MANAGEMENT REPORT OF ENAGÁS, S.A.

I.- Performance of Enagás, S.A. in 2013

Since July 2012, Enagás, S.A. has performed its activities as the Parent of the Enagás Group, through investments in the share capital of the companies constituting the Group, and provides assistance and support services to these same companies.

The commitment assumed by the Company in performing these activities is that of creating value for all of its stakeholders.

Net profit rose 32.1% in 2013 to 379,469 thousand euros.

Revenue totalled 531,763 thousand euros.

Investments in 2013 amounted to 16,859 thousand euros (see Notes 5 and 6).

At year end, Enagás, S.A.'s shareholders' equity stood at 2,001,213 thousand euros, and equity totalled 1,998,554 thousand euros.

Share capital is represented by 238,734,260 fully paid ordinary bearer shares each with a par value of 1.50 euros.

II.- Main business risks

Enagás, S.A. is exposed to various risks inherent to the sector, to the market in which it operates and to the activities it performs, which may prevent it from achieving its objectives and executing its strategies successfully.

The main risks associated with Enagás' business activities are classified as follows:

1. Business risk

Business risk relates to losses caused by external factors such as regulation, economic growth patterns, competition levels, demand trends, structural industry factors, etc., as well as to potential losses resulting from incorrect decision-making in relation to the company's business plans and strategies.

Within business risk, regulatory risk, which relates to the regulatory framework governing the its business activities, is particularly prominent.

Enagás has implemented measures to control and manage its business risk within acceptable risk levels. To this end, it continually monitors risks relating to regulation, the market, the competition, business plans, strategic decisions, etc.

2. Counterparty risk

Counterparty risk relates to the possibility of losses deriving from a counterparty's failure to comply with its obligations and to uncertainty as to a counterparty's ability to honour its obligations.

In the assessments performed in 2013, Enagás, S.A. characterised its credit and counterparty risk as acceptable, as it only does business with solvent companies, as corroborated by these companies' external credit ratings.

Information concerning counterparty risk management is disclosed in Note 8 to the financial statements.

3. Financial risk

Financial risk is an assessment of the uncertainty of earnings as a result of adverse fluctuations in financial variables such as interest rates, exchange rates and liquidity.

Financial risk management policy is set out in Note 8 to the financial statements.

4. Operational risk

Enagás's operations may give rise to losses of value or losses on account of inadequate processes, human error, equipment failure, computer system failure or as a result of external events.

Enagás, S.A. has identified the following significant operational risks: incidents affecting its infrastructures, equipment and systems; poor quality or interruption of service; suppliers, outsourcing and other agents; business practices and regulatory breaches; workplace health and safety risks; and damage to the environment and to third parties.

Each year, Enagás, S.A. identifies the control activities that allow it adequately and appropriately to respond to these risks. The most notable control activities are: the application of certain internal policies and procedures, the establishment of limits and authorisations, periodic analysis, definition of quality indicators, and quality, risk prevention and environment certificates, etc.

5. Criminal liability risk

Article 31 bis of Organic Law 5/2010 of 22 June, which reforms Spain's Criminal Code, introduces criminal liability on the part of legal entities.

Within this context, Enagás, S.A. could be held liable in Spain for crimes committed by its officers and staff in the course of their work and in their own interests if the Company is found to have failed to have exercised sufficient control.

To prevent this risk from materialising, Enagás, S.A. has approved a Criminal Liability Risk Model and has implemented the measures required to prevent corporate crime.

6. Reputational risk

Reputational risk refers to any action, event or circumstance that could have either a harmful or beneficial effect on the company's reputation among its stakeholders.

Enagás, S.A. has implemented a reputational risk self-assessment procedure which uses qualitative measurement techniques.

This process contemplates the potential reputational impact that materialisation of any of the risks listed in the model (operational, business, financial and counterparty risk) could have as a result of failing to meet stakeholder expectations and as a result of strictly reputational events arising from the action, interest or opinion of a third party.

