



Fourth quarter results 2009

16 February 2010

NET PROFIT REACHED €1,195 MILLION IN 2009, A 13.1% INCREASE

- Net profit in 2009 increased 13.1% with respect to 2008 and amounted to €1,195 million, in a context of a falling energy demand and significant volatility in energy prices and in currency and financial markets.
- Unión Fenosa has been fully consolidated since 30 April 2009, and is reflected as such in the consolidated income statement. The consolidated balance sheet at 31 December 2009 includes Unión Fenosa assets and liabilities, which were not included at 31 December 2008.
- The merger with Unión Fenosa was completed on 7 September 2009 after shares issued to Unión Fenosa shareholders in the exchange were listed and the company was delisted.
- Consolidated EBITDA totalled €3,937 million, an increase of 53.5% with respect to 2008, mainly as a result of the integration of Unión Fenosa since 30 April 2009.
- In proforma terms¹, EBITDA amounted to €4,816 million, compared with €4,800 million in 2008. Despite the contraction in energy demand and the sharp decline in electricity prices in Spain, growth in income from regulated activities and efficient management of the global portfolio enabled the company to maintain results on par with 2008. The results obtained in the above-mentioned context highlight the fundamental value of GAS NATURAL's business model, which is based on an appropriate balance of regulated and liberalised business in gas and electricity markets.
- In accordance with commitments made to the National Competition Commission (CNC) to divest gas distribution assets, on 19 December 2009 the company signed an agreement to sell 504,000 gas distribution connections (subject to approval by the corresponding authorities), and on 31 December it sold another 256,000 gas distribution connections.
- On 9 December 2009, the company sold its stake in Colombia's Empresa de Energía del Pacífico, S.A. ESP (EPSA).
- On 24 December 2009, an agreement was reached to divest part of the power generation business in Mexico, completing the €3,600 million divestment process that had been announced.
- In October 2009, GAS NATURAL completed three euro-denominated bond issues: €500 million at 3 years, €1,000 million at 7 years and €750 million at 12 years. In January 2010, the company issued three bonds: €650 million at 5 years, €700 million at 8 years and €850 million at 10 years.

¹ For a more homogeneous comparison between the figures for 2009 and 2008, proforma figures are presented by aggregating both companies as of 1 January in both years and by homogenising contributions from divestments.

ACQUISITION OF UNIÓN FENOSA

On 11 February 2009, Spain's National Competition Commission (CNC) authorised the acquisition of Unión Fenosa subject to the commitments presented by GAS NATURAL, which included the divestment of approximately 600,000 gas distribution connections and the related portfolio of customers, 2,000 MW of operational CCGT capacity and the stake in Enagás. Gas Natural also made a number of commitments in connection with corporate governance at Cepsa and Unión Fenosa Gas Comercializadora.

Those assets are of significant value, and they will be divested with the necessary resources to enable buyers to operate them on a standalone basis. Moreover, these divestments are consistent with the planned transaction structure and enable GAS NATURAL to maintain the gas-electricity convergence model it pursued by integrating Unión Fenosa.

In accordance with the terms of the agreement signed on 30 July 2008, GAS NATURAL acquired the rest of ACS's stake on 26 February 2009, thus attaining 50.0% of Unión Fenosa, and launched a mandatory takeover bid for the remaining Unión Fenosa shares, in accordance with Law 24/1998, of 28 July, on the Securities Market, and with Royal Decree 1066/2007.

On 21 April 2009, the Comisión Nacional del Mercado de Valores (CNMV) published the outcome of the takeover bid, whose acceptance deadline was 14 April 2009. The bid was accepted by shares representing 34.8% of Unión Fenosa's capital and by 69.5% of the voting rights actually addressed by the bid.

Following settlement of the takeover bid and of the financial instruments on Unión Fenosa shares arranged with a number of banks, GAS NATURAL owns 95.2% of Unión Fenosa.

The General Shareholders' Meetings held by GAS NATURAL (26 June 2009) and Unión Fenosa (29 June 2009) approved the merger of Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into Gas Natural SDG, S.A. via dissolution without liquidation of the absorbed companies and the transfer en bloc of their total equity to Gas Natural SDG, S.A.

The approved merger proposal posited an exchange ratio of three shares of Gas Natural SDG, S.A. for every five shares of Unión Fenosa, S.A., and received a favourable report from an independent expert appointed by the Barcelona Mercantile Registry.

The merger process, which commenced in July 2008 and was completed in September 2009, achieved the goal of integrating the gas and electricity businesses to create a single company with extensive experience in the energy sector that is able to compete effectively in markets which are becoming increasingly integrated, globalised and competitive.

The result is the largest integrated gas and electricity company in Spain and Latin America and one of the top ten utilities in Europe, operating in 23 countries worldwide. The deal puts the company on another plane as an integrated gas and electricity operator because of the very good fit between the two companies' businesses throughout their value chains. The resulting group has over 20 million customers and an installed capacity of almost 18,000 MW.

Financing of the operation

Early in April 2009, GAS NATURAL signed an agreement with a syndicate of 27 banks to underwrite an €18,260 million loan to finance the deal and refinance part of the current debt at GAS NATURAL and Unión Fenosa; currently, 53 banks are participating.

With a view to ensuring a solid, flexible financial structure, GAS NATURAL launched a €3,502 million capital increase in March 2009 which was fully subscribed and paid. In April 2009, the net proceeds of the capital increase (€3,410 million) were used to partially repay the loan.

Moreover, with a view to optimising the financial structure and maturities calendar, GAS NATURAL completed various euro-denominated bond issues totalling €6,950 million in June and October 2009 and January 2010.

The allocation of the net proceeds from the capital increase, plus the fact that the takeover bid was not accepted 100% (€788 million) and the use of the proceeds from asset sales and bond issues in 2009 (€4,750 million) reduced the loan to €7,510 million at 31 December 2009. Deducting the bond issues in January 2010 (€2,200 million) and the proceeds from asset sales agreed in 2009, the loan would amount to €3,313 million.

Divestments

In keeping with its commitment, GAS NATURAL has divested or undertaken to divest assets worth a total of €3,600 million. Additionally, Gas Natural has yet to complete the regulatory divestment of 2,000 MW of CCGT capacity in Spain.

Completed divestments (close to €2,000 million) include the sale of certain stakes (Cepsa, Red Eléctrica, Isagén, Enagás and Indra), 256,000 gas distribution connections in Spain and the holding in Colombia's Empresa de Energía del Pacífico, S.A. ESP (EPSA). Agreed divestments exceed €1,600 million and include the sale of 504,000 gas distribution connections in the Madrid region and certain energy assets in Mexico.

Synergies and integration

Initial estimates of synergies amounting to €215 million in costs and €75 million in revenues have been revised upward to €260 million in costs and €90 million in revenue; it has been confirmed that they will be attained in full as from 2011.

Moreover, the joint operation of GAS NATURAL and Unión Fenosa will save €200 million in recurring capital expenditure, compare with the €100 million envisaged initially.

Integration is advancing on schedule and the organisation structure has been specified for the company as a whole, in response to the strategic priority of successfully integrating the companies, ensuring the transfer of best practices between the businesses and geographic areas, maximising energy management earnings worldwide, actively managing the financial structure and promoting processes for management oversight and risk management, maximising returns on assets in the regulated gas and electricity segments, and integrated management of gas and electricity customers.

1.- MAIN AGGREGATES

1.1.- Main financial aggregates

4Q09	4Q08	%	(€ Mn)	2009	2008	%
4,352	3,841	13.3	Net sales	14,879	13,544	9.9
1,053	638	65.0	EBITDA	3,937	2,564	53.5
628	423	48.5	Operating income	2,448	1,794	36.5
281	252	11.5	Net profit	1,195	1,057	13.1
-	-	-	Average number of shares (million) ²	809	516	56.8
-	-	-	EBITDA per share (€)	4.87	4.97	-2.0
-	-	-	Net profit per share (€)	1.48	2.05	-27.8
732	1,333	-45.1	Investments	15,696	3,697	-
-	-	-	Net financial debt (at 31/12)	20,916	4,913	-

1.2.- Ratios

	2009	2008
Leverage ³	63.2%	42.2%
EBITDA/Financial income	4.8x	9.7x
Net financial debt /EBITDA	4.3x	1.9x
P/E	11.6x	8.2x
EV/EBITDA	7.2x	5.3x

Share performance and balance sheet at 31 December. Proforma EBITDA.

² Calculated in accordance with IAS 33.

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

1.3.- Main physical aggregates

Gas and electricity distribution:

4Q09	4Q08	%		2009	2008	%
104,890	126,674	-17.2	Gas distribution (GWh):	402,692	481,414	-16.4
62,348	71,515	-12.8	Spain:	229,585	270,073	-15.0
657	77	-	Tariff gas sales	26	14,177	-
61,691	71,438	-13.6	TPA ⁴	229,559	255,896	-10.3
42,542	55,159	-22.9	International:	173,107	211,341	-18.1
25,852	36,055	28.3	Tariff gas sales	110,171	146,697	-24.9
16,690	19,104	-12.6	TPA	62,936	64,644	-2.6
15,133	-	-	Electricity distribution (GWh):	34,973	-	-
8,773	-	-	Spain:	21,435	-	-
310	-	-	Tariff gas sales	2,037	-	-
8,463	-	-	TPA	19,398	-	-
6,360	-	-	International:	13,538	-	-
6,195	-	-	Tariff gas sales	12,798	-	-
165	-	-	TPA	740	-	-
-	-	-	Gas distribution connections, ('000) (at 31/12):	11,534	11,492	0.4
-	-	-	Spain	5,698	5,842	-2.5
-	-	-	International	5,836	5,650	3.3
-	-	-	Electricity distribution connections, ('000) (at 31/12):	8,663	-	-
-	-	-	Spain	3,698	-	-
-	-	-	International	4,965	-	-
-	-	-	ICEIT ⁵ (minutes)	59	-	-

⁴ Includes also TPA services in the secondary network.

⁵ Net of the impact of Hurricane Klaus in Galicia, which is classified as force majeure.

Energy businesses:

4Q09	4Q08	%		2009	2008	%
16,390	6,830	-	Electricity generated (GWh):	54,125	31,543	71.6
9,086	3,869	-	Spain:	28,728	18,249	57.4
1,079	-	-	Hydroelectric	1,849	-	-
1,005	-	-	Nuclear	2,908	-	-
377	-	-	Coal	741	-	-
1	-	-	Oil/gas	4	-	-
5,807	3,577	62.3	CCGT	21,192	17,344	22.2
817	292	-	Renewables	2,034	905	-
7,304	2,961	-	International:	25,397	13,294	91.0
445	-	-	Hydroelectric	1,633	-	-
6,416	2,961	-	CCGT	22,638	13,294	70.3
443	-	-	Oil-fired	1,126	-	-
-	-	-	Installed capacity (MW):	17,861	6,581	-
-	-	-	Spain:	13,410	4,094	-
-	-	-	Hydroelectric	1,860	-	-
-	-	-	Nuclear	589	-	-
-	-	-	Coal	2,048	-	-
-	-	-	Oil/gas	617	-	-
-	-	-	CCGT	7,322	3,703	97.7
-	-	-	Renewables	974	391	-
-	-	-	International:	4,451	2,487	79.0
-	-	-	Hydroelectric	73	-	-
-	-	-	CCGT	4,057	2,487	63.1
-	-	-	Oil-fired	321	-	-
102,899	108,544	-5.2	Gas supply (GWh):	286,152	328,631	-13.0
88,102	93,697	-6.0	Spain	234,230	275,288	-14.9
14,797	14,847	-0.3	Rest	51,922	53,343	-2.7
12,459	-	-	UF Gas ⁶	34,854	-	-
7,815	-	-	Gas supply in Spain (GWh)	10,785	-	-
			Trading (GWh)			
30,507	27,831	9.6	Gas transportation - EMPL (GWh)	109,230	133,497	-18.2

⁶ 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 2009 with respect to 2008 are as follows:

- In July 2008, the Company acquired Italian gas distribution company Pitta Costruzioni, which has been fully consolidated since 3 July 2008.
- As from 28 February 2009, Unión Fenosa was equity-accounted.
- As from April 2009, Unión Fenosa has been fully consolidated as a result of the acquisition of control. Unión Fenosa was merged into GAS NATURAL in September 2009.
- In December 2009, GAS NATURAL disposed of its stake in Colombia's Empresa de Energía del Pacífico, S.A. ESP (EPSA), which had been consolidated due to the Unión Fenosa acquisition.
- In December 2009, the company disposed of various gas distribution and supply companies and assets in Cantabria, Murcia and the Basque Country.

