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VIA EMAIL AND FEDERAL EXPRESS March 2, 2006

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

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Ladies and Gentlemen:

We are writing on behalf of our client Gas Natural SDG, S.A., a limited liability company organized under the laws of the Kingdom of Spain ("Gas Natural"), which intends to make exchange offers (as more fully described below) to acquire 100% of the ordinary shares, nominal value €1.20 per share (the "Endesa Ordinary Shares"), and American Depositary Shares, each representing one Ordinary Share (the "Endesa ADSs" and together with the Endesa Ordinary Shares, the "Endesa Shares"), of Endesa, S.A., a limited liability company organized under the laws of the Kingdom of Spain ("Endesa"), in exchange for cash and newly issued securities of Gas Natural. In accordance with the requirements of applicable Spanish takeover regulations, Gas Natural publicly announced the proposed exchange offers on September 5, 2005, but the offers may not be commenced until certain antitrust and other regulatory approvals are obtained in Spain.

As previously discussed with members of the Staff (the "Staff") of the Securities and Exchange Commission (the "Commission"), Gas Natural intends to use a dual offer structure to acquire the Endesa Shares in which Gas Natural would make concurrent offers in the United

States and Spain. The offer to be made in the United States (the "U.S. Offer") would be open to all holders of Endesa Ordinary Shares who are residents in the United States ("U.S. holders") and all holders of Endesa ADSs, regardless of their residence. The offer to be made in Spain (the "Spanish Offer" and together with the U.S. Offer, the "Offers") would be open to all holders of Endesa Ordinary Shares, including U.S. holders of Endesa Ordinary Shares. Spanish regulations applicable to public takeover bids do not permit Gas Natural to exclude U.S. holders of Endesa Ordinary Shares from the Spanish Offer. Thus, U.S. holders of Endesa Ordinary Shares will be legally permitted to participate in either the U.S. Offer or the Spanish Offer.

The U.S. Offer is subject to, among other conditions, the condition that a minimum of 794,064,088 Endesa Ordinary Shares, representing 75% of Endesa Ordinary Shares, including those underlying Endesa ADSs, are tendered in the Offers (the "Minimum Tender Condition"), and the condition that the Spanish Offer is completed. The Spanish Offer is subject to the same conditions as the U.S. Offer; however, the Spanish Offer is not conditioned on the completion of the U.S. Offer.

We are hereby requesting the following relief from the Commission in connection with the Offers:

- exemptive relief from the provisions of Rule 14d-10(a)(1) promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), to permit Gas Natural to make the Offers utilizing the dual offer structure as described in this letter pursuant to which Gas Natural will make the U.S. Offer available to all holders of Endesa ADSs, wherever located, and all holders of Endesa Ordinary Shares who are U.S. holders and will make the Spanish Offer available to all holders of Endesa Ordinary Shares (including U.S. holders);

- exemptive relief from the provisions of Rule 14e-5 under the Exchange Act to allow Gas Natural to purchase Endesa Ordinary Shares pursuant to the Spanish Offer after the public announcement, but prior to the expiration, of the U.S. Offer;

- exemptive relief from the provisions of Section 14(d)(5) of the Exchange Act to permit Gas Natural to terminate withdrawal rights at the expiration of the initial offering period for Endesa Shares tendered into the U.S. Offer during that period; and

- exemptive relief from the provisions of Rule 14d-4(d)(2) under the Exchange Act to permit Gas Natural, following the expiration of the U.S. Offer, to waive or reduce the Minimum Tender Condition, in the event that the Minimum Tender Condition has not been satisfied, without extending the acceptance period or extending withdrawal rights, in accordance with the process prescribed by Spanish law and regulation.

Please note that, as the Offers are being made on an unsolicited basis, Gas Natural has not been provided with access to non-public information regarding Endesa. As such, the information provided in this letter with respect to Endesa is based on information contained in Endesa's Annual Report on Form 20-F for the year ended December 31, 2004, filed on June 30, 2005 ("Endesa 20-F"), Endesa's Amendment to its Annual Report on Form 20-F/A for the year ended December 31, 2004, filed on October 28, 2005 ("Endesa 20-F/A"), and Endesa's current reports on Form 6-K as well as on Endesa's public filings with the Comisión Nacional del Mercado de Valores in Spain (the "CNMV") and other information publicly disclosed by Endesa. Information relating to Endesa has not been independently verified by Gas Natural or its legal counsel.

Background Information

Gas Natural

Gas Natural is a Spanish limited liability company primarily focused on the supply, distribution and sale of natural gas in Spain and Latin America. Gas Natural ordinary shares, nominal value €1.00 per share ("Gas Natural Ordinary Shares"), are listed on the Automated Quotation System of the four Spanish Stock Exchanges. Gas Natural is a foreign private issuer as defined in Rule 3b-4(c) under the Exchange Act and does not have any class of securities listed on a U.S. national securities exchange or registered under Section 12 of the Exchange Act. In connection with the U.S. Offer, Gas Natural intends to file a registration statement on Form F-4 (the "Registration Statement") with the Commission to register Gas Natural Ordinary Shares and Gas Natural American Depositary Shares, each representing one Gas Natural Ordinary Share ("Gas Natural ADSs"), to be issued in exchange for the tendered Endesa Shares. In addition, in connection with the U.S. Offer, Gas Natural has applied for the listing of the newly issued Gas Natural ADSs on the New York Stock Exchange (the "NYSE").

Endesa

Endesa is a Spanish limited liability company which is the largest electricity company in Spain. Endesa Ordinary Shares are listed on the four Spanish Stock Exchanges and quoted on the Automated Quotation System of the Spanish Stock Exchanges. Endesa ADSs are listed and traded on the NYSE, and Endesa Ordinary Shares are listed on the NYSE not for trading purposes, but only in connection with the registration of the Endesa ADSs, pursuant to the rules of the NYSE. Endesa Ordinary Shares are also traded on the Santiago de Chile Offshore Stock Exchange.[1] We understand that Endesa is a foreign private issuer as defined in Rule 3b-4(c) under the Exchange Act and that the Endesa Ordinary Shares and Endesa ADSs are registered under Section 12 of the Exchange Act.

Qualification for Tier II Relief

In structuring the Offers, Gas Natural is relying on Rule 14d-1(d) under the Exchange Act, which provides exemptive relief from otherwise applicable rules to persons conducting a an exchange offer involving a non-U.S. company under certain conditions. In order for Gas Natural to qualify for exemptive relief under Rule 14d-1(d) ("Tier II Relief"), among other conditions, U.S. holders must not hold more than 40% of the outstanding Endesa Ordinary Shares, including Endesa Ordinary Shares represented by Endesa ADSs. Because Gas Natural is not making the Offers pursuant to any agreement with Endesa, in determining that the Offers qualified for Tier II Relief, Gas Natural is presuming, as permitted by Instruction 3 to Rule 14d-1(d), that less than 40% of the Endesa Ordinary Shares, including Endesa Ordinary Shares represented by Endesa ADSs, were held by U.S. holders based on the facts described below.