Enagás, S.A. has identified as relevant any reputational risk arising in the aftermath of the materialisation of certain risks: operational (bad business practice, leaking of confidential information, external fraud and regulatory and legal breaches), and business (obsolescence of infrastructures, equipment and systems).

In the process of measuring reputational risk, the domino effect that the materialisation of any criminal liability risk would have on reputational risk is considered relevant.

The management of certain risks strictly defined as reputational stemming from third-party action is also considered to be a key factor.

III.- Use of financial instruments

The Enagás Group's financial management is centralised with the Parent, Enagás, S.A. In February 2008 the Enagás Board of Directors approved an interest rate hedging policy to bring the Company's finance costs into line with the rates structure targeted in the Company's Strategic Plan.

In compliance with this policy, the Group entered into a series of interest rate hedges in the course of 2013. As a result, 72% of the Group's total gross debt was hedged against interest rate increases at 31 December 2013 (82% in 2012).

IV.- Outlook

Enagás, S.A., as the Parent of the Enagás Group, will guarantee the proper functioning of the Spanish gas system and monitor the security of supply, encouraging competitiveness transparently and without discrimination.

Likewise, it will optimise the Spanish gas system coordinating the various players and proposing measures to improve its functioning. It will continue to develop the transport grid and will manage its infrastructures in a manner which is safe, efficient, profitable and committed to the environment.

It will do all of the foregoing in collaboration with the regulators, providing quality service to its customers, creating value for its shareholders and contributing to the sustainable development of the Group.

V.- Research and development

The technological innovation initiatives carried out by Enagás, S.A. in 2013 comprised assessing, developing and testing new gas technologies with the aim of increasing and improving the competitiveness of natural gas in various applications, focusing particularly on projects of strategic value for the Group.

The most significant activities carried out by area in 2013 were:

a) **Production (LNG).** Further work was carried out on disseminating the “MOLAS” application, to investigate how LNG ages and how its properties change during shipping. In this area, the Group is developing a new technique in order to improve its LNG sampling system to more accurately gauge the quality of the LNG when loading the tanks. It is drawing up engineering plans for a facility to generate electricity by leveraging the spikes in gas emission pressure at the Barcelona plant. The Group has continued the project to investigate new technologies in the small-scale LNG distribution field.

b) **Transport.** Work has continued on a study regarding the impact on operations of transporting natural gas and moderate amounts of hydrogen through gas pipelines, as well as the possible conversion of surplus hydrogen into methane. A European project was launched to improve the quantitative evaluation of gas leaks in gas transport systems. Studies were also begun to assess the impact of in-network gas flaring. Studies and simulation models were updated to calculate the safety distances between parallel gas pipelines.

c) **Operation.** The logistics planning and optimisation application (SPOL), which allows all network facilities to be managed by enhancing system performance in general, was substantially modified in order to take into account recent extraordinary operating conditions. Actual operational data were used to confirm that the quality of the gas transported through the gas pipeline network had been accurately determined by means of simulation.

d) **Safety.** Work proceeded on various projects and studies related to the analysis of the risks involving gas pipelines, LNG plants and underground storage facilities.

e) **Metering.** A number of initiatives are under way to enhance the chromatographic and metering techniques of various parts of the natural gas system. Work continued on a number of initiatives for the measurement and determination of dew points and hydrocarbon levels in natural gas in the laboratory as well as in the field. Studies are under way on how to improve the level of uncertainty in laboratories measuring gas flow. Tests are also being carried out to assess the application of measurement systems in regulating and metering stations. Computational flow dynamics (CFD) simulation techniques are being applied in order to enhance the accuracy of metering stations.

f) **Projects of general interest**. The tri-generation facility was assembled at the Zaragoza Technology Centre to enable the supply of heat, cooling and electricity to the various areas of the new data processing centre, control centre, laboratories and offices.

g) **Other matters**: The company is carrying out a campaign to contact other energy companies and associations with the aim of spearheading the joint development of R&D activities in order to share know-how.

VI.- Transactions with treasury shares

The Company did not carry out any transactions involving treasury shares during the year.