2.2.- Analysis of results

The acquisition of Unión Fenosa and its full consolidation since 30 April 2009 and completion of the merger on 1 September 2009 led to significant changes in the year-on-year comparison and complicates an analysis of the performance of GAS NATURAL's businesses. Accordingly, in order to facilitate a more uniform comparison, proforma figures produced by aggregating Unión Fenosa from 1 January 2009 and 2008 are presented wherever possible and contributions from divestments are balanced out.

2.2.1.- Net sales

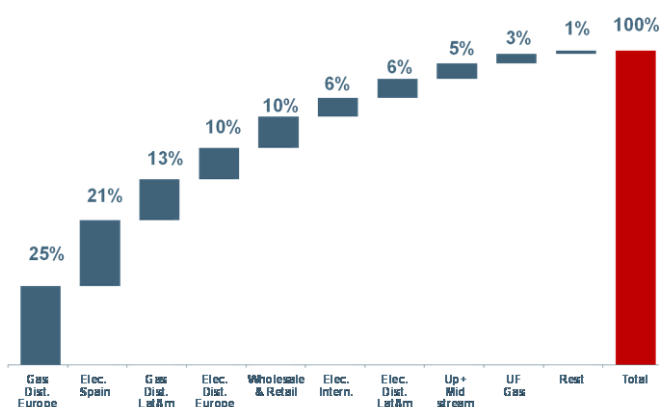
Net sales at 31 December 2009 amounted to €14,879 million, i.e. 9.9% more than in 2008 due to the addition of Unión Fenosa and despite the decline in electricity prices and the lower electricity output in Spain with respect to last year.

2.2.2.- EBITDA and operating income

EBITDA in 2009 totalled €3,937 million, 53.5% more than in 2008, due primarily to the addition of Unión Fenosa.

Distribution of gas and electricity in Spain and other countries accounts for 54.3% of GAS NATURAL's EBITDA. Regulated distribution of gas in Spain is the main source of EBITDA (23.5%).

Contribution to EBITDA by business



Depreciation charges increased by 93.0%, while provisions rose from €44 million to €139 million, with the result that operating income amounted to €2,448 million, a 36.5% increase year-on-year.

In proforma terms, EBITDA was similar to last year despite the current economic situation, evidencing the strength of the contribution by the regulated businesses.

2.2.3.- Financial results

The breakdown of financial results is as follows:

4Q09	4Q08	(€ Mn)	2009	2008
-244	-109	Cost of net financial debt	-799	-301
-3	4	Exchange differences, net	-	7
17	7	Capitalized interest	59	25
-8	32	Other financial expenses/revenues	-77	6
-238	-66	Financial result	-817	-263

The cost of net financial debt in 2009 is €799, significantly higher than in 2008. The increase is due basically to the increase in average gross debt as a result of the debt taken on for the acquisition of Unión Fenosa and of consolidating that company. Nevertheless, the interest rate on the gross interest-bearing debt declined by 224 basis points between December 2008 and December 2009 as a result of the decline in interest rates and the change in debt structure.

2.2.4.- Income on disposal of financial instruments

The sale of the 5% stake in Enagás as a result of the commitments made to the National Competition Commission raised €101 million in 2009.

2.2.5.- Equity income

This section includes the €47 million contribution from Unión Fenosa while it was equity-accounted (from 28 February 2009 to 30 April 2009). Other items primarily include results from minority stakes in Indra (until its partial sale) and in gas distribution companies in Spain (Gas Aragón). Income from holdings in associates amounted to €59 million in the period.

2.2.6.- Corporate income tax

GAS NATURAL 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. On 1 September 2009, as a result of registration of the merger with Unión Fenosa, S.A. in the Mercantile Register, the Unión Fenosa Tax Group was deregistered and the group of companies belonging to that tax group were added to the Gas Natural Group. The merger adopted the special tax-neutral regime established under Chapter VIII of Title VII of the Consolidated Text of the Corporate Income Tax Law.

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 corporate income tax expense totalled €440 million, i.e. an effective tax rate of 24.6%, compared with 24.4% in 2008. The difference with respect to the general tax rate was due to tax credits (mainly on the sale of 5% of Enagás and of various gas distribution and supply companies and assets in compliance with competition rules), different tax systems applied to companies operating outside Spain and the effect of net income from equity-accounted affiliates.

2.2.7.- Income from discontinued operations, net of taxes

On 9 December 2009, the company sold its stake in Colombian company Empresa de Energía del Pacífico, S.A. ESP (EPSA). In accordance with IFRS 5, since the related assets and liabilities are considered to be components of a significant business line (Power Generation in Colombia), the income is classified as from discontinued operations.

EPSA's income net of taxes amounted to €39 million, comprising the consolidation of its operating income when it was fully consolidated (May to November 2009) and the income from its disposal.

2.2.8.- Minority interest

The main items in this account are the minority shareholders of EMPL, the subgroup of subsidiaries in Gas Natural ESP Colombia, Gas Natural BAN, Gas Natural Mexico, CEG and CEG Rio, as well as other companies in Spain. Since 30 April 2009, this item includes the minority interests of companies acquired with Unión Fenosa.

Income attributed to minority interest in 2009 amounted to €195 million, €80 million more than in 2008.

3. BALANCE

3.1.- Investments

Investments totalled €15,696 million, including the financial investment in 2009 to buy 80.5% of Unión Fenosa.

The breakdown of investments by type is as follows:

(€ Mn)	2009	2008	%
Capital expenditure	1,767	1,068	65.4
Investments in intangible assets	116	141	-17.7
Financial investments	13,813	2,488	-
Total investments	15,696	3,697	-

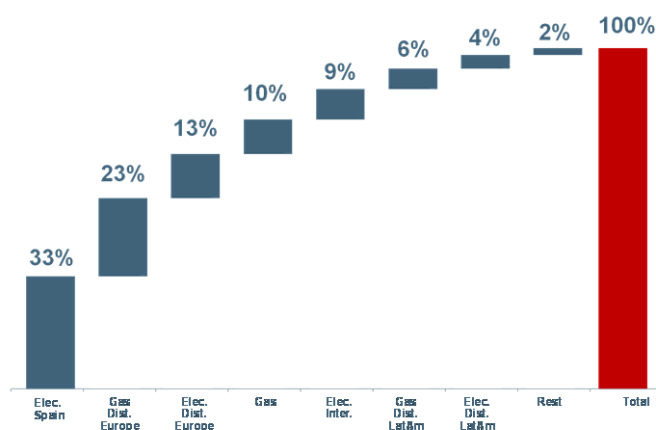
Capital expenditure amounted to €1,767 million, 65.4% more than in the same period last year as a result of including Unión Fenosa's investments (basically electricity generation and distribution).

Financial investments amounting to €13,813 million are due basically to the acquisition of 80.5% of Unión Fenosa in 2009.

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

(€ Mn)	2009	2008	%
Gas distribution:	501	662	-24.3
Spain	357	461	-22.6
Italy	44	65	-32.3
Latin America	100	136	-26.5
Electricity distribution:	311	-	-
Spain	225	-	-
Moldova	9	-	-
Latin America	77	-	-
Electricity:	749	353	-
Spain	587	310	89.4
International	162	43	-
Gas:	169	33	-
Up + Midstream	139	21	-
Wholesale & Retail	18	12	50.0
UF Gas	12	-	-
Rest	37	20	85.0
Total capital expenditure	1,767	1,068	65.4

Capital expenditure by activity



Investment in gas distribution totalled €501 million, 24.3% less than in 2008.

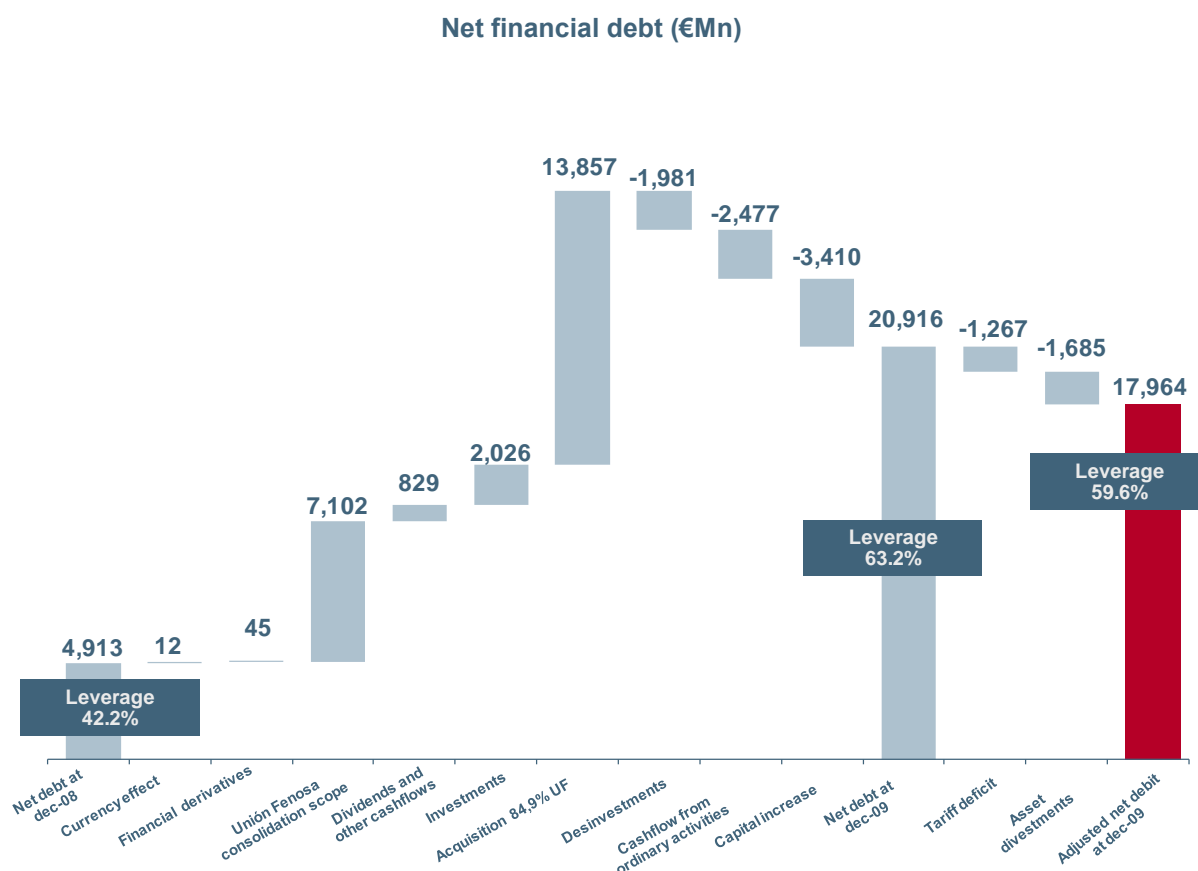
GAS NATURAL allocated 33.2% of capital expenditure to the electricity business in Spain, mainly to develop the Málaga and Barcelona Port CCGT plants, the desulphuration facilities at the Narcea and La Robla thermal power plants, adaptation of the Meirama thermal power plant, and development of wind farms.

In 2009, 20.2% of capital expenditure was allocated to gas distribution in Spain, by adding 2,119 km of gas grid in the last 12 months (a 4.4% increase), which will

enable the company to sustain a rapid pace of growth in distribution connections despite the slowdown in new building.

3.2.- Debt

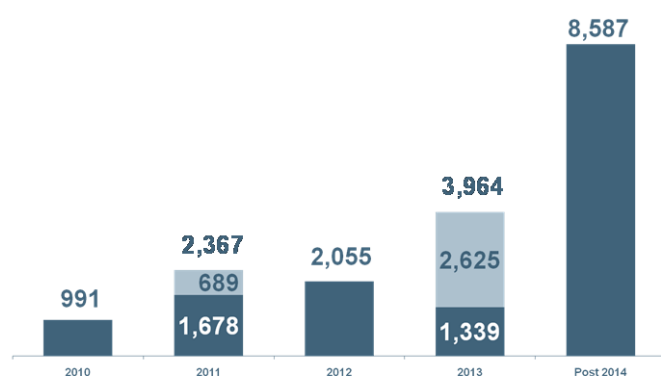
At 31 December 2009, net financial debt amounted to €20,916 million and leverage was 63.2%.



The figure shows GAS NATURAL's consolidated net debt and indebtedness between 31 December 2008 and 31 December 2009. Excluding the tariff deficit (€1,267 million) and the agreed sale of assets pending settlement in the first half of 2010 (€1,685 million)⁷, adjusted net debt is €17,964 million, i.e. leverage of 59.6%.

The increase in net debt is due basically to the finance raised in the first half of 2009 to acquire 80.5% of Unión Fenosa, and the deferral of payment for the 4.7% of Unión Fenosa acquired in December 2008.

