	TPA	465	522	-10.9
-	-	-	Connections points (000) (at 30/06)	3,509	4,773	-26.5

Electricity sales totalled 9,087 GWh, a moderate increase of 1.3%.

Customer numbers maintained the upward trend observed in the first quarter, most notably in Colombia and Nicaragua, where campaigns to sign new customers and regularization are proving very effective.

The key physical aggregates by country in 2011 are as follows:

	Colombia	Guatemala	Nicaragua	Panama	Total
Electric activity sales (GWh)	5,119	833	1,291	1,844	9,087
Change vs. 1H10 (%)	1.8	-12.8	6.8	3.6	1.3
Connections points ('000 at 31/12)	2,195	-	832	482	3,509
Change vs. 30/06/2010 ('000)	47	-1,396	67	18	-1,264
Network loss ratio (%)	17.5	17.2	20.9	10.0	-

The performance of basic business operating indices reflects the good results of the plans to reduce losses and bad debts.

4.6.- Electricity distribution in Moldova

The business in Moldova consists of regulated distribution of electricity and the supply of electricity at the bundled tariff in the capital city and the central and southern regions. GAS NATURAL FENOSA is responsible for 70% of electricity distribution in Moldova.

4.6.1.- Results

(unaudited)

2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
43	41	4.9	Net sales	102	93	9.7
-32	-30	6.7	Purchases	-78	-70	11.4
-2	-1	-	Personnel costs, net	-4	-3	33.3
-2	-4	-50.0	Other income	-5	-6	-16.7
7	6	16.7	EBITDA	15	14	7.1
-2	-1	-	Depreciation and amortization	-3	-2	50.0
-	-	-	Change in operating provisions	-	-	-
5	5	-	Operating profit	12	12	-

The revenues reflect the pass-through effect of procurement costs together with the capex plan and operation and maintenance performed in accordance with the country's current regulations.

In local currency terms, the spark spread (revenues-procurement costs) increased by 3.4% with respect to the same period of 2010, reflecting basically the regulated remuneration for electricity distribution and electricity supply at the regulated tariff.

Personnel expenses increased by 7.6% in local currency terms due to indexation to the Moldovan CPI (which increased by 8.1% in 2010). The "Other income" item reflects efficiency improvements attained through process enhancement. In local currency operating efficiency (total net expenses/spark spread) improved by 2 percentage points.

As a result, EBITDA amounted to €15 million, a 7.1% increase over the same period of 2010 (very similar to the increase in local currency terms).

4.6.2.- Main aggregates

2Q11	2Q10	%		1H11	1H10	%
557	525	6.1	Electric activity sales (GWh):	1,223	1,158	5.6
557	525	6.1	Tariff electricity sales:	1,223	1,158	5.6
-	-	-	TPA	-	-	-
-	-	-	Connections points (000) (at 30/06)	815	811	0.5
-	-	-	Network loss ratio (%)	13	14	-7.1

Electricity demand in GAS NATURAL FENOSA's distribution territory in Moldova maintained the growth trend observed in 1Q11 and totalled 1,223 GWh in the first half, a 5.6% increase (in Moldova overall, demand grew by slightly less than 5%). The number of distribution connections also increased year-on-year, to 815,000.

Operational improvements implemented in Moldova as part of the general management enhancement process brought energy efficiency indicators closely into line with countrywide standards, maximising the regulated spark spread. The power loss index was just slightly over 13%, almost 1 percentage point better than in the same period of 2010.

Electricity supply quality indicators also performed very well, enabling the company to maximise regulated revenues.

4.7.- Electricity in Spain

This area basically includes power generation in Spain, wholesale and retail electricity supply in the liberalised market in Spain, electricity supply at the last-resort tariff and wholesale electricity trading.

4.7.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
1,288	1,159	11.1	Net sales	2,844	2,691	5.7
-976	-788	23.9	Purchases	-2,127	-1,872	13.6
-37	-37	-	Personnel costs, net	-74	-61	21.3
-106	-110	-3.6	Other income	-183	-200	-8.5
169	224	-24.6	EBITDA	460	558	-17.6
-156	-133	17.3	Depreciation and amortization	-288	-253	13.8
-12	-2	-	Change in operating provisions	-10	-6	66.7
1	89	-98.9	Operating profit	162	299	-45.8

Net sales in the electricity business amounted to €2,844 million in the first half of 2011, 5.7% more than in the same period of 2010.

EBITDA amounted to €460 million in the first half of 2011, a 17.6% decrease year-on-year.

The effect of the economic recovery on fuel prices and the resulting increase in generating costs, plus the lower hydroelectric output, resulted in a decrease in EBITDA despite higher prices in the Spanish wholesale electricity market. That price increase enabled the company to increase electricity output despite divesting the Plana del Vent CCGT in the second quarter of this year.

Electricity demand in mainland Spain amounted to 60,535 GWh in the second quarter of 2011, 0.8% less than in the same period of 2010. Demand fell by 0.7% in 1H11; correcting for the calendar effect and temperatures leads to a 0.4% increase, continuing the upward trend observed throughout 2010.

In the second quarter of 2011, hourly capacity utilisation peaked at 39,537 MW at the end of June, i.e. nearly 1,000 MW below the summer record of 40,524 MW established in July 2006.

Net power generation in Spain declined by 1.6% in the second quarter of 2011, continuing the trend registered in the previous quarter (-1.4% in the first half of 2011). That decline is attributable to lower "ordinary regime" output and more moderate growth in "special regime" output compared with preceding quarters.

The balance of international power flows was a net export in physical terms: 1.7 TWh in the second quarter of 2011 (17.3% less than in the second quarter of 2010). Year-to-date, a net 3.5 TWh have been exported (in line with the figure for last year).

Growth in special regime power generation accelerated in the second quarter, increasing by 6.1%, i.e. 4 points more than in 1Q11. Output increased by 3.9% in the first half of 2011 with respect to the same period of 2010.

Wind power output was 5.2% y/y higher in 2Q11, but overall growth in the first half was negligible (0.1%). Nevertheless, the special regime power plants in Spain increased output by 3.9% and covered 37.9% of demand, i.e. 2.5 percentage points more than in 1H10.

In contrast, ordinary regime power output fell by 5.5% in the quarter, i.e. more than twice as fast as in the preceding quarter. Year-to-date, ordinary regime output is down 4.1%, with reductions in output by all technologies except coal (due to the Royal Decree on Security of Supply).