VII.- Corporate Governance Report

The Corporate Governance Report of Enágas, S.A. is attached to this management report as a separate section.

VIII.- Additional information

This additional disclosure is included to comply with article 116 bis of the Securities Market Act [*Ley 24/1988*].

a) The capital structure, including securities which are not admitted to trading on a regulated market in a member state, indicating, where appropriate, the different classes of shares and, for each class of shares, the rights and obligations attaching thereto and the percentage of total share capital represented

The capital structure of the company:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
03/05/2002	358,101,390.00	238,734,260	238,734,260

All the shares are of the same class.

b) Restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

c) Significant direct and indirect shareholdings

Significant shareholdings (excluding directors):

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
OMAN OIL HOLDINGS ESPAÑA, S.LU.	0	11,936,702	5,000
KARTERA 1, S.L.	0	11,936,713	5,000
FIDELITY INTERNATIONAL LIMITED	0	4,710,880	1,973
RETAIL OEICS AGGREGATE	0	2,410,274	1,010

(*) Through:

Name or company name of the shareholder	Number of direct voting rights	% of total voting rights
OMAN OIL HOLDINGS ESPAÑA, S.LU.	11,936,702	5,000
KARTERA 1, S.L.	11,936,713	5,000
Total	23,873,415	10,000

Significant shareholdings of directors and information on the board members that hold voting rights (excluding directors):

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
ANTONIO LLARDÉN CARRATALÁ	56,396	0	0.024
MARCELINO OREJA ARBURÚA	1,260	0	0
TERESA GARCÍA MILÁ LLOVERAS	1,500	0	0.001
SULTAN HAMED KHAMIS AL BURTAMANI	1	0	0
DIONISIO MARTÍNEZ MARTÍNEZ	2,010	0	0.001
LUIS JAVIER NAVARRO VIGIL	1,405	7,075	0.004
MARTÍ PARELLADA SABATA	910	0	0
RAMÓN PÉREZ SIMARRO	100	0	0
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	11,936,713	0	5
TOTAL	**12,000,295**	**7,075**	**5.03**

(*) Through:

Name or company name of the shareholder	Number of direct voting rights	% of total voting rights
NEWCOMER 2000, S.L.U.	7,075	0.003
Total	7,075	0.003

d) Any restrictions on voting rights

Article 6 bis ("Restrictions on shareholdings and the exercise of voting rights") of the bylaws was amended at the Extraordinary General Meeting held on 31 October 2007 to bring it in line with the provisions of Law 12/2007 of 2 July.

Law 12/2007 of 2 July, amending Hydrocarbon Law 34/1998, of 7 October, in order to bring it into line with the provisions of Directive 2003/55/EC of the European Parliament and of the Council, of 26 June 2003 concerning common rules for the internal market in natural gas, provides a new wording for Additional Provision Twenty of Law 34/1998, which vests in Enagás, S.A. the role of technical system operator and sets ceilings on shareholdings in the Company. The wording of this additional provision now stands as follows:

> "Additional Provision Twenty. Technical system operator.
>
> Enagás, S.A. shall undertake the duties, rights and obligations of technical system operator. (...)
>
> No individual or body corporate may hold a direct or indirect interest in the shareholder structure of the company responsible for technical system management of more than 5% of the share capital or exercise more than 3% of its voting rights. Under no circumstances may such shareholdings be syndicated. Parties operating in the gas industry or natural persons or corporate bodies that, directly or indirectly, hold over 5% of the share capital of these companies may not exercise voting rights in the technical system operator above 1%. These restrictions shall not apply to direct or indirect shareholdings held by public-sector enterprises. Under no circumstances may share capital be syndicated.
>
> Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.
>
> For the purposes of calculating the interest in the shareholding structure, the same individual or body corporate will be attributed, in addition to the shares and other securities held or acquired by companies belonging to its group, as defined in article 4 of the Law 24/1988, of 28 July, regarding securities markets, those whose ownership corresponds to:
>
> a) Any person acting on his own behalf but on account of the aforesaid, in concert or constituting a decision-making unit. Unless proven otherwise, the members of a governing body shall be presumed to act on account of or in concert with that governing body.
>
> b) Partners with those with which one of them exercises control over a dominant company in accordance with article 4 of Securities Market Law 24/1988, of 28 July.
>
> In any event, regard shall be had to the proprietary ownership of the shares and other securities and the voting rights attached to each.
>
> Breach of the restrictions on interests in share capital prescribed by this article shall be treated as a very serious infringement for the purposes of article 109 of this Law, and liability shall attach to any natural person or body corporate found to be holders of the securities or to any person to whom there may be attributed the excess interest in share capital or voting rights pursuant to the above sub-paragraphs. In any event, the regime of penalties laid down in the law shall be applied."