Adjusted Net debt maturity (€Mn)



At 31 December 2009, the adjusted net debt/EBITDA ratio was 3.7x (4.3x unadjusted) and the EBITDA/net financial income ratio 4.8x, respectively.

The figure shows the maturities calendar for adjusted net debt including the bond issued in January 2010 (€2,200 million).

A total of 87.7% of adjusted net interest-bearing debt is at fixed interest rates and the other 12.3% is at floating rates. Of the gross financial debt, 5.5% is short term and 94.5% is long term.

A total of 47.8% of the adjusted net interest-bearing debt matures after 2014. The average term of the debt is over 4.3 years.

⁷ Includes the sale of gas distribution assets in Madrid and power generation assets in Mexico.

At 31 December 2009, cash and cash equivalents totalled €591 million; together with available bank funding, the company has immediate liquidity of €4,000 million.

As part of its Euro Medium Term Note (EMTN) programme, two bond issues were placed in the capital markets at the end of June, payment being received on 9 July: a 5-year issue amounting to €2,000 million and a 10-year issue amounting €500 million. Three bonds were placed in the capital markets on 14 October: €500 million at 3 years, with an annual coupon of 3.125%; €1,000 million at 7 years (4.375%); and €750 million at 12 years (5.125%).

Three bonds were issued on 12 January 2010: a 5-year issue amounting to €650 million with an annual coupon of 3.375%, an 8-year issue amounting to €700 million with an annual coupon of 4.125%, and a 10-year issue amounting to €850 million with an annual coupon of 4.500%.

At 31 December 2009, the company had over €7,000 million in unused shelf registrations, including €4,725 million under the EMTN programme (after deducting the 12 January 2010 issue), €1,000 million under the Euro Commercial Paper (ECP) programme, and €1,606 million under the commercial paper programme.

Once the A2 tranche of the loan for the Unión Fenosa acquisition is paid back in February 2010 with funds from the January 2010 bond issue, proceeds from asset sales need not be used obligatorily to pay back that loan but may be used to increase available liquidity.

The breakdown of the net financial debt by currency at 31 December 2009, in absolute and relative terms, is as follows:

(€ Mn)	31/12/09	%
EUR	17,863	85.4
US\$	1,979	9.5
BRL	338	1.6
COP	298	1.4
JPY	203	1.0
MXN	183	0.9
ARS	37	0.2
Other currencies	15	0.1
Total net financial debt	20,916	100

Once the takeover bid for Unión Fenosa was completed, in June 2009 the rating agencies ended creditwatch negative and confirmed GAS NATURAL's ratings in line with the objectives set during the acquisition process.

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

Agency	Long term	Short term
Moody's	Baa2	P-2
Standard & Poor's	BBB+	A-2
Fitch	A-	F2

3.3.- Goodwill

Consolidation goodwill on the balance sheet at 31 December 2009 amounted to €6,056 million, of which €5,670 million was the provisional goodwill on the acquisition of Unión Fenosa.

As a result of the process of allocating the acquisition price, in connection with the carrying value of Unión Fenosa at the acquisition date, the main assets and liabilities identified at fair value are as follows:

- Intangible assets, corresponding basically to electricity distribution concessions and gas procurement contracts.
- Property, plant and equipment, corresponding to CCGT plants, nuclear plants, hydroelectric plants, wind farms, electricity distribution networks and other installations.
- Deferred tax liabilities corresponding to the aforementioned revaluations.

This provisional allocation will increase annual depreciation and amortisation charges by an estimated €258 million.

The resulting goodwill is attributable to the high returns on the acquired business and to the profits and synergy expected as a result of the acquisition and integration of Unión Fenosa.

This business combination has been accounted for on a provisional basis because, at the date of approval of these financial statements, the process of measuring the acquired assets and assumed liabilities had not yet been completed and the 12-month period established in IFRS 3 had not yet elapsed since the acquisition of Unión Fenosa (30 April 2009).

3.4.- Shareholders' equity

Between 14 and 28 March 2009, GAS NATURAL performed a capital increase (rights issue) in which it issued 447,776,028 new shares of the same class and series and with the same political and economic rights as the shares then outstanding. The new shares were issued at €7.82, i.e. €1 par value each plus an issue premium of €6.82, for a total of €3,502 million.

The capital increase was fully subscribed and paid, and it was registered in the Mercantile Registry on 2 April 2009; the new shares were listed on 3 April 2009.

On 26 June 2009, the Ordinary Shareholders' Meeting voted to allocate €663 million to dividends, including an extraordinary dividend of €90 million. That figure represents a pay-out of 62.7%, i.e. exceeding the 2008 target of 52%-55%.

The merger with Unión Fenosa was completed in September 2009 with the issue of 26,204,895 new shares and their delivery to minority shareholders of that company as part of the exchange. Capital stock is currently represented by 921,756,951 shares.

The Board of Directors will propose to the Ordinary Shareholders' Meeting that it allocate €730 million out of 2009 income to dividends. That represents a pay-out of 61.1% and a dividend yield of over 5% based on the share price at 31 December 2009 (€15.085).

An interim dividend amounting to €0.352 per share out of 2009 earnings was distributed on 8 January 2010.

At 31 December 2009, GAS NATURAL's shareholders' equity, including the capital increase, totalled €12,177 million. Of that total, €10,681 million is attributable to GAS NATURAL.

At 31 December 2009, based on available information, the main shareholders of GAS NATURAL were as follows:

	% participation
Criteria Caixa Corp	36.4
Repsol YPF Group	30.0
Grupo GDF – Suez Group	6.0

4.- ANALYSIS OF RESULTS BY ACTIVITY PROFORMA

For ease of comparison between the 2009 and 2008 figures, this section presents proforma data obtained by aggregating the two companies' figures from 1 January to 31 December of both years and standardising the contribution in the case of divestments.

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 and secondary transportation, as well as the distribution activities that are charged for outside the regulated remuneration (meter rentals, customer connections, etc.) in Spain.

The figures for 2008 included bundled-tariff supply, which was discontinued on 30 June 2008 and, therefore, is not included in the 2009 accounts.

4.1.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
332	345	-3.8	Net sales	1,360	1,711	-20.5
-14	-31	-54.8	Purchases	-49	-375	-86.9
-10	-20	-50.0	Personnel costs, net	-62	-73	-15.1
-100	-103	-2.9	Other expenses/income	-322	-377	-14.6
208	191	8.9	EBITDA	927	886	4.6

Net sales in the gas distribution business in Spain totalled €1,360 million, 20.5% less than in 2008. This was due to the discontinuation of the bundled tariff on 1 July 2008, in accordance with Law 12/2007 and Order ITC/2309/2007.

EBITDA amounted to €927 million, €41 million more than in 2008, despite the discontinuation of the bundled tariff business. Greater remuneration for regulated distribution in 2009 and containment of costs amply offset the loss of the EBITDA contribution from supply at the bundled tariff.

4.1.2.- Main aggregates

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

4Q09	4Q08	%		2009	2008	%
62,348	71,515	-12.8	Gas activity sales (GWh):	229,585	270,073	-15.0
657	77	-	Tariff gas sales:	26	14,177	-
657	77	-	Residential	27	13,910	-
-	-	-	Industrial	-1	267	-
61,691	71,438	-13.6	TPA	229,559	255,896	-10.3
351	686	-48.8	Distribution network (km)	50,697	48,578	4.4
31	39	-20.5	Change in distribution connections ('000)	112	161	-43.7
-	-	-	Distribution connections (000) (at 31/12)	5,954	5,842	1.9

Regulated gas sales in Spain, which encompassed bundled tariff gas supply until 30 June 2008 as well as third-party access (TPA), for both gas distribution and secondary transportation, amounted to 229,585 GWh in 2009, a 15.0% decrease on 2008, and includes adjustments due to discontinuation of the residential business.

Distribution and secondary transportation services for third-party access (TPA) declined by 10.3%, affected by the decline in industrial activity since 4Q08, and amounted to 229,559 GWh, of which 91,862 GWh (-22.5%) are related to services provided to third parties, and the remaining 137,697 GWh (+0.3%) to supply by GAS NATURAL, which is the main operator in the liberalised gas market.

GAS NATURAL continues to expand its distribution network, having added 2,119 km. in the last twelve months and connected another 33 municipalities in 2009. A total of 112,000 distribution connections were added in the last 12 months, i.e. 43.7% less than in the same period of 2008, basically because of the lower volume of new home construction.

At 31 December 2009, the distribution grid measured 50,697 km, having increased by 4.4%, and there were a total of 5,954,000 distribution connections, 1.9% more than last year.

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

On 31 December 2009, it complete the sale of the low-pressure gas distribution assets in the Autonomous Regions of Cantabria (Gas Natural Cantabria, S.A.) and Murcia (Gas Natural Murcia SDG, S.A.), which represent 2,611 km of low-pressure distribution network and 256,000 distribution connections, and 3,500 GWh of gas per year; also the bulk of the high-pressure distribution networks in the Principality of Asturias, Cantabria and the Basque Country (489 km, which carry 7,500 GWh of gas per year); and the business of supplying gas, electricity and services to households and SMEs in those regions, which total approximately 210,000 gas customers, 4,000 electricity customers and 67,000 energy service contracts.

On 19 December 2009, GAS NATURAL agreed to sell 504,000 distribution connections and approximately 400,000 gas customers in the Madrid Autonomous Region. The agreement is pending approval by the competent authorities, which is expected in the first half of 2010.

On 31 December 2009, Spain's Ministry of Industry issued Order ITC/3520/2009, which established the tolls and fees for third-party access to gas installations in 2010 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 2010 in accordance with the actual IPH index for 2008. The initial remuneration recognised for GAS NATURAL in 2010 is €1,157 million (not including the €40 million corresponding to Gas Natural Murcia SDG, S.A. and Gas Natural Cantabria, S.A.).

The remuneration for secondary transportation in 2010 amounts to €33 million.

4.2.- Gas distribution in Italy

This area refers to gas distribution in Italy.

4.2.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
42	48	-12.5	Net sales	183	164	11.6
-20	-32	-37.5	Purchases	-96	-105	-8.6
-3	-3	-	Personnel costs, net	-15	-13	15.4
-6	-1	-	Other expenses/income	-16	-10	60.0
13	12	8.3	EBITDA	56	36	55.6

Gas distribution in Italy contributed €56 million in EBITDA, i.e. 55.6% more than in 2008.

The increase in EBITDA was due mainly to the higher distribution remuneration under the new regulatory system for 2009-2012. Other contributing factors were the larger volume of gas sold due to weather conditions, the addition of Pitta Costruzioni, improved supply margins as a result of the new remuneration, and better procurement prices.

4.2.2.- Main aggregates

4Q09	4Q08	%		2009	2008	%
977	908	7.6	Gas activity sales (GWh):	3,495	2,933	19.2
804	781	2.9	Tariff gas sales	2,974	2,632	13.0
173	127	36.2	TPA	521	301	73.1
34	72	-52.8	Distribution network (km)	5,645	5,521	2.2
-	-	-	Distribution connections ('000) (at 31/12)	414	397	4.3

On 3 July 2008, GAS NATURAL acquired gas distribution company Pitta Costruzione, which operates in the Puglia region in southern Italy. The acquired group has a license to supply natural gas to 11 municipalities with a total of 15,000 clients and a distribution grid measuring 393 km.

With this deal, GAS NATURAL expanded its distribution area in Italy to 187 municipalities in 8 regions: Molise, Abruzzo, Puglia, Calabria, Sicily, Basilicata, Campania and Lazio.

After adding 23,033 new distribution points in 2009, GAS NATURAL has 414,125 natural gas distribution points in Italy, thus attaining one of its first commercial goals.

A total of 3,495 GWh of gas were distributed in Italy, i.e. 19.2% more than in 2008, due basically to weather conditions and the inclusion of Pitta (+131 GWh), all of which was distributed to third parties.

4.3.- Gas distribution in Latin America

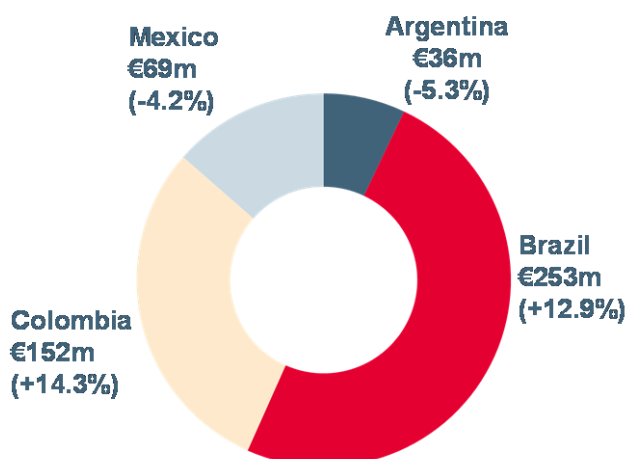
This division involves gas distribution in Argentina, Brazil, Colombia and Mexico.