Hydroelectric output fell sharply in the second quarter, by 30.6% with respect to the same quarter of 2010, due to lower precipitation. Hydroelectric energy capability in 1H11 was average, with an exceedance probability of 46% when compared with the historical average: i.e. statistically, only 46 out of every 100 years would be wetter than 2011. Reservoirs in Spain as a whole stood at 70% of capacity at the end of the first half of 2011, i.e. 5 points lower than at the same date in 2010 (nevertheless, 2010 marked a 10-year record high).

Nuclear output fell by 8.7% in the quarter, affected by changes in the dates of scheduled shut-downs. Overall, nuclear fell 6.7% in the first half.

The slight decrease in demand in 2Q11 plus lower consumption for pumped storage and lower exports were offset by a reduction in hydroelectric output. Consequently, total thermal output increased by over 2,200 GWh in the quarter due to dispatching of plants burning Spanish coal under the Royal Decree on Security of Supply. As a result, thermal power covered 32.1% of demand, 4 percentage points more than in the first half of 2010.

Coal-fired output increased by 177.0% in the second quarter, evidencing the notable impact of the Royal Decree on Security of Supply, which came into force on 26 February 2011. In the first half of 2011, coal-fired output increased by 122.2%, covering 11.7% of demand.

Oil-fired output fell by 25.8% in the first half (its contribution to covering demand was less than half of one per cent, 0.2 points less than last year).

CCGT output declined by 18.2% y/y in the second quarter, covering 19.6% of demand (4 points less than in 2Q10). CCGT output fell by 11.2% in the first half of 2011, covering 19.9% of demand (down from 22.3% in 1H10).

The increase in wholesale electricity prices that began in the second half of 2010 was sustained by the reduction in hydroelectric output, moderate growth in special regime output (due to the decline in wind production) and rising commodity prices. Average prices in the daily market exceeded €50/MWh on several occasions, and reached €55.01/MWh on 28 June 2011, the highest level since the beginning of 2009.

The weighted average price in the daily power generation market was €48.83/MWh in the second quarter of 2011, €2.50 more than in the first quarter. The weighted average price in the first half was €47.48/MWh, i.e. €17.28 more than in 1H10.

As for other commodities, *Brent* crude rose from an average of \$105.24/bbl in 1Q11 to \$117.04/bbl in the second quarter of 2011 (an 11% increase), having averaged \$123.49/bbl in April. API 2, Europe's main coal price indicator, increased by 1.4%, from an average of \$123.0/tonne in the first quarter of 2011 to \$124.7/tonne in the second quarter of 2011. The price of CO₂ emission rights (EUAs on Bluenext) reached €13.38/tonne at the end of June (maturing in 2011), although it averaged €15.97/tonne in the second quarter, having remained above €16 from mid-March to mid-June.

4.7.2.- Main aggregates

The main aggregates in GAS NATURAL FENOSA's electricity business in Spain were as follows:

Power generation capacity:

2Q11	2Q10	%		1H11	1H10	%
-	-	-	Installed capacity (MW):	13,811	13,380	3.2
-	-	-	Ordinary Regime	12,861	12,431	3.5
-	-	-	Hydroelectric	1,868	1,860	0.4
-	-	-	Nuclear	595	589	1.0
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	617	617	-
-	-	-	CCGT	7,733	7,317	5.7
-	-	-	Special Regime	950	949	0.1
-	-	-	Wind	814	812	0.2
-	-	-	Small hydroelectric	69	68	1.5
-	-	-	Cogeneration and others	67	69	-2.9

The change in ordinary regime installed capacity with respect to 30 June 2010 is due to a number of factors: the two units of the Barcelona Port CCGT (838 MW) and the Malaga CCGT (409 MW) entered commercial operation in the second half of 2010; unit 1 of the Almaraz nuclear power plant increased capacity by 58.5 MW in 2011 (6 MW attributable to GAS NATURAL FENOSA) and the Puente Nuevo and Burguillo hydroelectric plants increased capacity by 8 MW in 2011; moreover, in the second quarter of 2011, the two units of the Plana del Vent CCGT plant (833 MW) were transferred to the company Alpiq. As a result, GAS NATURAL FENOSA's ordinary regime installed capacity increased by 3.5% to 12,861 MW.

Electricity generated and sold:

2Q11	2Q10	%		1H11	1H10	%
8,723	8,841	-1.3	Electricity generated (GWh):	19,250	18,335	5.0
8,173	8,253	-1.0	Ordinary Regime	18,001	17,006	5.9
669	1,130	-40.8	Hydroelectric	2,363	3,107	-23.9
921	944	-2.4	Nuclear	2,020	1,999	1.1
982	-16	-	Coal	1,305	24	-
-1	-2	-50.0	Oil/gas	-2	36	-
5,602	6,197	-9.6	CCGT	12,315	11,840	4.0
550	588	-6.5	Special Regime	1,249	1,329	-6.0
376	394	-4.6	Wind	869	912	-4.7
73	87	-16.1	Small hydroelectric	170	199	-14.6
101	107	-5.6	Cogeneration and others	210	218	-3.7
8,553	9,163	-6.7	Electricity sales (GWh):	18,531	20,395	-9.1
6,487	7,010	-7.5	Liberalised market	13,613	14,932	-8.8
2,066	2,153	-4.0	Last resort tariff	4,918	5,463	-10.0

GAS NATURAL FENOSA generated 8,723 GWh of electricity in mainland Spain in the second quarter of 2011, i.e. 1.3% less than in the same period of 2010. Of that figure, 8,173 GWh were ordinary regime (a 1.0% decline). "Special regime" power output declined by 6.5% to 550 GWh, basically because of the reduction in wind output with respect to 2Q10.

Hydroelectric output in the second quarter of 2011 amounted to 669 GWh, 40.8% less than in 2Q10 as a result of lower precipitation this year, particularly in May and June. Though January 2011 was wet, the first half of the year was dry from a hydrological standpoint, with an exceedance probability of 70% (i.e. probability that the period's energy capability will be exceeded, based on the historical record of average energy capability). Reservoirs in the watersheds where GAS NATURAL FENOSA operates were at 46.4% of capacity at 30 June 2011, i.e. 18 percentage points lower than at 30 June 2010.