According to the Endesa 20-F and Endesa 20-F/A, as of December 31, 2004, a total of 1,058,752,117 Endesa Ordinary Shares were issued.[2] In addition, according to the Endesa 20-F and Endesa 20-F/A, Endesa's capital stock amounts to €1,270,502,540.40 and consists of 1,058,752,117 fully subscribed and paid shares of €1.20 par value each, all of which are listed on the four Spanish Stock Exchanges, and as of December 31, 2004 and 2003, €28 million and €45 million, respectively, of these shares were listed on the New York Stock Exchange in the form of ADSs. Thus, based on the Endesa 20-F and Endesa 20-F/A, it appears that approximately 2.20% of Endesa's share capital was represented by Endesa ADSs. In addition, Endesa's website discloses that, as of December 31, 2004, there were a total of 27,609,284 Endesa ADSs outstanding, which represents approximately 2.61% of the total number of outstanding Endesa Shares, and Endesa's 2005 Corporate Governance Report discloses that, as of December 31, 2005, there were 22,676,060 Endesa ADSs outstanding, which represents approximately 2.14% of the total number of outstanding Endesa Shares.

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1 Gas Natural is not making a separate offer for Endesa in Chile. On December 7, 2005, the Chilean Stock Exchange Commission (*Superintendencia de Valores y Seguros*) confirmed in writing to the CNMV that there is no obligation to make a tender offer in Chile.

2 The Endesa 20-F and Endesa 20-F/A do not specify the number of U.S. holders of Endesa Shares or the percentage of Endesa Shares held by U.S. holders.

Based on data from Bloomberg, during the twelve-calendar-month period ended January 19, 2006, the worldwide aggregate trading volume of Endesa Ordinary Shares, including Endesa Ordinary Shares represented by Endesa ADSs, was 2,541,050,421 shares. Based on data from Bloomberg, of such worldwide aggregate trading volume, 27,920,400 shares, or 1.10%, were Endesa Ordinary Shares, including Endesa Ordinary Shares represented by Endesa ADSs, that were traded on national securities exchanges or on the OTC market in the United States.

Although this data would lead to the apparent conclusion that U.S. holders represent less than 2% of Endesa's share capital and trading volume, Endesa's website discloses that 15.3% of Endesa's capital stock is held in the United States. In addition, Endesa's 2004 Annual Report, Operations Review, includes a chart of the "estimated shareholder structure of Endesa in April 2004 based on publicly available information." This chart indicates that 16% of Endesa's capital stock is held in the United States.

Therefore, based on the publicly available information described above, Gas Natural has reason to believe that, as of the date 30 days before the expected commencement of the Offers, U.S. holders held more than 10% of the outstanding Endesa Ordinary Shares, including Endesa Ordinary Shares represented by Endesa ADSs, and, thus, Gas Natural does not believe that it is eligible for exemptive relief under Rule 14d-1(c) (the "Tier I Relief"). However, based on the publicly available information described above, Gas Natural believes that, as of the date 30 days before the expected commencement of the Offers, U.S. holders held less than 40% of the outstanding Endesa Ordinary Shares, including Endesa Ordinary Shares represented by Endesa ADSs, and after reasonable investigation, Gas Natural has no knowledge and no reason to know that U.S. holders held more than 40% of the outstanding Endesa Ordinary Shares, including Endesa Ordinary Shares represented by Endesa ADSs, as of such date. Therefore, Gas Natural believes that, subject to its compliance with the other conditions contained in Rule 14d-1(d), it is eligible for Tier II Relief. We believe that this treatment is consistent with the treatment of other unsolicited exchange offers similarly structured. See, e.g., *In the Matter of Offer by Sanofi-Synthelabo for Ordinary Shares and ADSs of Aventis*, Exchange Act File No. TP 04-30 (June 10, 2004) (granting certain exemptive relief in respect of an unsolicited transaction where the bidder was unable to definitively confirm that it qualified for Tier II Relief).

Spanish Takeover Regulations and Offer Process

In Spain, the main rules applicable to exchange offers for securities listed on a Spanish Stock Exchange are set forth in the Securities Market Act of 28 July 1988, as amended (*Ley del Mercado de Valores*), and in the Royal Decree 1197/1991 of 26 July 1991, as amended, on public takeover bids (*Real Decreto sobre régimen de las ofertas públicas de adquisición de* *valores*), which are together referred to herein as the "Spanish Takeover Regulations." The main body that controls public offers in Spain is the CNMV. In Spain, before an exchange offer may be commenced, the offer must be approved by the CNMV. As noted above, the Spanish Takeover Regulations do not permit an offeror to exclude any holders of a class of securities in respect of which the offer is made. The offer must be open to all holders of such class of securities.

In order to register the securities to be offered and the offer thereof, an application and the offering prospectus describing the offer and the securities to be offered (the "Spanish prospectus") must be filed with the CNMV. The Spanish prospectus must be written in Spanish and must contain, among other items, a description of the offeror and certain information regarding the target company as well as any arrangements between the offeror and target company, the size of the offer and minimum acceptance condition, any other offer conditions, the consideration offered, the plan for financing the offer and the impact of such financing on the target company, the procedure for acceptance of the offer, expenses payable by the target company's shareholders in connection with the transfer of shares, the offeror's business and activities and the offeror's plans for the acquired business and proposed changes to the target company's by-laws.

The CNMV will, in conjunction with the offeror and its advisers, review the Spanish prospectus on a confidential basis to ensure that the terms of the offer conform to the applicable provisions of the Spanish Takeover Regulations and that the level of information disclosed in the Spanish prospectus is adequate. Spanish counsel has advised that the review process with the CNMV commonly involves a preliminary meeting with representatives of the CNMV to discuss the CNMV's initial comments with respect to the structure of the Spanish prospectus as well as any additional information which the CNMV may request to be added to the Spanish prospectus. This early review meeting is followed by additional discussions and the submission by the offeror of revised documentation incorporating the changes to the Spanish prospectus discussed with the CNMV. Documentation and discussions with the CNMV remain confidential throughout the entire review process until commencement of the offer.

Pursuant to the Spanish Takeover Regulations, the CNMV has 15 business days from the announcement of the offer to review the Spanish prospectus and approve the offer, subject to the CNMV's ability to request additional information or clarification and, to such effect, extend its review period. Spanish counsel has advised that, as is typical in large and complex transactions, the CNMV has extended the period to review the Spanish prospectus and the Spanish Offer and approve the Spanish Offer.