Transitional Provision Six of Law 12/2007, of 2 July, provides that during the four months prior to the entry into force of the Law, Enagás, S.A. must bring its bylaws in line with Additional Provision Twenty of Law 34/1998, of 7 October. Transitional Provision Two of Law 12/2007 of 2 July, further prescribes:

> "Transitional Provision Two. Technical system operator.
>
> The voting rights that correspond to the shares or other securities held by those persons that have a shareholding in Enagás, S.A., exceeding the maximum percentages indicated in Additional Provision Twenty of Hydrocarbon Law 34/1998, shall be suspended as from the entry into force of this provision.
>
> The Spanish energy regulator may bring all legal actions aimed at ensuring compliance with the limitations imposed by this provision."

In accordance with the aforementioned legal provision, article 6 bis ("Restrictions on shareholdings and the exercise of voting rights") of Enagás, S.A.'s bylaws sets forth the following:

> "No individual or body corporate may hold a direct or indirect interest in the shareholder structure of the company responsible for technical system management of more than 5% of the share capital, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Those parties that operate within the gas sector, including those individuals or bodies corporate that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights of over 1% These restrictions will not apply to direct or indirect equity interests held by public-sector enterprises. Under no circumstances may share capital be syndicated.
>
> Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.
>
> For the purposes of calculating the interest in the Company's shareholding structure, the Additional Provision Twenty of Hydrocarbon Law 34/1998 of 7 October, shall apply.

e) Agreements between shareholders

There is no record of any agreements among the Company's shareholders.

f) The rules governing the appointment and replacement of board members and the amendment of the articles of association

Bylaw provisions affecting the appointment and replacement of board members:

ARTICLE 35. – COMPOSITION OF THE BOARD.

The Company shall be governed and managed by the Board of Directors, which shall represent the Company as a collegiate body, both in and out of court. Its representation shall extend, with no limitation of powers, to all acts embodied in the Company's objects.

The Board of Directors shall be composed of a minimum of six members and a maximum of seventeen, appointed at the General Shareholders' Meeting.

Directors shall be elected by vote. For this purpose, the shares that are voluntarily pooled, to make a share capital that is equal to or greater than the result of dividing the latter by the number of directors, shall be entitled to appoint a number of directors equal to the integer number resulting from that proportion. If this power is exercised, the shares pooled in this way shall not take part in the voting for the appointment of the remaining directors.

A director need not be a shareholder, may step down from office, may have his appointment revoked, and may be re-elected on one or more occasions.

Appointment as director shall take effect upon acceptance of the post.

Persons who are in any of the situations referred to in article 124 of the revised Spanish Companies Act [*Ley de Sociedades Anónimas*] may not be appointed as directors.

ARTICLE 37.- POSTS.

The Board of Directors will appoint its Chairman and, where applicable, a Deputy Chairman, who shall act as Chairman when necessary. In the absence of a Deputy Chairman, the most senior director in age shall act as Chairman.

The Board of Directors will be responsible for appointing a Secretary, and may also appoint a Deputy Secretary, whose shall act as Secretary when necessary. These officers need not be directors. In the absence of both, the most junior director in age shall act as Secretary.

Provisions of the organisational and operational regulations of the Board of Directors (adopted by the Board of Directors on 29 March 2007):

ARTICLE 3.- QUANTITATIVE AND QUALITATIVE COMPOSITION.