Nuclear output fell by 2.4% in the second quarter but increased by 1.1% in the first half due to changes in scheduled shutdown dates.

The entry into force of the Royal Decree on Security of Supply resulted in GAS NATURAL FENOSA's Anllares, Robla 2 and Narcea 3 plants working continuously for the first time in almost two years. Consequently, GAS NATURAL FENOSA's coal-fired output amounted to 982 GWh in the second quarter, compared with zero in 2Q10. In the first half of 2011, coal-fired output amounted to 1,305 GWh, compared with 24 GWh in the first half of 2010.

CCGT output amounted to 5,602 GWh in the second quarter of 2011, a 9.6% decline due among other factors to the sale of the two units at Plana del Vent. GAS NATURAL FENOSA'S CCGT output increased by 4.0% in 1H11, contrasting with an 11.2% decline in Spain as a whole, evidencing the operating advantage of the company's CCGT plants.

GAS NATURAL FENOSA attained a 21.1% share of the ordinary regime power generation market in the first half of 2011, 1.5 percentage points more than in the same period of 2010.

The electricity supply area sold 18,531 GWh in the first half of 2011, including supply to the liberalised market and under the last-resort tariff, i.e. 9.1% less than in 1H10.

The reduction in the electricity supply portfolio is in line with the company's strategy of maximising margins and optimising market share and hedging against price variations in the electricity market.

Total emissions of CO₂ from GAS NATURAL FENOSA's conventional thermal power plants and CCGTs affected by the regulation governing greenhouse gas emission trading are estimated at 2.99 million tonnes. GAS NATURAL FENOSA acquired the emission rights needed to cover its shortfall through the secondary market, primary projects and carbon funds, i.e. adopting an integrated approach to managing its portfolio of CO₂ emission rights for the 2008-2012 and post-Kyoto periods.

Under its commitments, during April 2011 GAS NATURAL FENOSA supplied the Spanish National Register of Greenhouse Gas Emission Rights (RENADE) with the rights equivalent to the CO₂ emissions certified at its conventional thermal and CCGT plants in 2010, a total of 9.7 million tonnes of CO₂, including rights obtained via Clean Development and Joint Implementation mechanisms.

The company traded close to 21,000 GWh in the Iberian electricity market in the first half of 2011.

Energy trading in the French and German electricity markets in the first half of 2011 was performed via a number of market mechanisms such as Virtual Power Plant (VPP) auctions, energy sales in grid loss auctions for distributors in France, and trading in organised markets and OTC (over-the-counter); the company managed more than 425 GWh.

As regards crossborder trading in electricity between Spain and France and between France and Germany, GAS NATURAL FENOSA optimised and diversified its position, participating in the organised markets in those countries and buying interconnection capacity in short- and medium-term auctions, trading over 57 GWh in the first half of 2011.

As regards trading of CO₂ emission permits, in 1H11 the company traded close to 69 Mt in numerous deals involving EUA rights and CER/ERU, both in organised markets and with counterparties in a wide range of products.

Through spot and forward trading, GAS NATURAL FENOSA actively manages its position and optimises its margins and exposure, while also developing its own trading business.

GNF Renovables

The installed capacity of Gas Natural Fenosa Renovables (GNF Renovables) at 30 June 2011 presented minor differences in the technology breakdown due to the split of Eufes's assets on 27 May 2011.

Output was 6.1% lower than in the same period of 2010 (1,249 GWh, vs. 1,330 GWh). This decline in output is mainly due to the fact that wind power and, in particular, hydroelectric output were especially strong in 1H10; output in 1H11 was 4.7% lower in wind, 15.0% lower in small hydroelectric, and 3.7% lower in cogeneration with respect to the same period last year. Nevertheless, EBITDA increased by 1.4% to €70 million.

On 27 May 2011, the split of Eufes was completed; each of the company's shareholders (Gas Natural Fenosa Renovables and Enel Green Power) received 50% of the company's assets and they have been managed separately since 1 June 2011.

Gas Natural Fenosa Renovables bid for a total of 185 MW of capacity in 5 wind farms in Extremadura, which it expects to be awarded shortly.

Gas Natural Fenosa Renovables was also the most successful bidder in the Aragon wind tender in terms of attributable capacity: it obtained 81.5 MW in three wind farms.

The company has also been awarded 339 MW in Galicia (December 2010), 456 MW in Catalonia (October 2010) and 102 MW in the Canary Islands (August 2009), all of which are in the development phase.

In the Canary Islands, the company continues developing the 102 MW gross capacity which have already been awarded; the wind measuring towers have all been installed and the Declaration of General Interest has been requested for all the wind farms in order to expedite the environmental permit process. Additionally, REE has already granted access for the farms that will connect to its grid (i.e. all but one, which will connect to UNELCO's distribution grid).

As for the 456 MW of capacity awarded in Catalonia, the measuring towers have been installed in the three concessions.

In Galicia, the paperwork for approval of the execution design and administrative authorisation for the 11 wind farms awarded to the company was presented in June 2011.

Additionally, work is being conducted with a view to the forthcoming tenders in Castilla-La Mancha and Andalusia, which are expected in the second half of 2011.

Work continues on schedule for the construction of the Belesar II and Peares II small hydroelectric plants in Galicia and the J. García Carrión cogeneration plant in Castilla-La Mancha.

On 30 June 2011, an agreement was signed with ACS to acquire 95.5 MW net in 5 wind farms (corresponding to ACS's stake in six companies which are joint ventures with Gas Natural Fenosa Renovables). The agreement gives GAS NATURAL FENOSA a majority controlling stake in those companies and expands its presence in the Andalusia, Catalonia and Galicia regions. The sale is expected to be completed in the second half of 2011, once the necessary authorisations have been obtained.

Also, subject to obtaining the pertinent authorisations from the UK authorities, GAS NATURAL FENOSA is considering acquiring a stake of up to 50% in the UK offshore wind farm development projects of UK renewable energy company SeaEnergy, which was acquired recently by Repsol.

4.8.- Electricity in Latin America

This section includes electricity generation in Mexico, Puerto Rico, Costa Rica, Panama and the Dominican Republic.

Current operational assets in Mexico are the Hermosillo (270 MW) and Naco Nogales (300 MW) power plants in Sonora state; the Tuxpan III and IV (1,000 MW) power plant in Veracruz state; and the Norte Durango (450 MW) plant in Durango state, also in north-western Mexico.