Spanish counsel has advised that the CNMV typically has a high degree of involvement in large and complex transactions, particularly in a situation in which an offer is made in two or more jurisdictions. We understand that the CNMV has undertaken a detailed review of the Spanish prospectus. Spanish counsel has advised that the CNMV will focus on ensuring equivalent disclosure with respect to each offer document and synchronization of the closing mechanics (*e.g.*, acceptance procedures, publication of results and payment of consideration) in the U.S. Offer and the Spanish Offer. Thus, any revisions made to the prospectus relating to the U.S. Offer included in Registration Statement (the "U.S. prospectus") will be submitted to the CNMV for its review. Based on such review, the CNMV will determine what actions, if any, Gas Natural should undertake in Spain to ensure the continued consistency of the disclosure in the U.S. prospectus and the Spanish prospectus.

In addition, certain exchange offers, such as the Offers, are subject to review by Spanish antitrust regulators. The offeror is required to notify the Spanish Competition Defence Service (*Servicio de Defensa de la Competencia*) (the "SDC") within five days of its submission of the offer to the CNMV. Within one month of notification to the SDC, the Spanish Ministry of Economy must decide whether to refer the transaction to the Spanish Competition Authority (*Tribunal de Defensa de la Competencia*) ("TDC") for a second stage investigation. If the transaction is referred to the TDC for a second stage investigation, the TDC has two months from the date of such referral in which to issue a non-binding report. Once the Spanish Ministry of Economy receives the TDC's report, it will submit the report to the Spanish Council of Ministers, which has a maximum period of one month in which to determine whether it will oppose the transaction or whether it will subject the transaction to certain conditions. If the Spanish Council of Ministers does not adopt a decision within one month of its receipt of the TDC report or within one month from the date on which the initial two-month period for the TDC review began, the transaction will be deemed authorized.

The SDC has finalized its review of the proposed transaction, and on November 7, 2005, the Spanish Ministry of Economy referred the proposed transaction for review by the TDC. On January 5, 2006, the TDC issued a non-binding report with its conclusions with respect to the effects of the Offers on competition in Spain. This non-binding report did not recommend the Offers. The final decision of the Spanish antitrust authorities was rendered by the Spanish Council of Ministers on February 3, 2006. The Spanish Council of Ministers approved Gas Natural's acquisition of exclusive control of Endesa, subject to various conditions which include requirements for significant asset dispositions.[3] Gas Natural currently expects that the CNMV will approve the Spanish Offer on or about February 27, 2006.

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3 Endesa has appealed the decision of the Spanish Council of Ministers to the Spanish Supreme Court. This appeal is pending.

Offers involving companies that engage in regulated activities in the energy industry, such as the Offers, must also be approved by the National Energy Commission (*Comisión Nacional de la Energía*) (the "CNE"). On November 8, 2005, the CNE approved the proposed transaction, subject to certain conditions relating to Gas Natural's ongoing operations and investments and a requirement for Gas Natural to divest certain assets. Also, on December 30, 2005, the General Secretary of Energy, on behalf of the Spanish government, communicated in writing to Gas Natural its firm intention to waive its "golden share" in Endesa.[4]

Once an offer has been cleared by the Spanish competition authorities, the CNE (if applicable), the Spanish government (if applicable pursuant to the "golden share" regime) and the CNMV, the offeror must publish the terms of the offer in the *Boletines de Cotización* (the "Listing Bulletins") of the Spanish Stock Exchanges on which the target company's shares are listed, in the Spanish Mercantile Registry gazette and in two Spanish newspapers. Within 10 days of the communication of the CNMV's approval of the offer to the target, the directors of the target company must prepare and publish a report advising the target company's shareholders whether to recommend or reject the offer.

Pursuant to the Spanish Takeover Regulations, an offer may remain open for acceptances for a minimum period of one month and a maximum period of two months. However, pursuant to Spanish Takeover Regulations, in the event that a competing offer has been filed with the CNMV, the acceptance period for the first offer shall remain open and be automatically extended until the expiration of the acceptance period for such competing offer, even if such extension would result in the acceptance period for the first offer being longer than two months. Pursuant to Spanish Takeover Regulations, in the event that a competing offer involves solely cash consideration, such competing offer must remain open for acceptances for a period of one month, and in the event that a competing offer involves share consideration to be issued by the competing offeror, such competing offer must remain open for acceptances for a minimum period of one month and shall, to the extent necessary, be extended for a further 15-day period from the holding of the General Shareholders' Meeting to approve the necessary capital increase to issue such share consideration. In either case, pursuant to Spanish Takeover Regulations, the first offer and the competing offer must expire on the same date.

Upon completion of the offers, the first offeror and the competing offeror, subject to satisfaction or waiver of the conditions to the respective offers, are required to purchase all shares validly tendered into their respective offers. Neither the first offeror nor the competing

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4 A number of previously state-owned Spanish companies, including Endesa, have "golden shares" which permit the Spanish government to limit the acquisition of shares above certain thresholds.

offeror are permitted to choose to purchase less than 100% of the shares tendered into their respective offers.

If a competing offer is announced, the competing offeror must apply to the CNMV for authorization of such competing offer and make any other required regulatory filings. On February 21, 2006, E.ON AG, a corporation organized under the laws of the Federal Republic of Germany ("E.ON AG"), and E.ON Zwölfte Verwaltungs GmbH, a wholly-owned subsidiary of E.ON AG ("E.ON 12" and, together with E.ON AG, "E.ON"), filed a Schedule TO with the Commission and announced an all-cash tender offer to acquire 100% of the share capital of Endesa (the "E.ON Offer"). Based on the relevant fact filed by E.ON 12 with the CNMV on February 21, 2006, it appears that E.ON must take the following actions: (i) obtain approval of the E.ON Offer by the CNMV, (ii) notify the European Commission of the concentration resulting from the E.ON Offer, (iii) notify the General Secretary of Energy with respect to the "golden share" in Endesa held by the Spanish government and (iv) make such filings and take such actions as are required under U.S. laws and Chilean laws. Spanish counsel has advised that, at this time, it is unclear whether the E.ON Offer will require approval by the CNE.

As noted above, E.ON must apply to the CNMV for authorization of a competing offer before it may commence the E.ON Offer. Pursuant to Spanish Takeover Regulations, the CNMV has 15 business days to review and approve a competing offer, subject to the CNMV's ability to request additional information or clarification and, to such effect, extend its review period. Under Law 5/1995, of 23 March, on regulations governing disposal of public shareholdings in certain companies (*Ley de régimen jurídico de enajenación de participaciones públicas en determinadas empresas*), the General Secretary of Energy, on behalf of the Spanish government, has one month to review the application by E.ON for the Spanish government to waive its "golden share" in Endesa, subject to the General Secretary of Energy's ability to extend this period for an additional 15-day period. In addition, the General Secretary of Energy's review may be extended pending the issuance of any required report by the CNE and/or the resolution of the concentration issues by the European Commission. However, it is also possible that the General Secretary of Energy may decide not to open the review period and waive, on behalf of the Spanish government, its "golden share."