4.3.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
536	667	-19.6	Net sales	1,959	2,531	-22.6
-334	-489	-31.6	Purchases	-1,217	-1,814	-32.9
-15	-15	-	Personnel costs, net	-67	-66	1.5
-49	-53	-7.5	Other expenses/income	-165	-184	-10.3
138	110	25.5	EBITDA	510	467	9.2

The comparison of gas distribution results in Latin America between 2009 and 2008 is affected by local currency depreciation against the euro.

EBITDA in Latin America, by country



Net sales amounted to €1,959 million, a 22.6% decline, due to a decline in sales and to currency fluctuations.

The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to 2008.

EBITDA amounted to €510 million, a 9.2% increase on 2008. Excluding the currency effect, EBITDA expanded 14.5% with respect to 2008.

Brazil and Colombia's contributions were particularly noteworthy: together they accounted for 79.4% of EBITDA.

4.3.2.- Main aggregates

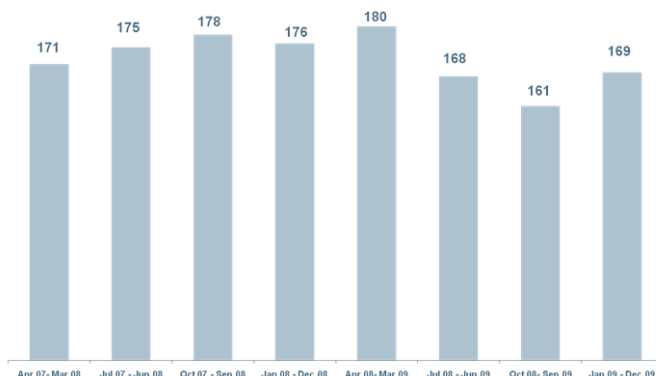
The main physical aggregates in gas distribution in Latin America are as follows:

4Q09	4Q08	%		2009	2008	%
41,565	54,251	-23.4	Gas activity sales (GWh):	169,612	208,408	-18.6
25,048	35,274	-29.0	Tariff gas sales	107,197	144,065	-25.6
16,517	18,977	-13.0	TPA	62,415	64,343	-3.0
400	513	-22.0	Distribution network (km)	62,315	61,196	1.8
53	45	17.8	Change in distribution connections ('000)	169	176	-4.0
-	-	-	Distribution connections (000) (at 31/12)	5,422	5,253	3.2

The main physical aggregates by country in 2009 are as follows:

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh)	68,047	42,660	16,076	42,829	169,612
Change vs. 2008 (%)	-5.4	-43.8	-3.9	-2.3	-18.6
Distribution network	22,736	5,932	17,451	16,196	62,315
Change vs. 31/12/2008 (km)	376	51	399	293	1,119
Distribution connections ('000 at 31/12)	1,425	802	2,031	1,164	5,422
Change vs. 31/12/2008 ('000)	32	13	105	19	169

Increase in gas distribution connections, ('000)



There were a total of 5,422 million gas distribution points at the end of 2009. High year-on-year growth rates were maintained, and the number of distribution connections increased by 169,164; notably, Colombia added 105,197 distribution connections and exceeded 2 million customers due to a faster rate of customer acquisition in Bogotá and the Altiplano Cundiboyacense area.

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 169,612 GWh, an 18.6% decrease with respect to the previous year, basically in consumption by power plants and industry.

The distribution grid expanded by 1,119 km in the last 12 months, to 62,315 km at the end of 2009 (+1.8%).

Highlights of activities in Latin America:

- In Argentina, negotiations with the government on the application of the new tariff framework are continuing. In September 2009, a technical agreement was reached with ENARGAS with regard to the increase in the cost variation index for 2009; the agreement is pending approval by the Planning Ministry.
- On 31 March, a new tariff framework for 2008-2012 in the Rio de Janeiro area was approved by the Brazilian government, providing an additional increase of 11.8% for CEG Rio and 11.3% for CEG.
- The automotive LNG market in Colombia continues to grow: the number of service stations rose 8.9%, from 158 in 2008 to 172 in 2009. The number of vehicles refitted to burn LNG increased by 7.1%, from 110,092 in 2008 to 117,872 in 2009.
- On 23 July 2009, the tariff orders for the Monterrey, Nuevo Laredo, Toluca and Saltillo concessions were approved for 2008-2012, providing an 18.5% average increase.

On 21 December 2009, the tariff for the Mexico City concession for 2009-2013 was approved, involving an average increase of 30%. On 14 January 2010, the proposed list of maximum tariffs and regulated charges was presented to a plenary meeting of the Comisión Reguladora de Energía (CRE).

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's distribution network.

The bundled electricity tariff was abolished on 1 July 2009 and the "last-resort" supply companies were designated; as a result, the distribution business ceased selling electricity on that date.

4.4.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
226	294	-23.1	Net sales	849	899	-5.6
-	-	-	Purchases	-	-	-
-23	-34	-32.4	Personnel costs, net	-104	-118	-11.9
-57	-76	-25.0	Other expenses/income	-168	-194	-13.4
146	184	-20.7	EBITDA	577	587	-1.7

Revenues recognised in the regulated electricity distribution business (transmission, distribution and supply at the tariff) increased by 4.2% year-on-year (+€30.4 million). Under Ministerial Order ITC 3519/2009, the regulated revenues for 2009 are still provisional until the reference network model and other parameters used for setting those revenues are updated with more accurate data. Other regulated revenues associated with network services (connections and hook-up fees, meter rental, etc.) are in line with 2008 figures despite the economic slowdown.

Accounting adjustments were recognised in November 2008 with an overall positive outcome, referring principally to settlements for prior years, particularly the recognition of a higher price for purchases in the energy market and of higher energy costs at Unión Fenosa Generación.

The change in EBITDA between years was impacted by the aforementioned non-recurring extraordinary revenues in 2008. Excluding those extraordinary effects and the ones registered in 2009 (prior years' settlements, etc.), EBITDA growth would have grown faster than regulated revenues because efficiency improvements led to lower costs.

4.4.2.- Main aggregates

4Q09	4Q08	%		2009	2008	%
8,773	9,418	-6.8	Electric activity sales (GWh):	33,105	36,433	-9.1
310	5,232	-94.1	Tariff electricity sales	9,198	23,229	-60.4
8,463	4,186	-	TPA	23,907	13,204	81.1
-	-	-	Distribution connections (000) (at 31/12)	3,698	3,650	1.3
-	-	-	ICEIT (minutes)	59	78	-24.4

Energy demand in the markets associated with the distribution network fell by 6.6% in like-for-like terms with respect to 2008, highlighting the correlation between electricity consumption and the economy. In any event, the remuneration for the regulated distribution business takes account of other reference parameters.

Power sales (both bundled tariff and TPA) fell by more than the decline in power measured in the grid as a result of the change in 2009 in the approach to billing second-tier distributors (those designated in Transitory Provision 11 of Law 54/1997, of 27 November). Adjusting for that effect and the time lag with respect to power used but not yet billed, the decline was in line with the aforementioned figures.

Excluding cases designated as *force majeure*, basically hurricane Klaus in Galicia and, to a lesser extent, in Castilla & León, GAS NATURAL registered its best ever power availability index (Installed Capacity Equivalent Interrupt Time—ICEIT): slightly under 60 minutes. Apart from hurricane Klaus, weather conditions in 2009 were very favourable; in normal conditions, that indicator can be expected to be in the range of 70-80 minutes. GAS NATURAL keeps a constant watch on this indicator and assigns the necessary resources to develop and improve its installations and to perform the necessary operation and maintenance operations.

Ministerial Order ITC/3519/2009 revised the electricity distribution for 2009 and established the remuneration for 2010. It determined that the calculated figures are provisional pending validation and cross-checking of the reference network model that is used on a preliminary basis by the National Energy Commission (CNE). Specifically, the initial remuneration recognised for GAS NATURAL in 2010 is €697 million for distribution and €48 million for transmission. Additional Provision Ten of that Order mandates the CEN to work with the electricity distribution companies to perform that process of cross-checking and validation, which must then be reported to the Ministry of Industry, Tourism and Commerce. GAS NATURAL considers that the cross-checking and validation process may lead to a significant increase in the provision remuneration established initially.

4.5.- 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.

4.5.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
48	41	17.1	Net sales	181	147	23.1
-37	-40	-7.5	Purchases	-139	-113	23.0
-1	-2	-50.0	Personnel costs, net	-7	-7	-
-3	-2	50.0	Other expenses/income	-10	-10	-
7.0	-3.0	-	EBITDA	25	17	47.1

Tariffs improved notably with respect to 2008 as a result of the review of the tariff, which covers not only the cost of purchased power but also GAS NATURAL's investments and operation activities. The ongoing management improvement projects, particularly the steps to improve energy management, enabled EBITDA to increase by 47.1% with respect to 2008.

4.5.2.- Main aggregates

4Q09	4Q08	%		2009	2008	%
626	624	0.3	Electric activity sales (GWh):	2,288	2,262	1.1
626	624	0.3	Tariff electricity sales:	2,288	2,262	1.1
-	-	-	TPA	-	-	-
-	-	-	Distribution connections (000) (at 31/12)	807	794	1.6
-	-	-	Network loss index (%)	14	15	-6.7

Electricity demand in Moldova increased by slightly over 1%, and the customer base expanded by 1.6%.

Improvements in operating processes, such as ongoing power control measures, investment and operation and maintenance actions, have reduced the index of energy loss in the distribution networks to 14.0%, compared with 15.4% in 2008, thus improving the margin on the business of buying and selling electricity.

4.6.- Electricity Distribution in Latin America

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

Empresa de Energía de Pacífico S.A. ESP. (EPSA) was sold on 9 December 2009; for comparison purposes, that company's electricity sales for January-November 2008 and 2009 are included, as well as the number of distribution connections at year-end.

4.6.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
487	427	14.1	Net sales	1,813	1,753	3.4
-345	-293	17.7	Purchases	-1,258	-1,265	-0.6
-11	-13	-15.4	Personnel costs, net	-49	-48	2.1
-42	-53	-20.8	Other expenses/income	-168	-174	-3.4
89	68	30.9	EBITDA	338	266	27.1

EBITDA in the distribution business in Latin America increased by 27.1% with respect to 2008, offsetting the 3.8% depreciation by the Colombian peso with respect to last year.

The Colombian distribution business contributed €179 million, a 12.4% increase (ignoring the negative currency effect). This increase was due to 6.5% growth in demand as a result of the high temperatures in the last few months caused by the El Niño phenomenon.

EBITDA of the distribution companies in Central America amounted to €159 million, a 48.4% increase due basically to the distribution companies in Nicaragua, where EBITDA amounted to €42 million as a result of improvements in the tariff system following the signature and subsequent ratification of the Protocol of Understanding between the Nicaraguan government and GAS NATURAL, and of the decline in procurement prices.

4.6.2.- Main aggregates

4Q09	4Q08	%		2009	2008	%
4,842	4,601	5.2	Electric activity sales (GWh):	18,797	18,218	3.2
4,480	4,245	5.5	Tariff electricity sales:	17,425	16,812	3.6
362	356	1.7	TPA	1,372	1,406	-2.4
-	-	-	Distribution connections (000) (at 31/12)	5,120	4,927	3.9

Electricity sales totalled 18,797 GWh, a 3.2% increase, and customer numbers increased by 3.9% (most notably in Colombia). For the purposes of comparison, EPSA's electricity distribution connections (481,000 in 2009) were included.

	Colombia	Guatemala	Nicaragua	Panama	Total
Electric activity sales (GWh)	11,311	1,846	2,299	3,341	18,797
Change vs. 2008 (%)	2.3	2.4	3.9	6.3	3.2
Distribution connections ('000 at 31/12)	2,575	1,372	719	454	5,120
Change vs. 31/12/2008 ('000)	113	33	28	18	193
Network loss index (%)	11.7	17.1	22.0	9.8	-

Despite the economic recession, energy demand in Central America increased by 3.6%, including a notable 6.3% increase in distribution in Panama due to the longer dry season.

The basic operating indicators in the business, associated with energy management, the power loss index and the debt collection index, improved with respect to the previous year and are in line with the goals of the action plans currently under way.

4.7.- Electricity in Spain

This area includes power generation in Spain, wholesale electricity trading, and the wholesale and retail supply of electricity in the liberalised market in Spain.