On 24 December 2009, GAS NATURAL FENOSA reached an agreement to sell part of its power generation business in Mexico to Mitsui & Co. and Tokyo Gas Co. As a result, it divested 2,233 MW of installed capacity. The transaction was completed on 3 June 2010; consequently, the information for the first half of 2010 includes those assets, which were deconsolidated in May 2010.

4.8.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
224	242	-7.4	Net sales	442	522	-15.3
-148	-153	-3.3	Purchases	-285	-337	-15.4
-4	-6	-33.3	Personnel costs, net	-8	-11	-27.3
-11	-18	-38.9	Other income	-25	-50	-50.0
61	65	-6.2	EBITDA	124	124	-
-23	-30	-23.3	Depreciation and amortization	-46	-60	-23.3
-1	-	-	Change in operating provisions	-1	-1	-
37	35	5.7	Operating profit	77	63	22.2

EBITDA in the period amounted to €124 million, similar to the figure in the same period of 2010, or 27.0% higher excluding the assets divested in 2010.

Excluding the impact of the divestment, EBITDA in Mexico would have increased by 54.9%, mainly due to the entry into operation of the Norte Durango plant, which was not operational in 1Q10, and to good technical performance by all the plants.

EBITDA increased by 13.7% in Panama due to greater availability in 2011 of the Los Algarrobos hydroelectric plant, which operated at 50% of capacity in 1H10.

In the Dominican Republic, EBITDA rose by 7.0% in the first half of 2011 as a result of a higher level of dispatching and higher spot prices.

4.8.2.- Main aggregates

2Q11	2Q10	%		1H11	1H10	%
-	-	-	Installed capacity (MW):	2,571	2,106	22,1
-	-	-	Mexico (CCGT)	2,035	1,570	29,6
-	-	-	Puerto Rico (CCGT) ⁶	254	254	-
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric)	22	22	-
-	-	-	Panama (fuel)	11	11	-
-	-	-	Dominican Republic (oil-fired)	198	198	-
4,762	5,065	-6.0	Electricity generated (GWh):	9,275	10,394	-10.8
3,949	4,221	-6.4	Mexico (CCGT)	7,744	8,899	-13.0
438	499	-12.2	Puerto Rico (CCGT) ⁶	800	812	-1.5
53	62	-14.5	Costa Rica (hydroelectric)	108	116	-6.9
23	20	15.0	Panama (hydroelectric)	42	36	16.7
5	5	-	Panama (fuel)	8	13	-38.5
294	258	14.0	Dominican Republic (oil-fired)	573	518	10.6

⁶ Figures at 50%.

The reduction in output in Mexico is due to the sale of power plants in 2010. Excluding this effect, output by the plants in operation increased by 2,134 GWh, basically as a result of the entry into service of Norte Durango.

The Panama plants' availability increased by 27% as the Los Algarrobos hydroelectric plant operated at 100% capacity. Only one unit of that plant was operational in 1H10.

Availability in Puerto Rico increased by 12.4% as a result of the major overhaul of Unit II in the first quarter of 2010. Output did not increase since dispatching was reduced as a result of problems with the transmission lines.

Output in the Dominican Republic increased by 10.6% as other resources in the system shut down for maintenance.

4.9.- Rest of Electricity (Kenya)

This area refers to power generation in Kenya. The prevailing very dry weather in Kenya in the first half of 2011 increased the load factor of the thermal power plants, resulting in a sizeable increase in electricity output.

4.9.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
32	22	45.5	Net sales	61	46	32.6
-27	-16	68.8	Purchases	-50	-34	47.1
-1	-1	-	Personnel costs, net	-1	-1	-
-1	-	-	Other income	-3	-2	50.0
3	5	-40.0	EBITDA	7	9	-22.2
-1	-2	-50.0	Depreciation and amortization	-2	-3	-33.3
-	-	-	Change in operating provisions	-	-	-
2	3	-33.3	Operating profit	5	6	16.7

EBITDA amounted to €7 million in the first half of 2011 as a result of high output and a high level of availability (close to 90%), which is the factor determining capacity revenues. The considerable increase in world fuel prices in the first half of 2011 and the scheduled maintenance shut-downs led to a decline in EBITDA with respect to the previous year.

4.9.2.- Main aggregates

2Q11	2Q10	%		1H11	1H10	%
-	-	-	Electric generation capacity (MW)	112	112	-
198	142	39.4	Electric energy production (GWh/year)	382	305	25.2

Diesel-fired output in Kenya increased by 25.2% year-on-year in 1H11 to 382 GWh. This increase is attributable to strong demand for thermal power in Kenya as a result of the low precipitation and, consequently, the low level of water in the hydroelectric reservoirs.

4.10.- GAS

4.10.1.- Infrastructure

This area includes the development of integrated liquefied natural gas (LNG) projects, hydrocarbon exploration, development and production, maritime transportation, and the operation of the Maghreb-Europe gas pipeline.

4.10.1.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
67	62	8.1	Net sales	139	127	9.4
-17	-	-	Purchases	-27	-7	-
-2	-2	-	Personnel costs, net	-4	-4	-
-13	-13	-	Other income	-26	-22	18.2
35	47	-25.5	EBITDA	82	94	-12.8
-14	-11	27.3	Depreciation and amortization	-30	-25	20.0
-	-	-	Change in operating provisions	-	-	-
21	36	-41.7	Operating profit	52	69	-24.6

Net sales in the Infrastructure business increased by 9.4% to €139 million in the first half of 2011.

EBITDA in the first half of 2011 amounted to €82 million, i.e. 12.8% less than in the same period of 2010 due mainly to the impact of exchange rate fluctuations on revenues from international transportation and to the lower occupancy rate of the fleet.

4.10.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

2Q11	2Q10	%		1H11	1H10	%
26,432	25,277	4.6	Gas transportation-EMPL (GWh):	62,972	60,508	4.1
8,752	6,298	39.0	Portugal-Morocco	18,741	15,626	19.9
17,680	18,979	-6.8	GAS NATURAL FENOSA	44,231	44,882	-1.5

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 62,972 GWh, 4.1% more than in the same period last year. Of that figure, 44,231 GWh were transported for GAS NATURAL FENOSA through Sagane and 18,741 GWh for Portugal and Morocco.