Since the E.ON Offer involves solely cash consideration, the E.ON Offer may only remain open for acceptances for one month. Upon commencement of the E.ON Offer, the acceptance period for Gas Natural's Offers would be modified to end on the same date as the expiration date of the E.ON Offer. Upon approval of the E.ON Offer, the CNMV would issue a press release to be made available on its website announcing the approval of the E.ON Offer and the automatic extension of the expiration date of Gas Natural's Offers. In this event, Gas Natural would file with the Commission and disseminate a prospectus supplement disclosing the modified expiration date of the U.S. Offer.

Following the commencement of an offer, the Spanish Takeover Regulations permit an offeror to modify the terms of its offer at any time prior to the last seven business days of the acceptance period, but only if such modification entails more favorable treatment for the target shareholders (*e.g.*, improvement of the offer consideration). Any modifications to an offer must be approved by the CNMV. However, in the event that a competing offer has been commenced, following commencement of the competing offer, the first offeror may elect, but is not obligated, to withdraw its offer or improve the terms of its offer. Pursuant to Spanish Takeover Regulations, the first offeror may withdraw its offer until seven business days prior to the expiration of the acceptance period. Alternatively, the first offeror may improve the terms of its offer by submitting such proposed revised terms in a sealed envelope to the CNMV on the fifth trading day following commencement of the competing offer. Pursuant to Spanish Takeover Regulations, the consideration offered pursuant to the improved terms of the first offer proposed by the first offeror must be greater than the value of the consideration offered by the competing offeror, and the improved terms of the first offer may not include a higher minimum tender condition than the competing offer. In addition, if the consideration being offered by the offerors is not the same (*e.g.*, cash consideration compared to share consideration), the first offeror must submit an independent expert's report evidencing that the improved terms of the first offer include consideration that is greater than the value of the consideration offered in the competing offer.

Following the commencement of the competing offer, the competing offeror may, but is not obligated to, improve the terms of its offer by submitting such proposed improved terms in a sealed envelope to the CNMV also on the fifth trading day following commencement of the competing offer. No later than the trading day following the submission of improved terms by the first offeror and the competing offeror, as applicable, the CNMV will notify both offerors and make a public announcement of the improved terms proposed by the offerors. Within two trading days following the date of such announcement, each offeror is required to provide the CNMV with evidence of a supplementary guarantee required to support any increase in the cash portion of the consideration offered pursuant to such improved terms. Thereafter, the CNMV will notify each offeror of its approval of the improved terms of the offers, and the applicable offeror(s) will be required to publish the improved terms in two Spanish newspapers, the Listing Bulletins and the Spanish Mercantile Registry Gazette. In the event that improved terms of the Offers were approved by the CNMV, Gas Natural would file with the Commission and disseminate a prospectus supplement describing the improved terms of the U.S. Offer on the date that such improved terms are published in Spain. In addition, a supplement to the Spanish prospectus would be made available in Spain on the date immediately following publication of the improved terms.

The acceptance period for the competing offer and the first offer must extend at least through the 15th calendar day following publication of the improved offer terms, even if such period would result in the acceptance period for the competing offer and the first offer being longer than one month from the commencement of the competing offer. However, if the consideration offered pursuant to the improved terms of the first offer or the competing offer consists, in whole or in part, of securities of the applicable offeror, then the acceptance period for both the first offer and the competing offer shall be extended a further 15 calendar day period from the holding of the general shareholders' meeting of such offeror at which the necessary capital increase is approved.

The Spanish Takeover Regulations do not generally provide for withdrawal rights. However, an acceptance may be revoked in the event that prior to (but not on or after) expiration of an offer (i) a competing offer is approved, (ii) the offeror changes the terms of its offer with the prior approval of the CNMV following the delivery of such acceptance or (iii) the offeror waives a condition of the offer which requires the passing of a resolution by the shareholders of the target company. Under Spanish Takeover Regulations, in the event that a competing offer has been commenced, any acceptances of the first offer made prior to the commencement of such competing offer may be revoked at any time until the expiration of the offers. In the event that the first offeror and/or the competing offeror submits improved terms to the CNMV, any acceptances of the first offer or the competing offer made prior to the publication of any improved terms of the first offer and/or the competing offer may be revoked at any time until the expiration of the offers. However, no withdrawals of any shares tendered after the publication of the improved terms of the first offer and/or the competing offer are permitted under Spanish law.

Spanish depositaries are held responsible for the delivery of shares tendered into an offer on behalf of their clients and, thus, could be held liable for any transfer of shares which have been tendered into an offer, unless and until such tendered shares are either accepted for payment and paid by the bidder, the offer is withdrawn and such tendered shares are returned to the tendering shareholders, or acceptances are revoked in the permissible circumstances described in the foregoing paragraph and such tendered shares are returned to the tendering shareholders.

Following the expiration of an offer, all Spanish depositaries holding target company shares report the number of tendered shares to the exchange agent and the Governing Boards of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (*Sociedades Rectoras de Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia,* or the "Governing Boards"). With respect to book-entry shares, the Spanish depositaries must irrevocably tender, with an irrevocable order to transfer, the target company shares to the Spanish exchange agent by submitting electronic files with data corresponding to the tendered shares to be included in the centralized counting and reporting system in Spain. Typically, the Governing Boards of the Spanish Stock Exchanges then report these results to the CNMV within five business days after the expiration of the offer period. Under Spanish Takeover Regulations applicable to exchange offers, the offeror is permitted to adjust certain aspects of the settlement procedures, subject to approval of the CNMV. In order to streamline the process for determining the results of the Offers, the Spanish prospectus contemplates that (i) Spanish depositaries will report the number of tendered Endesa Shares to the Spanish exchange agent only and (ii) the Spanish exchange agent, rather than the Governing Boards of the Spanish Stock Exchanges, will report the results of the Offers directly to the CNMV. The CNMV is responsible for determining the total number of target company shares tendered into the offer and announcing whether the conditions to the offer have been fulfilled as of the time of the expiration of the offer period.

The CNMV is required to report its determination to the Governing Boards of the Spanish Stock Exchanges within three business days after receiving their reports and announce the definitive results of the offer. Typically, the CNMV provides such determination and makes such announcement within one business day of receiving the reports of the Governing Boards of the Spanish Stock Exchanges or the exchange agent, as the case may be. The Governing Boards of the Spanish Stock Exchanges must then publish, within one business day after receiving the CNMV's determination, the definitive results of the offer in their respective Listing Bulletins. Following the announcement of the definitive results of an offer, Iberclear,[5] the institution which manages the Spanish clearance and settlement system of the Spanish Stock Exchanges and maintains the central share registry for all listed companies in Spain ("Iberclear"), will block all target company shares tendered in the offer and issue a blocking certificate to the bidder which certifies that the tendered shares have been blocked pending settlement of the offer by the bidder.