4.7.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
646	1,336	-51.6	Net sales	3,656	4,780	-23.5
-261	-959	-72.8	Purchases	-2,097	-3,196	-34.4
-29	-36	-19.4	Personnel costs, net	-118	-116	1.7
-115	-110	4.5	Other expenses/income	-391	-438	-10.7
241	231	4.3	EBITDA	1,050	1,030	1.9

Net sales in the electricity business in 2009 amounted to €3,656 million, 23.5% less than in 2008, primarily as a result of lower electricity prices and lower output.

EBITDA increased by 1.9% in 2009 to €1,050 million for the aforementioned reasons. That increase contrasts with the decline in both production (23.7%) and wholesale power prices (42.0%), because the power supplied and traded in the forward markets and contracts to supply gas at prices indexed to the electricity pool price provided the Group with a hedge against over 96% of the variation in pool prices in annual terms.

Electricity demand in mainland Spain slumped as a result of the recession, including notably a decline in industrial activity. Demand in mainland Spain in 2009 (251,509 GWh) was 4.5% lower than in 2008. Adjusting for the different number of working days and the temperature, demand actually declined by 4.3%. Additionally, the fact that net exports of electricity to other countries fell by 26.5% reduced net electricity generation in Spain by 5.3%.

Capacity utilisation peaked in 2009 at 20.00 hours on 13 January at an hourly average of 44,440 MW, i.e. 436 MW lower than the all-time record established in December 2007.

This reduction in domestic demand, coupled with the increase in "special regime" electricity production (20.4% year-on-year in 2009, covering over 30% of demand) led to a 13.3% reduction in "ordinary regime" power production.

All "ordinary regime" technologies saw output decline in 2009 with respect to 2008, the only exception being hydroelectric, whose output increased by 11.5% as a result of higher precipitation, particularly towards the end of the year. Energy capability in 2009 had an exceedance probability of 73% when compared with the historical standard: i.e. statistically, 73 out of every 100 years would be wetter than 2009, as was the case in 2008.

Nuclear output declined by 10.6% as maintenance shutdowns had a greater impact in 2009 than in 2008. The other thermal technologies were affected most; in particular, coal output fell 26.9% with respect to 2008.

CCGT output fell by 14.2%; nevertheless, this technology's contributed 28.6% of national output, compared with 31.6% in 2008. CCGT output in 2009 represented 41.1% of "ordinary regime" output, in line with the 41.4% registered in 2008.

The reduction in domestic demand, particularly for CCGT and coal-fired output (the two technologies that generally set the pool price), led to a decline in prices in the electricity market which was amplified by the very significant decline in international commodity prices (around 45% in 2009).

The price of Brent crude fell from an average of \$97.3/barrel in 2008 to \$61.7/barrel in 2009 (a 36.6% decline). API 2, Europe's main coal price indicator, fell 52.2%, from an average of \$147.8/tonne in 2008 to \$70.7/tonne in 2009. CO2 was also affected by this trend, and the EUA price on Bluenext fell from an average of €22.3/tonne in 2008 to €13.1/tonne in 2009 (-41.3%).

As a result, the weighted average price in the daily power generation market was €38.0/MWh in 2009, 42.0% lower than in 2008 (€65.5/MWh).

4.7.2.- Main aggregates

The key figures of GAS NATURAL's electricity activities in Spain are as follows:

4Q09	4Q08	%		2009	2008	%
-	-	-	Installed capacity (MW):	13,411	13,424	-0.1
-	-	-	Ordinary Regime	12,436	12,581	-1.1
-	-	-	Hydroelectric	1,860	1,860	-
-	-	-	Nuclear	589	589	-
-	-	-	Coal	2,048	2,048	-
-	-	-	Oil/gas	617	774	-20.3
-	-	-	CCGT	7,322	7,310	0.2
-	-	-	Special Regime ⁸	975	843	15.7
9,086	12,396	-26.7	Electricity generated (GWh):	38,024	49,802	-23.6
8,269	11,802	-29.9	Ordinary Regime	35,572	47,824	-25.6
1,079	695	55.2	Hydroelectric	3,389	2,612	29.7
1,005	1,225	-17.9	Nuclear	4,010	4,402	-8.9
377	1,892	-80.1	Coal	1,975	6,921	-71.5
1	23	-95.6	Oil/gas	14	278	-95.0
5,807	7,967	-27.1	CCGT	26,184	33,611	-22.1
817	594	37.5	Special Regime ⁸	2,452	1,978	24.0
9,908	6,770	46.4	Electricity sales (GWh):	31,103	22,249	39.8
6,594	6,770	-2.6	Liberalised market	24,766	22,249	11.3
3,314	-	-	TUR	6,337	-	-

GAS NATURAL produced 38,024 GWh in mainland Spain, 23.6% less than in 2008. Of that figure, 35,572 GWh were "ordinary regime" (a 25.6% decline). "Special regime" power generation increased by 24.0% to 2,452 GWh.

Hydroelectric output (3,389 GWh) was much higher than in 2008 (+29.7%) as a result of the hydrological characteristics of the year; although it qualifies as a dry year overall (practically an average year as a result of the precipitation in the final weeks), the exceedance probability in GAS NATURAL's watersheds was noticeably better than in 2008 (69% vs. 91%). Potential hydroelectric

⁸ Includes 50% of Eufér.

output was slightly higher than last year (3,658 GWh vs. 2,688 GWh). Reservoirs in the watersheds where GAS NATURAL operates were 43% full, 16 percentage points higher than at the end of 2008 (27%).

Nuclear output declined by 8.9% due to longer refuelling and maintenance shutdowns at the Trillo and Almaraz plants.

Lower demand plus higher "special regime" output reduced coal-fired output by 71.5% with respect to 2008. CCGT output amounted to 26,184 GWh in 2009; combined with coal- and oil-fuelled output, total thermal output declined by 31.0% with respect to 2008.

GAS NATURAL had a 20.1% share of the "ordinary regime" power generation market in 2009.

At 31 December 2009, GAS NATURAL had started up 131 MW of "special regime" facilities (counting the 50% stake in Eufer): 92 MW of wind capacity, 24 MW of small hydroelectric capacity and 15 MW of cogeneration capacity.

The electricity supply area sold 31,103 GWh in 2009, including supply to the liberalised market and under the social tariff (in force since 1 July 2009). Sales to the liberalised market amounted to 24,766 GWh, an 11.3% increase and a 16.6% share of the supply market.

GAS NATURAL continued trading actively in 2009; transactions maturing in the year amounted to over 14,987 GWh and the company traded over 9,241 GWh in the period.

As regards crossborder trading between Spain-France, France-Germany and Germany-Austria, GAS NATURAL participated in the monthly and daily interconnection capacity auctions, trading over 1,245 GWh in the period and managing power in the various markets in those countries. The company also continued to participate in the French virtual power plants (VPP) as a another mechanism for flexible electricity purchases in France.

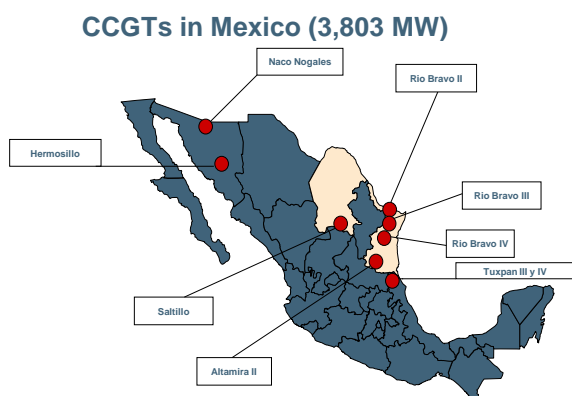
GAS NATURAL's operations in the French, German and Austrian markets are a further step towards expanding its wholesale energy trading business into other European markets so as to optimise its position in electricity through a more diversified portfolio of countries and products.

As regards trading of CO2 emission permits, in 2009 the company participated in numerous deals involving EUA rights and CER credits, both in organised markets (BLUENEXT, ECX) and with counterparties.

GAS NATURAL also managed its portfolio of emission rights and credits on a comprehensive basis for hedging purposes.

These activities enable the company to actively manage its position and optimise margins and risk exposure.

4.8.- Electricity Mexico



The assets acquired in Mexico are the Anáhuac power plant (Río Bravo II: 495 MW), the Lomas del Real power plant (Río Bravo III: 495 MW), Valle Hermoso power plant (Río Bravo IV: 500 MW), and Electricidad Águila de Altamira (Altamira II: 495 MW), all of which are located in the state of Tamaulipas, in north-western Mexico, as well as a 54-kilometre gas pipeline that supplies gas to those four plants; the Hermosillo (270 MW) and Naco Nogales (300 MW) plants in the

state of Sonora; the Tuxpan III and IV plants (1,000 MW) in the state of Veracruz; and the Saltillo (248 MW) power plant in Coahuila state, also in north-western Mexico.

4.8.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
205	281	-27.0	Net sales	804	1,298	-38.1
-142	-208	-31.7	Purchases	-532	-1,039	-48.8
-4	-4	-	Personnel costs. net	-12	-15	-20.0
-18	-8	-	Other expenses/income	-60	-44	36.4
41	61	-32.8	EBITDA	200	200	-

EBITDA in the period amounted to €200 million, in line with last year's figure, primarily due to maintaining the plants' availability and load factor, and the good performance of the dollar/euro exchange rate.

4.8.2.- Main aggregates

4Q09	4Q08	%		2009	2008	%
-	-	-	Electric generation capacity (MW)	3,803	3,803	-
5,912	5,367	10.2	Electric energy production (GWh)	24,427	22,491	8.6

A total of 24,427 GWh were generated in 2009, i.e. 8.6% more than in 2008, with a load factor of 74.9%, 8.9 points higher due to higher dispatching by Comisión Federal de Electricidad as a result of gas being competitive in the area.

Availability, which is the pivotal factor for revenues at the Mexican CCGT plants, was 91.8%, 0.83 points higher than in 2008. The plants' efficiency improved by 0.6 percentage points overall.

Construction continues on the Norte combined cycle plant in the state of Durango; the project is 97.4% complete on schedule. This 450 MW plant was awarded on 6 March 2007 and is expected to enter commercial operation in the first quarter of 2010.

On 24 December 2009, GAS NATURAL reached an agreement with Mitsui & Co., Ltd. and Tokyo Gas Co., Ltd. to divest part of its power generation business in Mexico. This deal is part of the company's divestment plan, which will enable it to obtain more balanced exposure in Mexico and divest 2,333 MW of installed capacity. The deal is pending approval by the Mexican authorities and is expected to take place in the first half of 2010.

The plants included in the agreement are: Central Anahuac, S.A. de C.V., Central Lomas del Real, S.A. de C.V., Central de Valle Hermoso, S.A. C.V., Electricidad Águila de Altamira, S. de R.L., Central de Saltillo, S.A. de C.V., Gasoducto del Río, S.A. de C.V. and Compañía Mexicana de Gerencia y Operación, S.A. de C.V.

4.9.- Other electricity

On 17 October 2009, GAS NATURAL signed a draft agreement with Colener, S.A.S., Inversiones Argos S.A. and Banca de Inversión Bancolombia S.A.- Corporación Financiera for the sale of its indirect stake in Colombian company Empresa de Energía de Pacífico S.A. ESP. On 9 December 2009, Bolsa de Valores de Colombia S.A. completed the transaction by transferring the shares. As a result, GAS NATURAL divested 950 MW of installed capacity.

For the purposes of comparison, this section includes electricity generation assets in Puerto Rico, Costa Rica, Panama, the Dominican Republic and Kenya, as well as those in Colombia from January to November 2008 and 2009.

4.9.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
160	172	-7.0	Net sales	660	671	-1.6
-89	-100	-11.0	Purchases	-322	-326	-1.2
-7	-4	75.0	Personnel costs. net	-22	-18	22.2
-10	-17	-41.2	Other expenses/income	-67	-76	-11.8
54	51	5.9	EBITDA	249	251	-0.8

EBITDA in 2009 amounted to €249 million, i.e. practically the same as in 2008, since the decline in precipitation in the second half of the year in Colombia due to El Niño was offset by the start-up of 52 MW in Kenya in the third quarter and the positive performance of the dollar/euro exchange rate.