In the gas exploration and production area, a second exploratory well was drilled in the second quarter of 2011 in the Tangier-Larache (Morocco) concession, in which GAS NATURAL FENOSA has a 24% stake. Alternatives are currently being considered for developing the first well.

In the integrated project being developed in Angola by GAS NATURAL FENOSA (20%) with Repsol, drilling work was completed in the Garoupa II block with positive results, and further wells are being prepared so as to continue with the exploration phase in 2012.

Also in the second quarter of 2011, the seismic survey was completed in the Villaviciosa concession in northern Spain, where GAS NATURAL FENOSA is the operator and has a 70% stake. Survey data will be interpreted in the third quarter of 2011, which will enable the company to evaluate the area's exploration potential and define future actions.

In the second quarter of 2011, the company continued the public information process, responding to submissions and preparing environmental impact studies for the five exploration, production and storage projects planned for the coming years in the Guadalquivir Valley (Marismas, Aznalcazar and Romeral districts). On 30 September 2010, the company obtained an Environmental Impact Assessment for the first of the five projects. Subsequently, on 15 November 2010, the Andalusia Regional Government issued a Combined Environmental Authorisation for the project, which is a prerequisite for obtaining approval from the Ministry of Industry, Tourism and Trade. On 15 July 2011, the Spanish Cabinet approved a Royal Decree for adapting the concessions in the Marismas district by authorising gas storage and setting the basic operational and economic conditions.

The development of two regasification terminals in Italy (Trieste-Zaule and Taranto) is continuing; they are currently at the permit phase. The Trieste-Zaule project completed the permit process at national level in July 2009 and is awaiting the Single Authorisation to commence construction, expected to occur in 2011. The process of obtaining permits for the Taranto project, as required under Italian legislation, is continuing.

Both projects are on-shore, located in the port areas of the respective cities, and have a planned regasification capacity of 8 bcm/year; investment per terminal will be approximately €500 million. These plants will enable the company to diversify its sources of natural gas supply in Italy and provide continuity in this energy supply, in line with the objectives of the Italian government's energy policy.

4.10.2.- Procurement and Supply

This area includes gas procurement and supply (wholesale and retail) in Spain and other countries, the supply in Spain of products and services related to supply, and supply of gas at the last-resort tariff in Spain.

4.10.2.1.- Results

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
1,754	1,585	10.7	Net sales	4,075	3,797	7.3
-1,627	-1,524	6.8	Purchases	-3,747	-3,500	7.1
-10	-18	-44.4	Personnel costs, net	-23	-35	-34.3
-49	-	-	Other income	-99	-83	19.3
68	43	58.1	EBITDA	206	179	15.1
-4	-	-	Depreciation and amortization	-7	-7	-
-9	-8	12.5	Change in operating provisions	-18	-12	50.0
55	35	57.1	Operating profit	181	160	13.1

Net revenues amounted to €4,075 million, i.e. 7.3% more than in 1H10. EBITDA increased by 15.1% to €206 million.

Diversification of the portfolio of commodities and combined management of the commodity and dollar risks helped improve EBITDA in a context of significant volatility in the energy and currency markets.

4.10.2.2.- Main aggregates

The main aggregates in the gas procurement and supply activity are as follows:

2Q11	2Q10	%		1H11	1H10	%
66,502	66,506	-	Gas supply (GWh):	153,410	151,492	1.3
52,138	53,882	-3.2	Spain:	121,083	123,321	-1.8
36,301	39,638	-8.4	GAS NATURAL FENOSA supply ⁷	87,970	95,491	-7.9
15,837	14,244	11.2	Supply to third parties	33,113	27,830	19.0
14,364	12,624	13.8	International:	32,327	28,171	14.8
5,231	4,978	5.1	Europe	11,261	12,341	-8.8
9,133	7,646	19.4	Other	21,066	15,830	33.1
-	-	-	Multiutility contracts (at 30/06)	1,559,000	1,486,005	4.9
-	-	-	Contracts per customer (at 30/06)	1.30	1.30	-

⁷ Does not include exchange transactions.

GAS NATURAL FENOSA supplied 87,970 GWh in the Spanish gas market, a 7.9% decline with respect to the same period last year, primarily due to lower sales to residential customers as a result of divestments. The company sold 33,113 GWh of gas to third parties for supply to the Spanish market, a 19.0% increase.

With a view to guaranteeing gas exports from Spain to Portugal, GAS NATURAL FENOSA is using the gas grid connections in Campomaior (south-east) and Valença do Minho (north).

Gas Natural Europe (the French supply subsidiary) has been selling natural gas in France since 2005. It currently has 262 customers in a range of sectors, from industrial companies (chemicals, paper mills, etc.) to local governments and the public sector, accounting for a total portfolio of 7.0 TWh.

The French supply subsidiary obtained its first customers in Belgium and Luxembourg, representing a contracted portfolio of over 220 GWh per year in 2011. The company also aims to increase gas supply in Europe. To this end, it is considering an entry into other central European markets in the short term by offering a combination of customised energy consulting with the advantage of a diversified, secure supply.

From the Paris office, GAS NATURAL FENOSA coordinates the wholesale gas business in Italy, where the company has obtained new customers. The portfolio under contract in Italy amounts to 1,900 GWh per year, Italian subsidiary Gas Natural Vendita also supplies energy to residential customers (a contracted portfolio of 3,180 GWh).

GAS NATURAL FENOSA participated in the TURGAS auction on 14 June 2011, organised by OMEL, for the sale of natural gas to last-resort supply companies for the period from 1 July 2011 to 31 March 2012. It was awarded 400 GWh in the auction.

In line with its objectives, the company also continues to expand in Portugal, where it had a contracted portfolio of 3.4 TWh in the first half of 2011, i.e. 12.4% of the industrial market and over 5% of the market as a whole.

GAS NATURAL FENOSA has strengthened its position as the leading supplier of liquefied natural gas (LNG) in Argentina. In addition to the five shiploads sold and delivered in the period, the company was awarded the contract for seven shiploads for the southern hemisphere winter, to be delivered to the Bahía Blanca terminal, as well as 30% of the volume requested in 2011 for the new terminal in Escobar; those supplies have already commenced.

The company continues to take steps to develop energy options for vehicles in Spain, in both the public and private sectors. The company is an expert in automotive LNG, a business which it already conducts in several Latin American countries and Italy, where automotive natural gas is widely used.