Under Spanish Takeover Regulations, in the event that the minimum tender condition in an offer is not satisfied, the bidder must determine whether to waive such condition or withdraw the offer during the course of the settlement phase following expiration of the offer. Pursuant to Spanish practice, such determination of whether to waive or withdraw is made within five business days after the expiration of the offer. Pursuant to Spanish practice, in the event that the minimum tender condition is not satisfied, the CNMV will confidentially inform the bidder of the total number of shares which have been tendered in the offer and, based on this report, the bidder will confidentially inform the CNMV whether it will waive the minimum tender condition or withdraw the offer. These confidential discussions between the bidder and the CNMV occur after expiration of the offer period and prior to the announcement of the

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[5] Iberclear is the commercial name for *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*

results of the offer by the CNMV. Thus, at the time that the CNMV announces the definitive results of the offer, it also announces whether all conditions to the offer have been satisfied and, if applicable, whether the bidder has waived the minimum tender condition or elected to withdraw the offer.

Description of the Offers

Financial Terms of the Offers

Pursuant to the proposed terms of the Offers, Gas Natural is offering to exchange:

- for each Endesa Ordinary Share validly tendered and not withdrawn, €7.34 in cash plus 0.569 newly issued Gas Natural Ordinary Shares or, solely in the U.S. Offer, Gas Natural ADSs; and

- for each Endesa ADSs validly tendered and not withdrawn, €7.34 in cash plus 0.569 newly issued Gas Natural Ordinary Shares or, solely in the U.S. Offer, Gas Natural ADSs.

Holders who tender Endesa ADSs in the U.S. Offer and U.S. holders who tender Endesa Ordinary Shares in the U.S. Offer will receive the U.S. dollar equivalent, net of expenses, of the cash consideration payable in respect of such tendered Endesa ADSs or Endesa Ordinary Shares, as the case may be. The only expenses that will be deducted from the cash consideration to be paid in the U.S. Offer consist of the charges that will be incurred by the U.S. exchange agent in converting such cash consideration from euros to U.S. dollars. Holders who tender Endesa Ordinary Shares in the Spanish Offer will receive the cash consideration payable in respect of such tendered Endesa Ordinary Shares in euros.

No fractional Gas Natural Ordinary Shares or fractional Gas Natural ADSs will be issued in connection with the Offers. In lieu of any fractional Gas Natural Ordinary Share that a tendering holder of Endesa Shares would have otherwise been entitled to receive in the U.S. Offer, such tendering holder will receive an amount in cash equal to the product of that fraction and the average sale price per Gas Natural Ordinary Share, net of expenses, realized on the Automated Quotation System in Spain in the sale by the U.S. exchange agent of all the aggregated fractional Gas Natural Ordinary Shares that would have otherwise been issued. In lieu of any fractional Gas Natural ADS that a tendering holder of Endesa Shares would have otherwise been entitled to receive in the U.S. Offer, such tendering holder will receive an amount in U.S. dollars equal to the product of that fraction and the average sale price per Gas Natural ADS, net of expenses, realized on the New York Stock Exchange in the sale by the U.S. exchange agent of all the aggregated fractional Gas Natural ADSs that would have otherwise been issued. The sale of the aggregated fractional Gas Natural ADSs on the New York Stock Exchange will occur within approximately 20 trading days following the expiration of the Offers.

Similarly, if a holder of Endesa Ordinary Shares tenders an "odd lot" of Endesa Ordinary Shares in the Spanish Offer that would otherwise result in the issuance of a fractional Gas Natural Share, such holder will receive a cash payment in lieu of such odd lot of Endesa Ordinary Shares. In accordance with customary practice in Spain, Gas Natural has appointed an odd lot agent to purchase, for cash, all odd lots of Endesa Ordinary Shares tendered in the Spanish Offer. The odd lot agent will acquire such odd lots of Endesa Ordinary Shares for an amount in euros equal to the sum of (i) the odd lot multiplied by €7.34 (the cash consideration per Endesa Share) plus (ii) the odd lot multiplied by 0.569 (the number of Gas Natural Ordinary Shares issuable in exchange for every one Endesa Share) and then multiplied by X, with "X" being the arithmetical mean of the opening prices of the Gas Natural Ordinary Shares on (x) the date the results of the Offers are published, (y) the date immediately before such date and (z) the date immediately following such date. The purchase by the odd lot agent of all of the odd lots of Endesa Ordinary Shares tendered in the Spanish Offer will occur within approximately 20 trading days following the expiration of the Offers.

<u>Proposed Transaction Structure</u>

Gas Natural proposes to structure the Offers as follows:

1. On September 5, 2005 (the "<u>Announcement Date</u>"), after the closing of the markets in Spain, Gas Natural issued, among other notifications, a press release announcing its intention to make the Offers (the "<u>Announcement</u>") and filed a relevant fact with the CNMV informing of the filing of the Spanish prospectus and request for authorization in respect of the Spanish Offer (the "<u>Relevant Fact</u>"), each of which described the proposed material terms thereof. Each of these documents was filed with the Commission on September 6, 2005 (as a result of the Labor Day holiday on September 5, 2005) pursuant to Rule 425 promulgated under the Securities Act of 1933, as amended (the "<u>Securities Act</u>"). The Offers will have the following characteristics:

- The U.S. Offer will be an offer by Gas Natural to exchange Gas Natural ADSs (or Gas Natural Ordinary Shares) and cash (in U.S. dollars) for any and all Endesa ADSs and to exchange Gas Natural Ordinary Shares (or Gas Natural ADSs) and cash (in U.S. dollars) for any and all Endesa Ordinary Shares tendered by U.S. holders. Endesa ADSs may only be tendered in the U.S. Offer.

- The Spanish Offer will be an offer by Gas Natural to exchange Gas Natural Ordinary Shares and cash (in euros) for any and all Endesa Ordinary Shares held by any persons, regardless of jurisdiction. As noted above, we have been advised by Spanish counsel that, pursuant to the Spanish Takeover Regulations, Gas Natural is required to make the Spanish Offer open to all holders of Endesa Ordinary Shares, including any U.S. holders of Endesa Ordinary Shares. Therefore, U.S. holders of Endesa Ordinary Shares will be legally permitted to participate in either the U.S. Offer or the Spanish Offer (but not both Offers with respect to the same Endesa Ordinary Shares).

- Gas Natural will offer to tendering holders of Endesa Shares the same number of Gas Natural Ordinary Shares (or, solely in the U.S. Offer, Gas Natural ADSs) and the same amount of cash per Endesa Ordinary Share tendered in either the U.S. Offer or the Spanish Offer, except that the cash consideration in the Spanish Offer will be paid in euros, and will otherwise assure that holders are treated equally. In addition, the other material terms and conditions of the U.S. Offer and the Spanish offer will be the same in all material respects, except as described herein.

