

UNION FENOSA FINANCIAL SERVICES USA, LLC

MANAGEMENT REPORT

June 30th 2009

Union Fenosa Financial Services USA, LLC.,

Management Report at 30th June 2009

Union Fenosa Financial Services USA, LLC, [herein after "the Company"], was incorporated the 3rd of February 2003, as a limited liability company ("Limited Liability Company"), incorporated under the Delaware Limited Liability Company Act of the United States of America.

The exclusive corporate purpose is the issuance of Preference Shares and Ordinary Shares, and to carry out distributions among them, and also to allocate practically the whole amount of the funds obtained by this to execute loan contracts with affiliates from Union Fenosa, S.A. group.

All the Ordinary Shares of the Company belong to Union Fenosa. S.A. As a consequence of a merger that is currently taking place, it is expected that, the ordinary shares of Union Fenosa Financial Services USA, LLC will belong to Gas Natural SDG, S.A.

The Shareholders General Meetings of Gas Natural SDG, S.A., Union Fenosa, S.A. and Union Fenosa Generación, S.A. of June 26th and June 29th 2009, have agreed to approve the merger between Gas Natural SDG, S.A. as absorbing company and Union Fenosa, S.A. and Union Fenosa Generación, S.A. as absorbed companies. The effectiveness of the merger between the mentioned companies shall be subject to registration of the public deed of merger in the corresponding Commercial Registry

On the 11th of April 2003 the Company registered in the *Comision Nacional del Mercado de Valores* (CNMV) of Spain, a prospectus for the issuance of Preference Shares guaranteed by Union Fenosa, S.A. for Euro 500,000,000 with the possibility to extend it to Euro 750,000,000. The details of these Preference Shares are:

On the 20th of May 2003 the Company issued preference shares with the guarantee of Union Fenosa S.A. for an amount of Euro 609,244,650,000.

The Preference Shares of the company are traded in AIAF, the Spanish fixed income titles exchange, under the regular supervision of the CNMV according to the market.

As a consequence of the mentioned merger, Gas Natural SDG, S.A. shall assume all the obligations of Union Fenosa, S.A. derived from the issuance of the Preferred shares. On 29th June 2009 Union Fenosa Financial Services USA, LLC communicated this information to the CNMV.

The details of this issuance can be found in the following web page www.aiaf.es.

1. Principal highlights during the period

The remuneration of the Preference Shares during the 2009 period until the 30th of June, 2009 was established as follows:

Starting period	Ending period	Interest Rate
20 November 2008	20 February 2009	4,403%
20 February 2009	20 May 2009	4,184%
20 May 2008	20 August 2008	4,184%

2. Analysis of the results

The net profit of the Company during the first half of 2009 was EUR 15,649 thousand, which represents a decrease of 8,58% compared to the same period of 2008. This is a consequence of the decrease of interest rates during year 2009 as compared to 2008. From this profit a total of Euro 13,159 thousand have been distributed as dividend.

3. Investments

During 2009, there has been no movement on the investments of the Company.

4. Research, development and technological innovation

In the course of 2009, as in 2008, the Company has not performed any activities in Research, Development and Innovation.

5. Environment

The current Environment Policy and the Environment Code of Conduct of Union Fenosa Group is the frame where the commitment of the Group with the protection of the environment is defined. These principles are applied by the Company in the development of its activities.

6. Predictable Development

As for 30th June, 2009, the Company does not foresee the issuance of new Preference Shares, is for this that the predictable development is restricted to the payment of the remuneration of the issuance currently in force.

7. Post Balance Sheet Events

As mentioned above, the effectiveness of the merger is subject to registration of the public deed of the merger in the corresponding Commercial Registry. It is expected that this will take place during the last 4 months of year 2009.

8. Own shares held

During the 2009 period, the Company has not held any of its own shares.