GAS NATURAL FENOSA undertakes end-to-end management of the process, from construction of service stations (capital investment and subsequent operation and maintenance) to the supply of compressed natural gas, thereby ensuring maximum availability of the facilities. It has 19 service stations selling 350 GWh/year; it also has 12 customers in the pipeline which represent an additional 225 GWh/year.

In the second quarter of 2011, the company started up the public gas filling station in Sanchinarro (Madrid) and a station serving municipal solid waste collection trucks in Hospitalet de Llobregat (Barcelona). Those two stations represent potential consumption of 53.6 GWh/year.

GAS NATURAL FENOSA won the tender held by Madrid City Government for the construction and operation (12 years) of 4 public compressed natural gas filling stations, in the districts of San Blas, Villaverde, Vicálvaro and Moncloa-Aravaca.

GAS NATURAL FENOSA is also working on actions to foster energy efficiency and the rational use of energy in the field of transport. The company is also managing the network of electric vehicle recharging stations in the city of A Coruña and is adapting charging stations to accommodate the full range of electric vehicles. A survey is being conducted of the electric vehicle needs of the Madrid Municipal Police and Traffic Wardens in order to offer them an integrated mobility solution.

In the area of energy efficiency, GAS NATURAL FENOSA continues to work on projects in the residential, tertiary and industrial markets and actively promotes energy efficiency and saving.

In this line, in June 2011 Gas Natural Fenosa and the Madrid Regional Business Confederation of Retailers, Self-Employed Workers and Services (CECOMA) signed a cooperation agreement to undertake energy efficiency actions for the confederation's members. GAS NATURAL FENOSA is also promoting the development of the liberalised energy market by providing custom energy consulting to CECOMA member companies, offering the best commercial proposal in the liberalised market in line with their needs.

In the last quarter, more than 100,000 internet users accessed the information provided by GAS NATURAL FENOSA on energy efficiency at home (www.hogareficiente.com) and at work (www.empresaeficiente.com).

GAS NATURAL FENOSA continues to focus on adding features and signing up users for its on-line customer management services; in the first quarter of 2011, the site logged 2.6 million transactions and a total of 880,000 customers were registered as users.

In 2011, GAS NATURAL FENOSA began marketing all its products and services throughout Spain and stepped up efforts to recover its share of the residential market; as a result, the number of customers returning to GAS NATURAL FENOSA tripled with respect to 1H10.

The company continues working to expand market share among SMEs in the Balearic Islands, where it expects to increase its share of SME electricity customers to 8.7% in 2011 and expand in the residential market through the sale of natural gas, electricity and services.

GAS NATURAL FENOSA has a total of 1,559,000 contracts to maintain gas facilities and appliances for residential customers based on its own operating platform consisting of over 149 associated firms and connected via an online system, which has enabled it to improve service performance and quality (our customers rate this as our top service).

4.10.3.- Unión Fenosa Gas (UF Gas)

This area includes gas procurement and supply performed by Unión Fenosa Gas (UF Gas), including the liquefaction plant in Damietta (Egypt), the Sagunto regasification plant, and the gas carrier fleet.

4.10.3.1.- Results

Unión Fenosa Gas (UF Gas) is owned 50% by GAS NATURAL FENOSA and is proportionately consolidated.

(unaudited)						
2Q11	2Q10	%	(€ Mn)	1H11	1H10	%
213	196	8.7	Net sales	437	375	16.5
-144	-137	5.1	Purchases	-282	-242	16.5
-3	-3	-	Personnel costs, net	-6	-6	-
-7	-7	-	Other income	-13	-12	8.3
59	49	20.4	EBITDA	136	115	18.3
-38	-28	35.7	Depreciation and amortization	-76	-56	35.7
-	-	-	Change in operating provisions	-	-	-
21	21	-	Operating profit	60	59	1.7

EBITDA amounted to €136 million in the first half of 2011, 18.3% more than the same period in 2010. This performance was attained on stable sales volumes in the Spanish market but with higher margins due to the positive situation in the energy market (higher Brent, pool and coal prices) and optimised management of procurements.

4.10.3.2.- Main aggregates ⁸

Gas supply in Spain (27,592 GWh) was stable with respect to the same period of 2010. Sales to CCGT plants rose by 6%, while sales to industrial customers and to other supply companies declined by 6% and 22%, respectively.

Additionally, a total of 12,473 GWh of energy was traded in international transactions in Japan, India, Taiwan and Korea.

The gas acquired under long-term contracts with Egypt and Oman covered practically all (90%) of the gas needs in the Spanish market in the period.

The main gas infrastructure (liquefaction, shipping and regasification) maintained levels of availability and efficiency in line with the same period last year.

2Q11	2Q10	%		1H11	1H10	%
12,520	14,495	-13.6	Gas supply in Spain (GWh)	27,592	27,682	-0.3
5,764	5,865	-1.7	Other gas sales (GWh)	12,473	13,390	-6.8
9,589	8,965	7.0	Liquefaction (GWh)	24,299	18,222	33.3
11,197	13,753	-18.6	Regasification (GWh)	23,146	28,170	-17.8

⁸ Assuming 100%.

The Damietta (Egypt) liquefaction plant increased production with respect to the same period last year. The plant delivered 27 shiploads, of which 16 were for UF Gas and the remainder for other operators.

The Sagunto regasification plant produced 23,146 GWh, i.e. 36 shiploads, of which 43.4% (10 shiploads) were for UF Gas.

On 6 May 2011, UF Gas increased its stake in the 3G gas consortium (whose object is to build and manage a network of gas pipelines in Equatorial Guinea) to 20% by acquiring the stake of E.ON Ruhrgas. As a result, UF Gas is the second-largest partner in the venture, behind Sonagas GE, the national gas company of Equatorial Guinea, which owns 50%. The State of Equatorial Guinea controls another 15% indirectly, and Galp owns 15%.