- Holders of Endesa Ordinary Shares or Endesa ADSs tendering in the U.S. Offer will have the withdrawal rights required under United States law, subject to the granting of the exemptive relief sought in this letter. Holders of Endesa Ordinary Shares tendering in the Spanish Offer will not have any withdrawal rights, except in the event that a competing offer is approved by the CNMV, the CNMV approves changes to the terms of the Offers or the offeror waives a condition relating to the passing of a resolution by the Endesa shareholders.

- Both the Spanish Offer and the U.S. Offer will have the same offer period, which, in any event, would not be less than 20 business days. Although the offer periods for the U.S. Offer and the Spanish Offer will initially be the same, it is possible that the offer period for the Spanish Offer may expire prior to the expiration of the offer period for the U.S. Offer due to requirements of applicable law.[6]

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6 Under Spanish law, the maximum acceptance period that Gas Natural may propose is two months, subject to certain exceptions. Under U.S. law, in the event that Gas Natural makes certain changes to the terms of the U.S. Offer, Gas Natural may be required to distribute additional offering materials and extend the offer period for the U.S. Offer beyond the expiration of the offer period for the Spanish Offer.

2. On and after the Announcement Date, Gas Natural filed confidentially with the CNMV and other appropriate Spanish regulatory authorities the documents required by Spanish law and a Spanish prospectus relating to the Spanish Offer. In addition, as noted above, Gas Natural filed with the Commission the press release with respect to the Announcement and the Relevant Fact as well as certain other public communications made with respect to the Offers under Rule 425 promulgated under the Securities Act.

3. On December 2, 2005, Gas Natural submitted the draft Registration Statement for confidential review by the Staff. In response to the Staff's comments, on January 17, 2006, Gas Natural submitted a revised draft of the Registration Statement for confidential review by the Staff. Thereafter, in response to additional comments from the Staff, on February 13, 2006, Gas Natural submitted a third draft of the Registration Statement for confidential review by the Staff.

4. The Spanish Offer may not be commenced until the CNMV has reviewed the Spanish prospectus and approved the Spanish Offer. In addition to the CNMV approval, the Spanish Offer may not be commenced until the Spanish antitrust authorities, the Spanish government and the CNE approve the proposed transaction. On November 8, 2005, the CNE approved the proposed transaction, subject to certain conditions relating to Gas Natural's ongoing operations and investments and a requirement for Gas Natural to dispose of certain assets in connection with the transaction. On February 3, 2006, the Spanish Council of Ministers approved Gas Natural's acquisition of exclusive control of Endesa subject to various conditions which include requirements for significant asset dispositions, which decision is subject to a pending appeal by Endesa. Gas Natural currently expects that the CNMV will approve the Spanish Offer on February 16, 2006.

5. After Gas Natural has obtained the approval of the CNMV, Gas Natural is required to cause the Spanish Offer to be commenced in accordance with Spanish law and, assuming the Commission has declared the effectiveness of the Registration Statement, will cause the U.S. Offer to be commenced in accordance with United States law and will file with the Commission a Schedule TO relating to the U.S. Offer, in each case, on the same date (the "Commencement Date").

6. Promptly after the Commencement Date, Gas Natural will disseminate the U.S. prospectus in accordance with United States law and will make available the offering documents relating to the Spanish Offer outside the United States in accordance with Spanish law. The Spanish prospectus and the annexes thereto will be publicly available only in Spanish. The Spanish prospectus (excluding annexes) will be publicly available on the websites of Gas Natural, Endesa and the CNMV, and free copies of the Spanish prospectus (including annexes) will be publicly available at the registered addresses of the Spanish Stock

Exchange authorities, the Spanish exchange agent in the Spanish Offer, Gas Natural, Endesa and the CNMV. The Spanish prospectus will not be publicly available in English and will not be mailed into the United States or otherwise disseminated in the United States by or on behalf of Gas Natural, except that, in order to comply with Spanish law, Gas Natural is required to send the Spanish prospectus to each stock exchange on which Endesa Shares are listed, including the New York Stock Exchange.

7. Holders of certificated Endesa ADSs may tender their Endesa ADSs into the U.S. Offer by delivering such Endesa ADSs to the U.S. exchange agent, together with a validly completed letter of transmittal. Holders of Endesa ADSs in book-entry form may tender their Endesa ADSs into the U.S. Offer by instructing their broker or other financial intermediary through which their Endesa ADSs are held to make book-entry delivery of such Endesa ADSs into an account maintained by the U.S. exchange agent with The Depositary Trust Company. U.S. holders of Endesa Ordinary Shares (all of which are uncertificated) must complete and send the U.S. form of acceptance to the U.S. exchange agent and instruct the custodian in whose name such Endesa Ordinary Shares are registered to deliver such Endesa Ordinary Shares to an account maintained by the U.S. exchange agent with its custodian bank in Spain (the "Custodian").

8. In the event that E.ON commences the E.ON Offer (or any other competing offer is commenced following the commencement of the Offers by Gas Natural), the expiration date of the Offers would be modified to be the same date as the expiration of the E.ON Offer or other competing offer. Gas Natural would file with the Commission and disseminate a prospectus supplement disclosing the modified expiration date of the U.S. Offer. In the event that Gas Natural decides to improve the terms of the Offers following the commencement of the E.ON Offer or another competing offer, Gas Natural would submit its proposed improved terms in a sealed envelope to the CNMV on the fifth trading day following commencement of such other offer. Upon approval of such improved terms by the CNMV, Gas Natural would file with the Commission and disseminate a prospectus supplement describing the improved terms of the U.S. Offer on the date that such improved terms are published in Spain. In the event that Gas Natural decides to withdraw the Offers following the commencement of the E.ON Offer or another competing offer, Gas Natural would inform the CNMV in writing and issue a press release announcing the withdrawal of the Offers, file such press release with the Commission and take all other steps required under applicable U.S. and Spanish laws to withdraw the Offers.

9. Upon the expiration of the Offers, the Custodian will report to the Spanish exchange agent the number of Endesa Ordinary Shares tendered into the U.S. Offer and held in the U.S. exchange agent's account with the Custodian, and the U.S. exchange agent will report to the Spanish exchange agent the number of Endesa ADSs tendered into the U.S. Offer. In

addition, following expiration of the Offers, the U.S. exchange agent will request the depositary bank holding the Endesa Ordinary Shares underlying the tendered Endesa ADSs (the "Depositary") to cancel all tendered Endesa ADSs and deliver Endesa Ordinary Shares underlying such canceled Endesa ADSs to the account maintained by the U.S. exchange agent with the Custodian. As noted above, the Spanish prospectus contemplates that the Spanish exchange agent, rather the Spanish Stock Exchanges, will be responsible for receiving and aggregating all reports of tendered Endesa Shares (including those tendered in the U.S. Offer).