4.9.2.- Main aggregates

4Q09	4Q08	%		2009	2008	%
-	-	-	Installed capacity (MW):	1,598	1,537	4.0
-	-	-	Puerto Rico (CCGT) ⁹	254	254	-
-	-	-	Colombia (hydroelectric)	950	950	-
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric and thermal)	33	26	26.9
-	-	-	Dominican Republic (oil-fired)	198	198	-
-	-	-	Kenya (oil-fired)	112	58	93.1
1,392	1,550	-10.2	Electricity generated (GWh):	6,548	7,395	-11.5
504	436	15.6	Puerto Rico (CCGT) ⁹	1,717	1,866	-8.0
344	660	-47.9	Colombia (hydroelectric)	2,886	3,769	-23.4
75	85	-11.8	Costa Rica (hydroelectric)	280	281	-0.4
26	20	30.0	Panama (hydroelectric and thermal)	75	67	11.9
284	262	8.4	Dominican Republic (oil-fired)	1,119	1,085	3.1
159	87	82.8	Kenya (oil-fired)	471	327	44.0

Electricity output in 2009 amounted to 6,548 GWh. Production by the Puerto Rico power plant declined by 8.0% as a result of the low load factor in the year: 77.3%, compared with 83.8% in 2008, since gas

⁹ Figures at 50%.

was not competitively priced in the first half of the year. Production in the Dominican Republic, Kenya, Costa Rica and Panama increased by 10.5%.

In Kenya, the 52 MW expansion of the 58 MW plant was completed. This involved the addition of seven diesel engines which came into commercial operation in the third quarter of 2009, increasing electricity production by 44.2% with respect to 2008. Additionally, the Algarrobos (Panama) hydroelectric plant entered commercial operation in the second half of 2009, increasing electricity output by 11.9%.

In Colombia, production declined 23.4% due to low precipitation in the second half of the year due to El Niño.

4.10.- Gas

4.10.1.- Up + Midstream

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

4Q09	4Q08	%	(€ Mn)	2009	2008	%
68	84	-19.0	Net sales	276	284	-2.8
-6	-7	-14.3	Purchases	-37	-46	-19.6
-2	-1	-	Personnel costs. net	-7	-5	40.0
-13	-11	18.2	Other expenses/income	-51	-48	6.3
47	65	-27.7	EBITDA	181	185	-2.2

Net sales in the Upstream+Midstream business totalled €276 million, a 2.8% decline.

EBITDA amounted to €181 million in 2009, 2.2% lower than in 2008. Despite higher utilisation of the gas carrier fleet in 2009, the lower gas volume shipped and greater exploration costs contributed to the decline.

Gas exploration and production operations are booked using the "successful efforts" method, under which costs prior to drilling are expensed as they are incurred and the costs of the drilling phase are capitalised provisionally as construction in progress until such time as it is determined whether there are proven reserves to justify commercial development.

4.10.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

4Q09	4Q08	%		2009	2008	%
30,507	27,831	9.6	Gas transportation-EMPL (GWh):	109,230	133,497	-18.2
8,396	7,370	13.9	Portugal-Morocco	28,705	34,926	-17.8
22,111	20,461	8.1	GAS NATURAL	80,525	98,571	-18.3

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 109,230 GW, an 18.2% decline. Of that figure, 80,525 GWh were transported for GAS NATURAL through Sagane and 28,705 GWh for Portugal and Morocco. Lower energy demand in the Iberian Peninsula and optimisation of GAS NATURAL's supply/demand balance led to a lower volume of gas being shipped and, consequently, lower utilisation of the Maghreb-Europe pipeline.

On 27 March 2009, an auction of underground storage capacity was held in Spain for the period 1 April 2009 to 31 March 2010, for a total of 4,257 GWh. The auction, organised by OMEL (the electricity market operator) under the supervision of the CNE (Spain's National Energy Commission), was conducted via an ascending clock auction method, closing at a price of €1,767/GWh. GAS NATURAL was awarded 37% of the capacity auctioned (1,586 GWh), in line with its projections.

A third exploratory well was completed in the Gassi Chergui (Algeria) concession which yielded negative results, thereby concluding exploration activities there. A well was completed in the Tangier-Larache (Morocco) concession, in which GAS NATURAL has a 24% stake, with positive results. Exploration efforts are expected to continue throughout 2010.

GAS NATURAL is also participating with Repsol in an off-shore well in the Montanazo concession (off Tarragona, on Spain's Mediterranean coast), where drilling concluded at the end of May 2009 with positive results; acquisition of equipment and paperwork for project development are under way. Geological prospection and data acquisition work is also continuing in connection with the hydrocarbon prospection permit in Villaviciosa (Asturias), which GAS NATURAL owns 90%, and a seismic survey is planned for 2010.

In the fourth quarter of 2009, the company opened a public information process for 3 of the 5 exploration, production and storage projects planned for the coming years in the Guadalquivir Valley. GAS NATURAL will also commence exploration activities in two areas (Palencia-Cantabria and Catalonia) once it receives the corresponding permits.

GAS NATURAL and Repsol, in consortium with other companies, signed a partnership agreement in 2008 to develop an integrated gas project in Angola in which they will initially assess available gas reserves and subsequently undertake the necessary investments to develop them as LNG. The company Gas Natural West Africa (60% Repsol, 40% GAS NATURAL) was created to manage the project. The Angola government granted a Concession Decree in March 2009 which provides the legal framework for developing the project. Seismic exploration work is currently under way and will continue throughout 2010. The first exploratory well (Garoupa-2) is planned for 2010.



GAS NATURAL's projects to build two regasification plants in Italy (Trieste-Zaule and Taranto) continue to make progress towards obtaining the required permits and licenses. The Trieste-Zaule project obtained a positive report from the Ministry of Cultural Assets and Activities (MiBAC) in January 2009 and the Environmental Approval Decree in July 2009, culminating the permit process at national level. The process of obtaining permits for the Taranto project, as required under Italian legislation, is continuing.

GAS NATURAL expects to complete the Trieste permit process and obtain authorisation to build the plant at the end of 2010.

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. The Trieste terminal is expected to be in service in 2013. These plants will enable the company to diversify its sources of natural gas supply in Italy and provide continuity in this energy supply, which is one of the objectives of the Italian government's energy policy.

GAS NATURAL and Gazprom signed a Memorandum of Understanding (MOU) under which they undertake to reach LNG sale agreements in the coming years and to cooperate in other areas, such as the emissions market and power generation. Under the MOU, GAS NATURAL and Gazprom will negotiate medium- and long-term LNG sale agreements. Both companies will also explore commercial agreements to develop their gas businesses in north-western Europe.

The arbitral award on the termination of the Gassi Touil integrated contract was handed down in the fourth quarter. The arbitral tribunal declared the aforementioned contract to be terminated, in accordance with its clauses, and that neither party had to compensate the other as a result of the termination. The award also required Sonatrach to acquire GAS NATURAL and Repsol's stake in the joint company responsible for liquefaction in the Gassi Touil project for the value of its cash.

4.10.2.- Wholesale & Retail

This area includes gas procurement and supply in Spain and other countries, and the supply in Spain of products and services related to supply.

4.10.2.1.- Results

4Q09	4Q08	%	(€ Mn)	2009	2008	%
2,075	2,664	-22.1	Net sales	6,972	8,220	-15.2
-1,840	-2,380	-22.7	Purchases	-6,161	-7,433	-17.1
-16	-18	-11.1	Personnel costs, net	-63	-64	-1.6
-113	-117	-3.4	Other expenses/income	-352	-258	36.4
106	149	-28.9	EBITDA	396	465	-14.8

Net revenues amounted to €6,972 million, i.e. 15.2% less than in 2008. EBITDA in 2009 totalled €396 million, down 14.8% with respect to 2008, due primarily to the smaller volume of gas sold and to the different sales mix in the fourth quarter of 2009.

Diversification of the portfolio of commodities and combined management of the commodity and dollar risks mitigated the decline in 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:

4Q09	4Q08	%		2009	2008	%
102,899	108,544	-5.2	Gas supply (GWh):	286,152	328,631	-12.9
88,102	93,697	-6.0	Spain:	234,230	275,288	-14.9
-	-	-	Regulated market	-	17,383	-
88,102	93,697	-6.0	Liberalised market:	234,230	257,905	-9.2
72,445	85,378	-15.1	GAS NATURAL ¹⁰	182,299	225,690	-19.2
15,657	8,319	88.2	Supply to third parties	51,931	32,215	61.2
14,797	14,847	-0.3	International:	51,922	53,343	-2.7
4,138	2,994	38.2	France	15,627	7,397	-
10,659	11,853	-10.1	Other	36,295	45,946	-21.0
-	-	-	Multiutility contracts (at 31/12)	2,125,270	2,119,631	0.3
-	-	-	Contracts per customer (at 31/12)	1.39	1.39	-

Until 1 July 2008, the gas procured for the regulated market was supplied to Enagás which, in addition to inventory management, supplied the gas to distribution companies, both in the GAS NATURAL group and third parties. This business amounted to 17,383 GWh in 2008.

GAS NATURAL supplied 182,299 GWh in the liberalised market, a 19.2% decline on 2008 as a result of lower gas consumption for power generation by CCGT plants (caused by lower electricity demand and lower pool prices) and of the decline in economic activity. GAS NATURAL sold 51,931 GWh of gas for supply to the liberalised market by other supply companies (a 61.2% increase).

In view of the decline in consumption by industrial end customers, GAS NATURAL is participating actively in other businesses in order to diversify demand:

- As a result, it bid successfully in the auction to sell 714 GWh of natural gas to REN Armazenagem in order to fill the new salt dome in Carrizo, Portugal.
- And in the June 2009 auction for the social tariff in Spain, GAS NATURAL was awarded 20 blocks of baseload gas, equivalent to 720 GWh, as well as 40 blocks of winter gas, equivalent to 1,100 GWh (i.e. a total of 1,820 GWh). This represents

Through its Portuguese subsidiary, GAS NATURAL is the leading independent natural gas company in Portugal (it has been operating as a gas supplier in Portugal since 1Q08), with sales of 2,200 GWh in 2009. To obtain those sales, GAS NATURAL signed supply contracts with REN, Portugal's grid operator, and with EDP and Galp, the leading distribution groups.

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

GAS NATURAL also participated actively in the process headed by the ERGEG group to develop infrastructure to greatly increase interconnection capacity between Spain and France. The initiative is a success since demand exceeded the capacity on offer.

GAS NATURAL consolidated its presence in the international market by entering new markets. In gas trading, GAS NATURAL was the first Spanish company to form part of the Zeebrugge gas hub in Belgium and, consequently, it has capacity to operate in that country by buying and selling gas in the

¹⁰ Does not include exchanges with other energy companies.

Belgian wholesale market through new agreements that enable it to trade in that market and to supply gas to the industrial and domestic market in the future.

GAS NATURAL continues to take steps to develop energy options for vehicles in Spain, in both the public and private sectors. GAS NATURAL 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; in Spain, it markets this application of natural gas under the "gn auto" brand.

Under the "gn auto" project, GAS NATURAL undertakes end-to-end management of the process, from construction of the service station (capital cost and subsequent operation and maintenance) to the supply of compressed natural gas, thereby ensuring maximum availability of the facilities.

GAS NATURAL has made significant progress in its plan to expand the automotive LNG market in Spain:

- The company has installed 5 new supply stations, including 3 in Barcelona with the municipal waste management companies Cepsa, CLD and Urbaser.
- GAS NATURAL has been awarded the contract to build and operate the new bus depot for the Madrid municipal bus company (EMT), with a capacity for over 400 buses. This will be the largest facility of its kind in Europe and one of the largest in the world.

GAS NATURAL is also working on the electric car business model in cooperation with various levels of government and the support of several central government programmes to promote this alternative means of transport.

GAS NATURAL continues to actively develop the value-added energy solutions and services business for residential, tertiary and industrial markets. It is working actively to develop the energy efficiency market in line with policies to promote energy efficiency and saving. In this context, the company bid in the first central government tender to outsource energy services in a public building, specifically the Cuzco complex in Madrid, which houses the Ministry of Industry, Tourism and Trade and the Ministry of Economy and Finance. GAS NATURAL is one of the three short-listed bidder which now go to the competitive negotiation phase.

GAS NATURAL has a total of 1,420,000 contracts to maintain facilities and gas appliances for residential customers based on its own operating platform consisting of over 160 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).

GAS NATURAL increased the number of multi-product contracts with its customers by 0.3% to 2,125,270, boosting the number of contracts per customer to 1.39 at 31 December 2009.

4.10.3.- Unión Fenosa Gas (UF Gas)

This area includes wholesale and retail gas procurement and supply performed by Unión Fenosa 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 is owned 50% by GAS NATURAL and is proportionately consolidated.

4Q09	4Q08	%	(€ Mn)	2009	2008	%
142	194	-26.8	Net sales	584	747	-21.8
-76	-106	-28.3	Purchases	-332	-388	-14.4
-2	-3	-33.3	Personnel costs. net	-11	-10	10.0
-6	-5	20.0	Other expenses/income	-27	-26	3.8
58	80	-27.5	EBITDA	214	323	-33.7

EBITDA in 2009 amounted to €214 million, 33.7% less than the previous year due to a decline in activity and to the less favourable energy market situation in 2009.