1.- Within the minimum and maximum limits set forth under article 35 of the Company's current bylaws, notwithstanding the powers of proposal enjoyed by shareholders, the Board of Directors shall propose to the General Shareholders' Meeting the number of directors that at each stage it deems appropriate in the interest of the company. The General Shareholders' Meeting shall decide on the final number.

2.- The Board of Directors shall be composed of directors that belong to the categories stated below:

a) Internal or executive directors: directors who perform senior management functions or are employed by the company or its Group. If a director performs senior management functions and, at the same time, is or represents a significant shareholder or one that is represented on the Board of Directors, he/she shall be considered internal or executive for purposes of these Regulations.

No more than 20% of the total number of members of the Board of Directors may belong to this category.

b) External directors: These directors shall in turn fall into three categories:

b1) Proprietary directors: directors who hold a shareholding interest equal to or greater than that which is considered significant under the law or have been appointed on account of their status as shareholders, even if their shareholding is less than said amount, as well as those who represent said shareholders.

b2) Independent directors: directors of acknowledged professional prestige are able to contribute their experience and knowledge to corporate governance and, since they do not belong to either of the two preceding categories, meet the conditions set forth under article 9 of these Regulations. The number of independent directors shall represent at least one third of all directors.

b3) Other external directors: external directors who are not proprietary directors and cannot be classified as independent directors in accordance with article 9 of these Regulations.

In exercising its powers of co-option and proposal to the General Shareholders' Meeting to fill vacancies, the Board of Directors shall endeavour to ensure that, within the composition of the body, independent directors represent a broad majority over executive directors and that among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the Company's capital.

ARTICLE 8.- APPOINTMENT OF DIRECTORS.

1.- Directors shall be appointed at the General Shareholders' Meeting or by the Board of Directors in conformity with the provisions contained in the Spanish Corporate Enterprises Act and the Company's bylaws.

2.- Those appointed to directorship must be people who, in addition to meeting the legal and bylaw-stipulated requirements, have acknowledged prestige and the appropriate professional knowledge and experience to perform their tasks efficiently.

Proposals for the appointment of directors which the Board of Directors submits to the General Shareholders' Meeting, as well as appointments adopted by the Board by virtue of its powers of co-option, must be made subject to a report from the Appointments and Remuneration Committee. When the Board of Directors does not agree with the Committee's recommendations, it must explain its reasons and duly record them in the minutes.

3.- The process of filling board vacancies shall have no implicit bias against women candidates. The Company shall make an effort to include women with the target profile among the candidates for Board positions.

ARTICLE 9.- APPOINTMENT OF INDEPENDENT DIRECTORS

Independent directors are defined as directors appointed for their personal and professional qualities who are in a position to perform their duties without being influenced by any connection with the company, its significant shareholders or its management. As such, the following shall in no circumstances qualify as independent directors:

a) Past employees or executive directors of Group companies, unless three or five years have elapsed, respectively, from the end of the employment relationship.

b) Those who have received some payment or other form of compensation from the Company or its Group on top of their directors' fees, unless the amount involved is not significant. Payment shall not include for the purposes of the provisions of this article, dividends or pension top-ups paid to the director in connection with his or her former professional or employment relationship, so long as their settlement is unconditional in nature and the Company paying them cannot arbitrarily choose to suspend, modify or revoke their payment, unless the director is in breach of his or her obligations.

c) Partners, now or in the past three years, in the external auditor or the firm responsible for the audit report, during this period, of Enagás, S.A. or any other within its Group.

d) Executive directors or senior officers of another company where an executive director or senior officer of Enagás, S.A. is an external director.

e) Those having material business dealings with Enagás, S.A. or some other in its Group or who have had such dealings in the preceding year, either on their own account or as the significant shareholder, director or senior officer of a company that has or has had such dealings. Business dealings are considered those with suppliers of goods or services, including financial advisory and consultancy services.

f) Significant shareholders, executive directors or senior officers of an entity that receives significant donations from Enagás, S.A. or its Group, or has done so in the past three years. Mere sponsors of a foundation receiving donations are not included here.

g) Spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the company's executive directors or senior officers.

h) Any person not proposed for appointment or renewal by the Appointments and Remuneration Committee.

i) Those standing in some of the situations listed in a), e), f) or g) above in relation to a significant shareholder or a shareholder with board representation. In the case of the family relations set out in letter g), the limitation shall apply not only in connection with the shareholder but also with his or her proprietary directors in the investee company. Proprietary directors disqualified as such and obliged to resign due to the disposal of shares by the shareholder they represent may only be re-elected as independents once the said shareholder has sold all remaining shares in the company.