10. Following the expiration of the Offers, the various Spanish depositaries (including the Custodian) holding Endesa Ordinary Shares will report the number of tendered Endesa Ordinary Shares to the Spanish exchange agent and will irrevocably tender, with an irrevocable order to transfer, such tendered Endesa Ordinary Shares to the Spanish exchange agent to be included in the centralized counting and reporting system in Spain. Within five business days of the expiration date of the Offers, the Spanish exchange agent must report the total numbers of Endesa Shares tendered in the Offers to the CNMV. The Spanish exchange agent will confidentially inform the CNMV and Gas Natural of the total number of tendered Endesa Shares, and, if the Minimum Tender Condition has not been satisfied, Gas Natural will confirm in writing to the CNMV whether it will waive the Minimum Tender Condition or withdraw the Offers.

11. Following confirmation by Gas Natural with respect to the Minimum Tender Condition, if applicable, and, in any event, within three business days after receipt of the report from the Spanish exchange agent, the CNMV will communicate the definitive results of the Offers to the Governing Boards of the Spanish Stock Exchanges and announce such definitive results as well as, if applicable, any waiver of the Minimum Tender Condition by Gas Natural or an election by Gas Natural to withdraw the Offers. Gas Natural is bound by the definitive results announced by the CNMV. Within one business day thereafter, the Governing Boards of the Spanish Stock Exchanges will publish the definitive results of the Offers in their respective Listing Bulletins.

12. Following the announcement by the CNMV, Iberclear will block all Endesa Shares tendered in the Offers and issue a blocking certificate to Gas Natural which certifies that the tendered Endesa Shares have been blocked pending settlement of the Offers.

13. Settlement in respect of the Spanish Offer and the U.S. Offer will occur as soon as practicable and, in any event, within approximately 15 business days following expiration of the Offers. Although we intend to make the settlement dates for the U.S. Offer and the Spanish Offer the same, in the event that the offer period for the U.S. Offer is extended beyond the expiration of the offer period for the Spanish Offer due to requirements of applicable law, as described above, settlement of the U.S. Offer may occur after settlement of the Spanish Offer.

Except to the extent of any exemptive relief granted pursuant to this letter, the U.S. Offer is structured so as to comply with all provisions of the Exchange Act and the Securities Act and the rules and regulations promulgated thereunder, and the Spanish Offer will be conducted pursuant to and in accordance with all applicable Spanish laws and regulations.

Discussion

Rule 14d-10(a)(1) Issues

In October 1999, the Commission adopted certain exemptive rules for cross-border offerings, including exchange offers, relating to the securities of foreign companies. The promulgating release (Release Nos. 33-7759, 34-42054, International Series Release No. 1208) (the "Cross Border Release") indicates that the purpose of granting exemptions to Rule 14d-10 is to facilitate U.S. investor participation in these types of transactions. Rule 14d-10(a)(1) provides that no person may make a tender offer unless the offer is open to all security holders of the class of securities subject to the tender offer. Rule 14d-1(d)(2)(ii) provides exemptive relief from this provision and allows a bidder that qualifies for Tier II Relief to separate its offer into two offers: one made only to U.S. holders and another offer made only to non-U.S. holders. It is a condition of this relief that the offer to U.S. holders must be made on the terms at least as favorable as those offered to any other holder of the same class of securities that it is the subject of the tender offer. The U.S. Offer is being made on terms at least as favorable as the terms on which the Spanish Offer is being made.

A literal application of Rule 14d-1(d)(2)(ii) would not exempt the dual offer structure described in this letter. As noted above, the U.S. Offer is being made to all holders of Endesa ADSs, wherever located, not only U.S. holders of Endesa ADSs, and the Spanish Offer is being made to all holders of Endesa Ordinary Shares, including U.S. holders of Endesa Ordinary Shares. In addition, there are several potential points of conflict between the exchange offer rules and practices in the United States and Spain. We have been advised by Spanish counsel that an exchange offer for equity securities of a Spanish company registered with the CNMV must comply with certain disclosure, dissemination, timing and other conditions that differ in some respects from U.S. rules and regulations. For example, (i) the CNMV must approve the terms of the exchange offer prior to its commencement, (ii) the exchange offer may not commence until after the applicable antitrust and other regulatory approvals with respect to the transaction have been obtained,[7] (iii) the offering documents, although substantially similar to those required under U.S. law, are presented in a format that differs from Form F-4 and

[7] Spanish counsel has advised that, in certain cases, an exchange offer in Spain may be commenced without prior approval of Spanish antitrust authorities if a derogation is granted by the Spanish Ministry of Economy when referring the transaction to the TDC. No such derogation has been granted with respect to the Offers.

Schedule TO and are required to be so presented in Spanish, (iv) the offering period in Spain is required to be at least one month and may not extend longer than two months, (v) the exchange offer must be made to all holders of a particular class of securities (including U.S. holders), and (vi) withdrawal rights are not generally provided to tendering holders, other than in the limited circumstances described herein. Gas Natural believes that the best method for reconciling these potential conflicts is a dual offer structure on the terms described herein.

The Commission has granted exemptive relief to permit dual offer structures in a number of prior orders. *In the Matter of Amersham International* PLC, Exchange Act Release No. 34-38797 (July 1, 1997), the Commission concluded that, in view of the existence of conflicting regulatory schemes and tender offer practices and the fact that United States holders and non-United States holders would be permitted to participate in tender offers on an equal basis, it was appropriate to allow a tender offer to be structured as two concurrent offers – one in the United States and one in the foreign jurisdiction. Based on this conclusion, the Commission granted an exemption from Rule 14d-10 and acknowledged that dual offers could be conducted without having the foreign offer subject to Section 14(d) of the Exchange Act and the rules thereunder.

The Commission has granted similar relief in connection with cross border tender offers for the securities of foreign companies in which the laws of organization of the subject company prohibited the bidder from excluding U.S. holders in the offer made in the local jurisdiction. See, e.g., *In the Matter of Banco Bilbao Vizcaya Argentaria, S.A. for Series B Shares and American Depositary Shares of Grupo Financiero BBVA Bancomer, S.A. de C.V.*, Exchange Act File No. TP 04-26 (February 2, 2004); *In the Matter of Tender Offer by Fintech Mobile Inc. for Grupo Iusacell, S.A. de C.V.*, Exchange Act File No. TP 03-105 (July 23, 2003) (Mexico); *In the Matter of Tender Offer by Movil Access, S.A. de C.V. for Grupo Iusacell, S.A. de C.V.*, Exchange Act File No. TP 03-93 (June 24, 2003) (Mexico); *In the Matter of The Pepsi Bottling Group, Inc., Bottling Group LLC and PBG Grupo Embotellador Hispano-Mexicano S.L.'s Tender Offers for Shares, CPOs and GDSs of Pepsi-Gemex, S.A. de C.V.*, Exchange Act File No. 02-93 (October 14, 2002) (Mexico); *In the Matter of Southern Cross' Partial Offer for Shares and ADSs of Telex-Chile S.A.*, Exchange Act File No. TP 02-30 (March 5, 2002) (Chile); *In the Matter of The AES Corporation Tender Offer for Shares and ADSs of Compañia Anónima Nacional Teléfonos de Venezuela (CANTV)*, Exchange Act File No. TP 01-239 (October 22, 2001) (Venezuela); *In the Matter of Ivax Corp.'s Second Step Tender Offer for All Shares and ADSs of Laboratorio Chile S.A.*, Exchange Act File No. TP 01-215 (August 3, 2001) (Chile); *In the Matter of Ivax Corp.'s Tender Offer for Shares and ADSs of Laboratorio Chile S.A.*, Exchange Act File No. TP 01-136 (June 5, 2001) (Chile); *In the Matter of Exchange Offers by Telefónica S.A. for Telecomunicacões de São Paulo S.A., Tele Sudeste Celular*