4.10.3.2.- Main aggregates¹¹

There was a 4.8% reduction in gas supply in 2009. Sales to industry fell by 3.7% and to other supply companies by 0.3%, while sales to CCGT plants fell by 5.7% and accounted for 60.7% of the total. A total of 18,396 GWh of energy was traded.

During the period, the gas acquired under long-term contracts with Egypt and Oman covered practically all the gas needs in the Spanish market, and only 6.7% of total gas needed to be obtained from other sources. The main infrastructures in the gas business (liquefaction, carrier fleet, regasification) maintained the expected levels of availability and efficiency.

4Q09	4Q08	%		2009	2008	%
12,459	13,944	-10.6	Gas supply in Spain (GWh)	52,212	54,816	-4.8
7,815	4,911	59.1	Trading (GWh)	18,396	23,491	-21.7
11,714	14,042	-16.6	Liquefaction (GWh)	50,978	49,515	3.0
6,817	6,743	1.1	Group	29,669	23,777	24.8
4,897	7,299	-32.9	Other operators	21,309	25,738	-17.2
14,714	16,853	-12.7	Regasification (GWh)	65,115	67,681	-3.8
8,357	8,817	-5.2	Group	36,691	32,714	12.2
6,357	8,036	-20.9	Other operators	28,424	34,967	-18.7

The Damietta (Egypt) liquefaction plant operated at a high level in the period, processing 50,978 GWh, 3.0% more than in 2008. The plant delivered 57 shiploads, of which 34 were for Unión Fenosa Gas, and the remainder for other operators.

The Sagunto regasification plant produced 65,115 GWh, i.e. 100 shiploads, of which 42 were for Unión Fenosa Gas (36,691 GWh, i.e. 56.3% of the total).

Construction of the fourth tank at the Sagunto regasification plant countries; the project was approved by the Ministry for Industry, Tourism and Trade in July 2009. This is the second time the plant has been expanded; the project includes the addition of a sixth vaporizer.

¹¹ Assuming 100%.

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1 January 2009:

- GAS NATURAL files the press advertisement announcing the interim dividend payment out of 2008 income (disclosed 2 January 2009, registration number 27907).
- GAS NATURAL files the calendar for publication of its financial results in 2009 (disclosed 9 January 2009, registration number 27925).
- GAS NATURAL publishes the invitation to the conference call to discuss its 4Q08 earnings (disclosed 28 January 2009, registration number 28019).
- GAS NATURAL reports the decisions adopted by the Board of Directors on 30 January 2009 (disclosed 30 January 2009, registration number 28046).
- GAS NATURAL calls a Special Shareholders' Meeting to be held on 10 May 2009 in order to authorise a capital increase with pre-emptive subscription rights (disclosed 3 February 2009, registration number 103340).
- GAS NATURAL publishes its 4Q08 results (disclosed 10 February 2009, registration number 103558).
- GAS NATURAL files the presentation of earnings for the fourth quarter of 2008 (disclosed 10 February 2009, registration number 28107).
- GAS NATURAL files the presentation given at the press conference to present the earnings for the fourth quarter of 2008 (disclosed 10 February 2009, registration number 28108).
- GAS NATURAL files the Advance Report of earnings for the fourth quarter of 2008 (disclosed 12 February 2009, registration number 103666).
- The National Competition Commission (CNC) authorises the acquisition of Unión Fenosa (disclosed 12 February 2009, registration number 103696).
- The National Competition Commission (CNC) issues a press release in connection with the approval of the commitments in the GAS NATURAL/UNIÓN FENOSA concentration transaction (disclosed 12 February 2009, registration number 103697).
- GAS NATURAL publishes its Annual Corporate Governance Report (disclosed 16 February 2009, registration number 103746).
- GAS NATURAL files the Ministry's decision on the concentration transaction consisting of GAS NATURAL acquiring exclusive control of Unión Fenosa (disclosed 17 February 2009, registration number 103843).
- GAS NATURAL discloses that Standard & Poor's has downgraded the company's rating (disclosed 23 February 2009, registration number 104336).
- GAS NATURAL discloses that Fitch Ratings has downgraded the company's rating (disclosed 26 February 2009, registration number 104520).
- GAS NATURAL publishes the announcement of the takeover bid for the shares of Unión Fenosa (disclosed 26 February 2009, registration number 104538).
- GAS NATURAL discloses that Moody's has downgraded the company's rating (disclosed 2 March 2009, registration number 104898).

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- GAS NATURAL discloses a cooperation agreement with Gazprom (disclosed 3 March 2009, registration number 104964).
 - GAS NATURAL discloses that it has joined the Board of Directors of Unión Fenosa (disclosed 4 March 2009, registration number 28299).
 - GAS NATURAL discloses that it has scheduled a special meeting of the Board of Directors immediately before the Shareholders' Meeting (disclosed 9 March 2009, registration number 105302).
 - GAS NATURAL discloses the motions laid before the Shareholders' Meeting (disclosed 10 March 2009, registration number 105313).
 - GAS NATURAL files the presentation for the press conference prior to the Special Shareholders' Meeting (disclosed 10 March 2009, registration number 28326).
 - GAS NATURAL files the press release in connection with the Special Shareholders' Meeting (disclosed 10 March 2009, registration number 28328).
 - The Comisión Nacional del Mercado de Valores (CNMV) suspends trading of GAS NATURAL shares on a precautionary basis (disclosed 10 March 2009, registration number 105306).
 - The Comisión Nacional del Mercado de Valores (CNMV) lifts the precautionary suspension imposed on that same day (disclosed 10 March 2009, registration number 105316).
 - GAS NATURAL files the decisions adopted by the Special Shareholders' Meeting (disclosed 10 March 2009, registration number 105331).
 - GAS NATURAL files a presentation updating the transaction with Unión Fenosa (disclosed 16 March 2009, registration number 28353).
 - GAS NATURAL announces the appointment of five new directors to the Board of Directors of Unión Fenosa (disclosed 25 March 2009, registration number 28417).
 - GAS NATURAL announces the discovery of gas deposits off the Moroccan coast (disclosed 30 March 2009, registration number 28430).
 - GAS NATURAL discloses the outcome of the capital increase (disclosed 31 March 2009, registration number 106390).
 - GAS NATURAL reports that it has attained 400,000 distribution customers in Italy (disclosed 7 April 2009, registration number 28470).
 - GAS NATURAL discloses the approval of its new code of ethics (disclosed 8 April 2009, registration number 28477).
 - The Comisión Nacional del Mercado de Valores publishes the outcome of the takeover bid for Unión Fenosa shares by GAS NATURAL whose acceptance deadline was 14 April 2009 (disclosed 16 April 2009, registration number 106948).
 - GAS NATURAL reports on the outcome of the takeover bid and its final stake in Unión Fenosa (disclosed 16 April 2009, registration number 106950).
 - GAS NATURAL announces that, as provided in the Prospectus for the takeover bid for Unión Fenosa, it will not apply for a squeeze-out of Unión Fenosa shareholders and the latter may not require that GAS NATURAL buy them out (disclosed 16 April 2009, registration number 106952).

- The CNMV announces precautionary suspension of trading in GAS NATURAL shares (disclosed 23 April 2009, registration number 107292).
- GAS NATURAL announces that the Board of Directors of Unión Fenosa has approved the proposal to absorb Unión Fenosa into GAS NATURAL, and the proposed share exchange ratio. Additionally, GAS NATURAL appoints six directors to Unión Fenosa's Board of Directors and Rafael Villaseca is appointed CEO to facilitate integration of the two companies (disclosed 23 April 2009, registration number 28530).
- The CNMV lifts the precautionary suspension of trading imposed that same day (disclosed 23 April 2009, registration number 107300).
- GAS NATURAL announces that the Board of Directors of Unión Fenosa has approved the proposal to absorb Unión Fenosa and Unión Fenosa Generación into GAS NATURAL, and the proposed share exchange ratio (disclosed 24 April 2009, registration number 107418).
- GAS NATURAL files a press release on the merger (disclosed 24 April 2009, registration number 28543).
- GAS NATURAL files the text of the proposal to merge Unión Fenosa, S.A. and Unión Fenosa Generación into GAS NATURAL (disclosed 24 April 2009, registration number 107420).
- GAS NATURAL notifies a change in the date of publication of its 1Q09 earnings (disclosed 24 April 2009, registration number 28544).
- GAS NATURAL publishes the invitation to the conference call to discuss the 1Q09 earnings (disclosed 27 April 2009, registration number 28552).
- GAS NATURAL files an amendment to the invitation to the conference call to discuss the 1Q09 earnings (disclosed 27 April 2009, registration number 28553).
- GAS NATURAL discloses information about the assets in Mexico (disclosed 29 April 2009, registration number 28597).
- GAS NATURAL discloses the delivery of the first shipload of liquefied natural gas (LNG) for Electricité de France (EDF) at the Montoir de Bretagne regasification plant in France (disclosed 4 May 2009, registration number 28628).
- GAS NATURAL publishes 1Q09 results (disclosed 6 May 2009, registration number 107907).
- GAS NATURAL files the presentation of earnings for the first quarter of 2009 (disclosed 6 May 2009, registration number 28644).
- GAS NATURAL discloses that, through subsidiary GAS NATURAL INTERNACIONAL SDG, it has applied for authorization from the Colombian financial authorities (Superintendencia Financiera de Colombia -SFC) to launch takeover bids for the subsidiaries of Unión Fenosa in that country (disclosed 7 May 2009, registration number 108088).
- GAS NATURAL files the Group's new top-level organization structure following the acquisition of Unión Fenosa. The new organization has been designed to ensure the Group's capacity to compete successfully in an integrated global energy market (disclosed 19 May 2009, registration number 108555).
- GAS NATURAL gives notice that its Ordinary Shareholders' Meeting will be held on 26 June 2009 (disclosed 21 May 2009, registration number 108741).

- GAS NATURAL files, as a supplement to the notice of the Shareholders' Meeting, the report by the Board of Directors with respect to article 116 bis of the Securities Market Law (disclosed 25 May 2009, registration number 108885).
- GAS NATURAL files the information related to the Ordinary Shareholders' Meeting (disclosed 25 May 2009, registration number 108890).
- GAS NATURAL discloses that it has reached an agreement to sell its 5% stake in Enagás, S.A. to Oman Oil Holdings Spain, S.L.U. (disclosed 1 June 2009, registration number 109244).
- GAS NATURAL discloses that Fitch Ratings has affirmed its short- and long-term Issuer Default Ratings (IDR) for Gas Natural SDG, S.A. at A- and F2, respectively (disclosed 4 June 2009, registration number 109447).
- GAS NATURAL discloses that Moody's rating agency has downgraded the long-term senior unsecured ratings of Gas Natural Finance BV and Gas Natural Capital Markets, S.A. from Baa1 to Baa2, outlook stable, while maintaining the short-term rating at Prime-2 (disclosed 5 June 2009, registration number 109536).
- GAS NATURAL discloses that Standard & Poor's rating agency has affirmed the long- and short-term ratings of Gas Natural SDG, S.A. at BBB+/A-2 (disclosed 5 June 2009, registration number 109551).
- GAS NATURAL files an updated presentation of the Group (disclosed 17 June 2009, registration number 29025).
- GAS NATURAL discloses that it has received authorization from Spain's National Competition Commission to sell its shares of Enagás S.A. to Oman Oil Holdings Spain, S.L.U. (disclosed 23 June 2009, registration number 110373).
- GAS NATURAL discloses completion of two bond issues comprising two tranches (5 and 10 years) in the euromarket amounted to €2,000 million and €500 million (disclosed 24 June 2009, registration number 110437).
- GAS NATURAL files the presentation for the press conference prior to the Ordinary Shareholders' Meeting (disclosed 26 June 2009, registration number 29102).
- GAS NATURAL discloses approval of the motions put before the Ordinary Shareholders' Meeting (disclosed 26 June 2009, registration number 110523).
- GAS NATURAL files the press release in connection with the Ordinary Shareholders' Meeting (disclosed 26 June 2009, registration number 29116).
- GAS NATURAL discloses the outcome of the takeover bid made on 3 June by GAS NATURAL, through subsidiary GAS NATURAL INTERNACIONAL SDG, for Unión Fenosa's Colombian subsidiary Compañía de Electricidad de Tuluá (CETSA) (disclosed 1 July 2009, registration number 110739).
- GAS NATURAL discloses the outcome of the takeover bid made on 3 June by GAS NATURAL, through subsidiary GAS NATURAL INTERNACIONAL SDG, for Unión Fenosa's Colombian subsidiary Empresa de Energía del Pacífico (EPSA) (disclosed 1 July 2009, registration number 110740).
- GAS NATURAL files the press advertisement announcing the supplementary and extraordinary dividend payment (disclosed 2 July 2009, registration number 29147).
- GAS NATURAL discloses that the Italian Environment Ministry has issued the definitive environmental approval decree (VIA decree) for the liquefied natural gas regasification plant which

the company plans to build in the port of Trieste-Zaule, (disclosed 16 July 2009, registration number 29233).