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1 January 2011:

- GAS NATURAL FENOSA announces the payment of an interim dividend out of 2010 income (disclosed 5 January 2011, registration number 136143).
- GAS NATURAL FENOSA discloses completion of a 6-year bond issue in the euromarket amounting to €600 million (disclosed 26 January 2011, registration number 137075).
- GAS NATURAL FENOSA discloses changes to the Board of Directors and to the Audit & Control Committee (disclosed 28 January 2011, registration number 137187).
- The National Competition Commission (CNC) publishes a new decision on the divestment commitments assumed by GAS NATURAL FENOSA related to the acquisition of Unión Fenosa (disclosed 3 February 2011, registration number 137706).
- GAS NATURAL FENOSA discloses the agreement to sell 300,000 gas supply points in the Madrid region (disclosed 7 February 2011, registration number 137882).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 4Q10 earnings (disclosed 14 February 2011, registration number 138149).
- GAS NATURAL FENOSA publishes its 4Q10 results (disclosed 22 February 2011, registration number 138600).
- GAS NATURAL FENOSA files the presentation of earnings for the fourth quarter of 2010 (disclosed 22 February 2011, registration number 138607).
- GAS NATURAL FENOSA publishes its Annual Corporate Governance Report for 2010 (disclosed 24 February 2011, registration number 138837).
- GAS NATURAL FENOSA discloses information on earnings for the second half of 2010 (disclosed 25 February 2011, registration number 139144).
- GAS NATURAL FENOSA discloses the completion of the acquisition of certain distribution and secondary transportation assets in the Castilla-La Mancha and Andalusia regions for €26.9 million (disclosed 28 February 2011, registration number 139321).
- GAS NATURAL FENOSA calls an Ordinary Shareholders' Meeting for 14 April 2011 (disclosed 9 March 2011, registration number 139861).
- GAS NATURAL FENOSA discloses the Board of Directors report regarding article 116 bis of the Securities Market Law (disclosed 9 March, registration number 139873).
- GAS NATURAL FENOSA discloses the closure of the sale of the Plana del Vent CCGT for €200 million (disclosed 1 April 2011, registration number 141532).
- GAS NATURAL FENOSA files the presentation given at the press conference before the Ordinary Shareholders' Meeting (disclosed 14 April 2011, registration number 142266).
- GAS NATURAL FENOSA signed an agreement to sell the Arrúbal CCGT (800 MW) in La Rioja for €313 million (disclosed 14 April 2011, registration number 142291).
- GAS NATURAL FENOSA discloses that the Ordinary Shareholders' Meeting has approved all proposals contained in the Agenda submitted by the Board of Directors (disclosed 14 April 2011, registration number 142296).

- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 1Q11 earnings (disclosed 26 April 2011, registration number 142784).
- GAS NATURAL FENOSA discloses the tentative calendar for the scrip dividend out of 2010 income (disclosed 29 April 2011, registration number 143121).
- GAS NATURAL FENOSA files the Advance Report of earnings for the first quarter of 2011 (disclosed 5 May 2011, registration number 143354).
- GAS NATURAL FENOSA files the presentation of earnings for the first quarter of 2011 (disclosed 5 May 2011, registration number 143393).
- GAS NATURAL FENOSA discloses that, through subsidiary Gas Natural Capital Markets, S.A., it has completed a €500 million issue of 8-year bonds in the euro market under its Euro Medium Term Notes programme (disclosed 10 May 2011, registration number 143701).
- GAS NATURAL FENOSA files the documentation on its scrip dividend out of 2010 income (disclosed 19 May 2011, registration number 144181).
- GAS NATURAL FENOSA has signed an agreement to sell its stakes in Guatemalan electricity distribution companies DEORSA and DEOCSA and in other Guatemalan energy companies (disclosed 20 May 2011, registration number 144193).
- GAS NATURAL FENOSA discloses that subsidiary Gas Natural México, S.A. de C.V. has performed two issues of stock market certificates amounting to a total of MXN 4 billion with the guarantee of Gas Natural SDG, S.A. (disclosed 23 May 2011, registration number 144236).
- GAS NATURAL FENOSA reports on negotiations with SONATRACH on the review of the price under the contracts for the supply of gas from Algeria by the latter via the Maghreb-Europe pipeline (disclosed 24 May 2011, registration number 144372).
- GAS NATURAL FENOSA discloses that the Board of Directors has agreed upon the economic terms of the capital increase (disclosed 27 May 2011, registration number 144575).
- GAS NATURAL FENOSA discloses that it has concluded the joint venture in renewable energy with Enel Green Power which had existed up to now through Enel Unión Fenosa Renovables S.A. (Eufer), a company which they owned 50% each (disclosed 30 June 2011, registration number 144635).
- GAS NATURAL FENOSA discloses that, subject to obtaining the pertinent authorisations from the UK authorities, it is considering acquiring a stake of up to 50% in the UK offshore wind farm development projects of UK renewable energy company SeaEnergy, which was acquired recently by Repsol (disclosed 6 June 2011, registration number 145312).
- GAS NATURAL FENOSA announces the conclusion of the period for trading the subscription rights and the outcome of the rights to free subscription acquired by the Company (disclosed 14 June 2011, registration number 145675).
- GAS NATURAL FENOSA discloses that it has signed a number of agreements with SONATRACH to resolve their ongoing dispute over the price applicable to the gas procurement contracts (disclosed 14 June 2011, registration number 145678).
- GAS NATURAL FENOSA discloses that Fitch Ratings has affirmed its long-term rating at A-, taking it off Rating Watch Negative (RWN), with a stable outlook (disclosed 16 June 2011, registration number 145753).

- GAS NATURAL FENOSA discloses that the Board of Directors has resolved to perform a capital increase to be subscribed by Algerian company SONATRACH, overriding existing shareholders' pre-emptive right. A total of 38,183,600 new shares will be issued at a price of €13.4806 per share. As a result, SONATRACH will own 3.85% of the capital stock of GAS NATURAL FENOSA (disclosed 17 June 2011, registration number 145854).
- GAS NATURAL FENOSA informs the market that it has completed the necessary process to list the newly-issued shares resulting from the scrip dividend, which will commence trading on 29 June 2011 (disclosed 28 June 2011, registration number 146261).
- GAS NATURAL FENOSA discloses the signature of the agreement reached on 7 February 2011 with a company in the Madrileña Red de Gas Group under which the latter acquired 304,000 gas distribution connections in the Madrid region for €450 million, once authorisation had been obtained from the regulatory and competition authorities (disclosed 30 June 2011, registration number 146436).
- GAS NATURAL FENOSA discloses that, under the new commitments it has made to the National Competition Commission (CNC), it has agreed to sell approximately 245,000 gas customers and other related contracts in the Madrid region to Endesa, S.A. for €38 million (disclosed 30 June 2011, registration number 146449).
- GAS NATURAL FENOSA discloses that it has signed an agreement with ACS to acquire the latter's direct and indirect interests in five wind farms with a total capacity of 95.5 MW (disclosed 1 July 2011, registration number 146655).
- GAS NATURAL FENOSA publishes the invitation to the conference call to discuss its 1H11 earnings (disclosed 6 July 2011, registration number 146958).