A director with shares in the company may qualify as independent, provided he or she meets all the conditions stated in this article and the holding in question is not significant.

ARTICLE 10.- TENURE AND CO-OPTION

Directors may hold their post for a period of four years, and may be re-elected. Board members designated by co-optation will discharge their positions until the next General Shareholders' Meeting is held.

ARTICLE 11.- RE-APPOINTMENT OF DIRECTORS

The Appointments and Remuneration Committee, responsible for evaluating the quality of work and dedication to the post of the directors proposed during the previous term of office, shall provide information required to assess proposal for re- appointment of directors presented by the Board of Directors to the General Shareholders' Meeting.

As a general rule, appropriate rotation of independent directors should be endeavoured. For this reason, when one is proposed for re-election, the circumstances making his/her continuity in the post advisable must be justified. Independent directors should not stay on as such for a continuous period of more than 12 years.

ARTICLE 12.- REMOVAL OF DIRECTORS.

1.- Directors shall leave their post after the first General Shareholders' Meeting following the end of their tenure and in all other cases in accordance with law, the company's bylaws and these Regulations.

2.- Directors must place their office at the Board of Directors' disposal, and tender, if the Board deems this appropriate, their resignation in the following cases:

a) When they are involved in any of the legally stipulated circumstances of incompatibility or prohibition.
b) When they are in serious breach of their obligations as directors.
c) When they may put the interests of the company at risk or harm its name and reputation. If a director is indicted or an order is issued to initiate a trial against him/her for a crime specified under article 124 of the Spanish Companies Act, the Board shall examine the matter as promptly as possible and, in view of the particular circumstances, decide where or not the director should be called on to resign.
d) When the circumstances motivating their appointment as directors no longer exist.
e) When independent directors no longer fulfil the criteria required under article 9.
f) When the shareholders represented by proprietary directors dispose of their ownership interests. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced proportionately.

Should the Board of Directors not deem it advisable to have a director tender his/her resignation in the cases specified under letters d), e) and f), the latter must be included in the category that, in accordance with these Regulations, is most appropriate based on his/her new circumstances.

3.- The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a report from the Appointments and Remuneration Committee.

4.- After a director has been removed from his/her post, he/she may not work for a competitor company for a period of two years, unless the Board of Directors exempts him/her from this obligation or shortens its duration.

Bylaw provisions affecting the amendment of the bylaws:

ARTICLE 26. – SPECIAL QUORUM.

In order to enable the Ordinary or Extraordinary General Meeting of shareholders validly to resolve to issue bonds, increase or reduce capital, convert, merge or spin-off the Company and, in general, to amend the bylaws in any way, it will be necessary, at first call, that the shareholders in attendance (either in person or represented) hold at least fifty per cent of the share capital with voting rights.

At second call, attendance of at least twenty-five percent of the paid up voting capital shall be sufficient.

g) The powers of board members and in particular the power to issue or buy back shares

The only members of the Board of Directors who have the power to represent the Company are its Chairman, Antonio Llarden Carratala, to whom the Board of Directors granted the powers that appear in the public deed executed on 9 February 2007 before Notary of Madrid Pedro de la Herran Matorras under number 324 of his protocol and as recorded in the Madrid Companies Registry, Volume 20,090; Book 0; Folio 172, Section 8; Page M-6113; Record 668. Although said powers encompass broad powers of representation, they do not include the ability to issue or buy back shares of the Company.