- GAS NATURAL publishes the invitation to the conference call to discuss its 2Q09 earnings (disclosed 16 July 2009, registration number 29234).
- GAS NATURAL discloses the signature of a contract to sell 248,000 distribution connections in Spain (disclosed 20 July 2009, registration number 111531).
- GAS NATURAL notifies a change in the time of its conference call to discuss 2Q09 earnings (disclosed 24 July 2009, registration number 29312).
- GAS NATURAL publishes 2Q09 results (disclosed 29 July 2009, registration number 111917).
- GAS NATURAL files the Advance Report of earnings for the second quarter of 2009 (disclosed 29 July 2009, registration number 111918).
- GAS NATURAL files the presentation of earnings for the second quarter of 2009 (disclosed 29 July 2008, registration number 29359).
- GAS NATURAL discloses that it has obtained authorisation to operate in Belgium's gas market (disclosed 17 August 2009, registration number 29444).
- Suez Environnement files a communiqué in response to the request for information from the CNMV in connection with its stake in GAS NATURAL (disclosed 28 August 2009, registration number 113106).
- GDF Suez files a communiqué in response to the request for information from the CNMV in connection with its stake in GAS NATURAL (disclosed 28 August 2009, registration number 113168).
- GAS NATURAL discloses the rules and procedure for exchanging Unión Fenosa shares for GAS NATURAL shares in accordance with provisions in the Proposal to merge Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into GAS NATURAL SDG, S.A., and as agreed by the Ordinary General Shareholders' Meetings of the three companies, held on 26 June 2009 (Gas Natural SDG, S.A.) and 29 June 2009 (Unión Fenosa, S.A. and Unión Fenosa Generación, S.A.) (disclosed 1 September 2009, registration number 113227).
- GAS NATURAL notifies that it was included for the fifth consecutive year in the Dow Jones Sustainability Index (DJSI World) and was also included in Europe's selective DJSI STOXX index (disclosed 3 September 2009, registration number 29512).
- GAS NATURAL files the equivalent of a merger prospectus for the merger of Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. into GAS NATURAL (disclosed 3 September 2009, registration number 113326).
- GAS NATURAL notifies the registration in the Barcelona Mercantile Register of the public instrument of merge of the companies Unión Fenosa, S.A. and Unión Fenosa Generación, S.A. by GAS NATURAL, and, therefore, the official delisting of the shares of Unión Fenosa, S.A. (disclosed 4 September 2009, registration number 113454).
- GAS NATURAL files a press release on the completion of the merger with Unión Fenosa, S.A. after the new GAS NATURAL shares have been listed (disclosed 7 September 2009, registration number 113491).

- GAS NATURAL files a press release about the first Board of Directors meeting after the merger with Unión Fenosa, held at the headquarters in Galicia (disclosed 18 September 2009, registration number 29601).
- The Comisión Nacional del Mercado de Valores (CNMV) halts trading of GAS NATURAL shares on a precautionary basis (disclosed 1 October 2009, registration number 114337).
- Suez Environnement discloses that it has sold almost all of its minority stake in GAS NATURAL (disclosed 1 October 2009, registration number 114338).
- UBS Limited notifies the Comisión Nacional del Mercado de Valores (CNMV) that it has purchased 11.8 million shares of GAS NATURAL from Suez Environnement, for placement among institutional investors (disclosed 1 October 2009, registration number 114339).
- The Comisión Nacional del Mercado de Valores (CNMV) lifts the precautionary suspension imposed on that same day (disclosed 1 October 2009, registration number 114343).
- UBS Limited notifies the completion of placement of the 11.8 million shares of GAS NATURAL among investors at €14.80 per share (disclosed 1 October 2009, registration number 114350).
- GAS NATURAL issues a press release announcing that it ranked as the top Spanish utility in the United Nations Carbon Disclosure Project 2009 Global 500 Report, which recognises select global companies for their efforts in fighting climate change (disclosed 2 October 2009, registration number 29696).
- GAS NATURAL discloses completion of a three-tranche bond issue in euro: €500 million at 3 years, €1,000 million at 7 years and €750 million at 12 years (disclosed on 14 October 2009, registration number 114855).
- GAS NATURAL announces an agreement to sell its stake in the Colombian company EPSA for \$1,100 million (disclosed 17 October 2009, registration number 115005).
- GAS NATURAL issues a press release about the signature of an agreement to sell its stake in Colombian company EPSA (disclosed on 17 October 2009, registration number 29790).
- GAS NATURAL notifies a change in the date of the conference call to discuss the 3Q09 earnings (disclosed 30 October 2009, registration number 29930).
- GAS NATURAL publishes the invitation to the conference call to discuss its 3Q09 earnings (disclosed 30 October 2009, registration number 29931).
- GAS NATURAL publishes its 3Q09 results (disclosed 4 November 2009, registration number 115725).
- GAS NATURAL files the presentation of its 3Q09 results (disclosed 4 November 2009, registration number 29953).
- GAS NATURAL announces the arbitral award resolving the Gassi Touil integrated project dispute (disclosed 27 November 2009, registration number 116857).
- GAS NATURAL announces the discussion on the interim dividend out of 2009 income (disclosed 30 November 2009, registration number 116877).
- GAS NATURAL announced completion of the sale of its stake in the Colombian company Energía del Pacífico S.A. ESP (EPSA) (disclosed 9 December 2009, registration number 117349).

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- GAS NATURAL discloses the roll-over and expansion of its Euro Medium Term Note (EMTN) programme (disclosed 16 December 2009, registration number 117757).
 - GAS NATURAL discloses the agreement to sell natural gas supply points in the Madrid region (disclosed 19 December 2009, registration number 118009).
 - GAS NATURAL discloses the agreement to sell certain energy assets in Mexico (disclosed 24 December 2009, registration number 118229).
 - GAS NATURAL discloses the completion of the sale of gas distribution and supply assets in Cantabria and Murcia (disclosed 31 December 2009, registration number 118518).
 - GAS NATURAL discloses completion of a bond issue in the euromarket comprising three tranches (5, 8 and 10 years) amounting to €650 million, €700 million and €850 million, respectively (disclosed 12 January 2010, registration number 118740).
 - GAS NATURAL files the calendar for publication of its financial results in 2010 (disclosed 29 January 2010, registration number 119885).
 - GAS NATURAL publishes the invitation to the conference call to discuss its 4Q09 earnings (disclosed 1 February 2010, registration number 12001).

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

(€ Mn)	2009	2008
Net sales	14,879	13,544
Other operating revenues	170	95
Purchases	-9,133	-9,796
Personnel costs	-600	-338
Other operating costs	-1,379	-941
EBITDA	3,937	2,564
Other results	50	-
Depreciation and amortisation	-1,400	-726
Change in operating provisions	-139	-44
OPERATING PROFIT	2,448	1,794
Finance income	-817	-263
Gains on disposal of financial instruments	101	14
Income from associates	59	6
CONSOLIDATED PRE-TAX PROFIT	1,791	1,551
Income from discontinued operations	39	-
Income tax expense	-440	-379
Minority interest	-195	-115
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,195	1,057

EBITDA

(€ Mn)	1T09	2T09	3T09	4T09	2009
GAS DISTRIBUCIÓN	370	356	408	359	1,493
Spain	238	220	261	208	927
Italy	23	11	9	13	56
Latin America	109	125	138	138	510
ELECTRICITY DISTRIBUCIÓN	-	156	247	241	644
Spain	-	96	143	146	385
Moldova	-	5	5	7	17
Latin America	-	55	99	88	242
ELECTRICITY	130	251	423	248	1,052
Spain	92	157	309	248	806
Mexico	26	47	50	41	164
Rest	12	47	64	-41	82
GAS	224	127	137	211	699
Up + Midstream	51	43	40	47	181
Wholesale & Retail	173	59	58	106	396
UF Gas	-	25	39	58	122
REST	8	19	28	-6	49
TOTAL	732	909	1,243	1,053	3,937

(€ Mn)	1T08	2T08	3T08	4T08	2008
GAS DISTRIBUCIÓN	365	346	365	313	1,389
Spain	238	219	238	191	886
Italy	17	5	2	12	36
Latin America	110	122	125	110	467
ELECTRICITY DISTRIBUCIÓN	-	-	-	-	-
Spain	-	-	-	-	-
Moldova	-	-	-	-	-
Latin America	-	-	-	-	-
ELECTRICITY	170	127	108	110	515
Spain	137	93	73	63	366
Mexico	19	21	24	33	97
Rest	14	13	11	15	53
GAS	184	110	142	214	650
Up + Midstream	44	34	42	65	185
Wholesale & Retail	140	76	100	149	465
UF Gas	-	-	-	-	-
REST	7	-12	14	1	10
TOTAL	726	571	629	638	2,564

Operating income

(€ Mn)	1T09	2T09	3T09	4T09	2009
GAS DISTRIBUTION	88	124	111	178	501
Spain	63	89	78	127	357
Italy	9	13	11	11	44
Latin America	16	22	22	40	100
ELECTRICITY DISTRIBUTION	-	68	111	132	311
Spain	-	48	77	100	225
Moldova	-	4	6	-1	9
Latin America	-	16	28	33	77
ELECTRICITY	87	182	274	206	749
Spain	75	160	223	129	587
International	12	22	51	77	162
GAS	10	13	98	48	169
Up + Midstream	7	6	95	31	139
Wholesale & Retail	3	3	4	8	18
UF Gas	-	4	-1	9	12
REST	1	6	12	18	37
TOTAL	186	393	606	582	1,767

(€ Mn)	1T08	2T08	3T08	4T08	2008
GAS DISTRIBUCIÓN	88	151	156	267	662
Spain	60	109	104	188	461
Italy	11	17	15	22	65
Latin America	17	25	37	57	136
ELECTRICITY DISTRIBUCIÓN	-	-	-	-	-
Spain	-	-	-	-	-
Moldova	-	-	-	-	-
Latin America	-	-	-	-	-
ELECTRICITY	74	66	59	154	353
Spain	57	59	60	134	310
International	17	7	-1	20	43
GAS	6	5	7	15	33
Up + Midstream	5	4	4	8	21
Wholesale & Retail	1	1	3	7	12
UF Gas	-	-	-	-	-
REST	2	4	4	10	20
TOTAL	170	226	226	446	1,068

(€ Mn)	31/12/09	31/12/08
Non-Current Assets-	36,708	14,806
Intangible assets	10,324	1,617
Tangible assets	24,683	9,988
Investment in associates	141	42
Non-current financial assets	604	2,820
Deferred tax assets	956	339
Current Assets-	8,644	3,959
Non-current assets available for sale	1,694	5
Inventories	740	560
Trade and other receivables	4,234	2,785
Other current financial assets	1,387	360
Cash and cash equivalents	589	249
TOTAL ASSETS	45,352	18,765

(€ Mn)	31/12/09	31/12/08
Equity-	12,177	6,721
Net equity of Parent Company	10,681	6,376
Minority interest	1,496	345
Non-Current Liabilities-	25,021	6,914
Government grants	705	606
Non-current provisions	1,881	625
Non-current financial liabilities	18,658	4,451
Deferred tax liabilities	2,700	526
Other non-current liabilities	1,077	706
Current Liabilities-	8,154	5,130
Current provisions	128	146
Current financial liabilities	2,849	934
Trade and other payables	4,013	2,865
Other current liabilities	1,164	1,185
TOTAL EQUITY AND LIABILITIES	45,352	18,765

(€ Mn)	2009	2008
Cash flow from ordinary activities	2,477	2,023
Income before taxes	1,791	1,551
Adjustments	2,084	1,110
Changes in working capital	-387	-115
Other cash flows from operating activities	-1,011	-523
Investment cash flow	-13,902	-2,652
Investments	-16,154	-2,829
Disposals	1,981	66
Other cash flows from investing activities	271	111
Financing cash flow	11,752	738
Increase of capital	3,410	-
Net proceeds from instruments representing financial liabilities	9,161	1,286
Dividends paid	-756	-580
Other cash flows from financing activities	-63	32
Effect of exchange rate variations	13	-12
Net increase/(decrease) in cash and cash equivalents	340	97
Beginning cash and cash equivalents	249	152
Ending cash and cash equivalents	589	249

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