- GAS NATURAL FENOSA: CONSOLIDATED PROFIT & LOSS ACCOUNT
- GAS NATURAL FENOSA: ANALYSIS OF RESULTS BY ACTIVITY
- GAS NATURAL FENOSA: CONSOLIDATED BALANCE SHEET
- GAS NATURAL FENOSA: CONSOLIDATED CASH FLOW STATEMENT

(€ Mn)	1H11	1H10
Net sales	10,205	9,429
Other operating revenues	118	119
Purchases	-6,684	-5,962
Personnel costs	-438	-404
Other operating costs	-815	-805
EBITDA	2,386	2,377
Other results	267	358
Depreciation and amortization	-869	-815
Change in operating provisions	-86	-86
OPERATING PROFIT	1,698	1,834
Finance income	-489	-559
Income from associates	5	4
CONSOLIDATED PRE-TAX PROFIT	1,214	1,279
Income tax expense	-302	-329
Minority interest	-90	-97
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	822	853

EBITDA

(€ Mn)	1Q11	2Q11	3Q11	4Q11	2011
GAS DISTRIBUTION	402	401			
Spain	238	224			
Latin America	141	161			
Italy	23	16			
ELECTRICITY DISTRIBUTION	244	257			
Spain	165	184			
Latin America	71	66			
Moldova	8	7			
ELECTRICITY	358	233			
Spain	291	169			
Latin America	63	61			
Rest	4	3			
GAS	262	162			
Infrastructures	47	35			
Procurement and Supply	138	68			
UF Gas	77	59			
REST	30	37			
TOTAL EBITDA	1,296	1,090			

(€ Mn)	1Q10	2Q10	3Q10	4Q10	2010
GAS DISTRIBUTION	389	386	439	406	1,620
Spain	241	215	237	222	915
Latin America	131	155	185	164	635
Italy	17	16	17	20	70
ELECTRICITY DISTRIBUTION	242	251	253	316	1,062
Spain	147	141	144	213	645
Latin America	87	104	104	95	390
Moldova	8	6	5	8	27
ELECTRICITY	397	293	291	271	1,252
Spain	334	224	219	197	974
Latin America	59	65	68	71	263
Rest	4	4	4	3	15
GAS	249	139	138	-54	472
Infrastructures	47	47	43	54	191
Procurement and Supply	136	43	44	-166	57
UF Gas	66	49	51	58	224
REST	17	14	24	16	71
TOTAL EBITDA	1,294	1,083	1,145	955	4,477

Investments (tangible and intangible)

(€ Mn)	1Q11	2Q11	3Q11	4Q11	2011
GAS DISTRIBUTION	86	87			
Spain	57	51			
Latin America	22	28			
Italy	7	8			
ELECTRICITY DISTRIBUTION	52	102			
Spain	32	70			
Latin America	19	28			
Moldova	1	4			
ELECTRICITY	59	56			
Spain	48	46			
Latin America	14	10			
Rest	-	-			
GAS	7	17			
Infrastructures	3	11			
Procurement and Supply	2	4			
UF Gas	2	2			
REST	27	22			
TOTAL	234	284			

(€ Mn)	1Q10	2Q10	3Q10	4Q10	2010
GAS DISTRIBUTION	47	80	79	161	367
Spain	33	49	46	93	221
Latin America	10	19	24	55	108
Italy	4	12	9	13	38
ELECTRICITY DISTRIBUTION	55	85	108	218	466
Spain	31	53	68	161	313
Latin America	22	28	35	52	137
Moldova	2	4	5	5	16
ELECTRICITY	129	136	91	156	512
Spain	103	76	71	111	361
Latin America	25	60	20	44	149
Rest	1	-	-	1	2
GAS	11	8	19	29	67
Infrastructures	-1	1	6	16	22
Procurement and Supply	-	6	5	8	19
UF Gas	12	1	8	5	26
REST	8	29	29	65	131
TOTAL	250	338	326	629	1,543

(€ Mn)	30/06/11	30/06/10
Non-Current Assets-	35,027	37,166
Intangible assets	10,997	11,589
Tangible assets	22,315	23,796
Investment in associates	99	139
Non-current financial assets	688	639
Deferred tax assets	928	1,003
Current Assets-	10,818	8,466
Non-current assets available for sale	336	176
Inventories	706	787
Trade and other receivables	4,809	5,098
Other current financial assets	1,861	1,617
Cash and cash equivalents	3,106	788
TOTAL ASSETS	45,845	45,632

(€ Mn)	30/06/11	30/06/10
Equity-	13,592	13,162
Net equity of Parent Company	12,029	11,513
Minority interest	1,563	1,649
Non-Current Liabilities-	24,635	24,323
Government grants	713	579
Non-current provisions	1,622	2,020
Non-current financial liabilities	18,605	17,825
Deferred tax liabilities	2,677	2,800
Other non-current liabilities	1,018	1,099
Current Liabilities-	7,618	8,147
Current provisions	104	101
Current financial liabilities	1,860	2,725
Trade and other payables	5,342	4,497
Other current liabilities	312	824
TOTAL EQUITY AND LIABILITIES	45,845	45,632

(€ Mn)	1H11	1H10
Cash flow from ordinary activities	1,886	1,356
Income before taxes	1,214	1,279
Adjustments	1,052	1,049
Operating Cash flow	2,266	2,328
Changes in working capital	110	-451
Other cash flows from operating activities	-510	-521
Interest payments	-353	-337
Income Tax payments	-157	-184
Investment cash flow	314	818
Investments	-1,579	-1,225
Disposals	1,810	1,974
Other cash flows from investing activities	83	69
Financing cash flow	-263	-2,019
Net proceeds from equity instruments	-15	-
Net proceeds from instruments representing financial liabilities	122	-1,622
Dividends paid	-341	-367
Other cash flows from financing activities	-29	-30
Effect of exchange rate variations	-14	44
Net increase/(decrease) in cash and cash equivalents	1,903	199
Beginning cash and cash equivalents	1,203	589
Ending cash and cash equivalents	3,106	788

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