Regardless of the foregoing, the tenth resolution adopted at the General Meeting held on 11 May 2007 is currently in force. Its terms are:

"To grant the Board of Directors the broadest powers required by law to increase the Company's share capital, once or several times, within a maximum period of five years from the date of the Meeting, under the terms of article 153.b) of the Spanish Companies Act, up to a maximum of 179 million euros, by issuing new shares, with or without voting rights, with or without a share premium, in exchange for cash, and to establish the terms and conditions of the capital increase and the features of the shares, with the possibility of offering freely new shares unsubscribed within the pre-emptive subscription period(s) and determine, if the shares are not fully subscribed, that capital will be increased only by the amount of the subscriptions made and, accordingly, to redraft the article of the Company bylaws regarding share capital. The Board of Directors was also empowered to disapply pre-emption rights, in full or in part, in accordance with article 159 of the Spanish Companies Act."

h) Significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company arising from a takeover bid and the effects thereof except where such disclosure could pose a serious risk to the company. This exception is not applicable when the company is legally obliged to disclose the information.

No agreements of this kind exist.

i) Agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment relation ends following a takeover bid.

The Company has an agreement with the Executive Chairman and seven of its officers that include express severance pay clauses.

The clauses in each case are applicable in cases of company termination of the contract, unfair disciplinary dismissal, dismissal for the reasons outlined under article 52 of the Workers' Statute or as decided by the manager citing one of the reasons outlined under article 50 of the Workers' Statute provided the resolution is certified by means of conciliation between the parties, legal judgement, arbitration award, or resolution by a competent administrative body. They are not applicable if the resolution is the result of a unilateral decision made by the manager without just cause.

All such contracts have been approved by the Board of Directors.

IX.- Events after the balance sheet date

On 31 January 2014, Enagás, S.A. acted as the guarantor in the agreement that Enagás Internacional, S.L.U. reached to acquire the 22.38% interest that Hunt and Repsol have in the Peruvian company Transportadora de Gas del Perú (TgP). This acquisition is conditional on the other existing shareholders not exercising their pre-emption rights. At the time of authorisation for issue of the financial statements, the period during which these shareholders could exercise their rights had not yet elapsed.

With regard to the Consent Solicitation of Enagás Financiaciones, S.A.U., referred to in Note 14.1 of these financial statements, the notarial instrument modifying the terms and conditions was entered in the Madrid Companies Register on 29 January 2014.

No events with a material impact on the financial statements of Enagás, S.A. have occurred between 31 December 2013 and the date of authorising these financial statements for issue.

On 17 February 2014, the Board of Directors of Enagás, S.A. authorised the financial statements and management report for the year ended 31 December 2013, consisting of the accompanying documents, signed and sealed by the Secretary with the Company's stamp, for issue, in accordance with article 253 of the Spanish Corporate Enterprises Act and article 37 of the Code of Commerce.

DECLARATION OF RESPONSIBILITY. For the purposes of article 8.1 b) of Spanish Royal Decree 1632/2007, of 19 October 2007, the undersigned directors state that, to the best of their knowledge, the financial statements, prepared in accordance with applicable accounting principles, provide a fair value of the Company's equity, financial position and results and that the management report includes a fair analysis of the performance and results of the businesses and the situation of the Company, together with the description of the main risks and uncertainties faced. They additionally state that to the best of their knowledge the directors not signing below did not express dissent with respect to the financial statements or management report.

Chairman

Antonio Llardén Carratalá

Chief Executive Officer

Marcelino Oreja Arburúa

Directors

Sultan Al Burtamani

Jesús David Álvarez Mezquíriz

Sociedad Estatal de Participaciones Industriales-SEPI
(Represented by Federico Ferrer Delso)

Teresa García-Milà Lloveras

Miguel Ángel Lasheras Merino

Dionisio Martínez Martínez

Luis Javier Navarro Vigil

Martí Parellada Sabata

Ramón Pérez Simarro

José Riva Francos

Isabel Sánchez García

Rosa Rodríguez Diaz

Jesús Máximo Pedrosa Ortega

Secretary to the Board

Rafael Piqueras Bautista