Participacões S.A., Telefónica de Argentina S.A. and Telefónica del Perú, S.A.A., Exchange Act File No. TP 00-33 (June 5, 2000) (Brazil and Peru).

In particular, we wish to draw the Staff's attention to the exemptive relief under Rule 14d-10 granted by the Commission with respect to a dual exchange offer made in the United States and Peru. See *In the Matter of Exchange Offers by Telefónica S.A. for Telecomunicações de São Paulo S.A., Tele Sudeste Celular Participações S.A., Telefónica de Argentina S.A. and Telefónica del Perú, S.A.A., supra*. The *Telefónica* case arose in an almost identical context to the Offers described in this letter because Peruvian law, like Spanish law, did not permit the bidder to exclude U.S. holders from the Peruvian offer and did not generally allow for the withdrawal of tendered securities. Similarly, under the Spanish Takeover Regulations, Gas Natural is not permitted to exclude U.S. holders of Endesa Ordinary Shares from the Spanish Offer and a holder of Endesa Ordinary Shares tendering into the Spanish Offer will not generally be entitled to withdrawal rights unless (i) a competing offer is approved by the CNMV, (ii) Gas Natural changes the terms of the Spanish Offer (with the prior approval of the CNMV) following delivery of an acceptance by such holder or (iii) Gas Natural waives a condition of the Spanish Offer which requires the passing of a resolution by the Endesa shareholders. Spanish counsel has advised us that Spanish takeover regulations require that any change to the terms of the Offers following commencement thereof must entail "more favorable treatment" to the holders of Endesa Shares (*e.g.*, improving the offer consideration or removing conditions to the completion of the offer). Spanish counsel has further advised us that it is not possible for Gas Natural to introduce changes to the Spanish Offer following commencement thereof that are adverse to the holders of Endesa Ordinary Shares.

The prospectus relating to the U.S. offer in *Telefónica* made clear that, if a holder tendered into the Peruvian offer, withdrawal rights would not be available to such holder, except in the event of a competing offer. The Peruvian offering documents were not mailed into the United States or otherwise disseminated in the United States. Gas Natural will include explicit disclosure in the U.S. prospectus that makes clear that withdrawal rights will not be available to any U.S. holder of Endesa Ordinary Shares who tenders into the Spanish Offer, except under the limited circumstances described herein.

In addition, as noted above, Gas Natural will not take any steps to encourage U.S. holders of Endesa Ordinary Shares to tender into the Spanish Offer instead of the U.S. Offer. Other than the disclosure necessary to explain the fact that a separate Spanish Offer is being made and that a U.S. holder tendering Endesa Ordinary Shares into the Spanish Offer will not be entitled to withdrawal rights in accordance with U.S. law, the U.S. prospectus will not discuss the Spanish Offer or provide information to U.S. holders as to the procedures for tendering Endesa Ordinary Shares into the Spanish Offer. The Spanish prospectus will not be made publicly available in English and will not be mailed into the United States or otherwise disseminated in the United States by or on behalf of Gas Natural, except for the distribution of the Spanish prospectus (in Spanish) to be provided to the New York Stock Exchange, as noted above.

We believe that the proposed dual offer structure is analogous to the Peruvian offer in respect of which the Commission granted exemptive relief under Rule 14d-10 in the *Telefónica* case. Both cases present conflicting regulatory schemes and practices in which U.S. persons could not be excluded from the local offer and withdrawal rights were not generally available in such local offer, and in both cases, all holders of the subject company's securities were being offered the same material terms. Any holders of Endesa ADSs and all U.S. holders of Endesa Ordinary Shares tendering into the U.S. Offer will be entitled to withdrawal rights required pursuant to the Exchange Act, subject to the granting of the exemptive relief sought in this letter, and the U.S. prospectus will include explicit disclosure that any persons tendering Endesa Ordinary Shares into the Spanish Offer will not be entitled to withdrawal rights, except in the limited circumstances described herein. Accordingly, on behalf of Gas Natural, we respectfully request exemptive relief from the provisions of Rule 14d-10(a)(1) to permit the Offers to be conducted according to the dual offer structure described in this letter.

Rule 14e-5 Issues

Rule 14e-5, among other things, prohibits a person making an exchange offer for any equity securities from, directly or indirectly, purchasing or making any arrangement to purchase such security or any security which is immediately convertible into or exchangeable for such security, except pursuant to such exchange offer. This prohibition continues from the time of the public announcement of the offer until the expiration of the offer period, including any extensions thereof. There is an express exception for purchases or arrangements to purchase if a cross-border exchange offer qualifies for Tier I Relief under Rule 14d-1(c) and certain other conditions have been met, but there is no such exemption for cross-border exchange offers that qualify for Tier II Relief under Rule 14d-1(d). However, pursuant to Rule 14d-5(d), upon written application or upon its own motion, the Staff may grant an exemption from the provisions of Rule 14e-5.

A literal application of Rule 14e-5 could be interpreted to prohibit purchases of Endesa Shares pursuant to the Spanish Offer after the announcement of the U.S. Offer.[8] Notwithstanding that a dual offer structure is expressly contemplated and permitted under the Tier II Relief provided by Rule 14d-1(d), we understand that it may be the Commission's position that an individual exemption from Rule 14e-5 may still be necessary for a dual offer structure. See, e.g., *Manual of Publicly Available Telephone Interpretations, Third Supplement, Regulation M-A, Rule 14e-5, Question 3* (SEC Division of Corporation Finance, July 2001).

We believe that the exemptive relief requested in this letter is, in large measure, contemplated by or consistent with the exemptive relief granted in connection with other exchange offers similarly structured. See, e.g., *In the Matter of Banco Bilbao Vizcaya Argentaria, S.A. for Series B Shares and American Depositary Shares of Grupo Financiero BBVA Bancomer, S.A. de C.V., supra*; *In the Matter of Tender Offer by Fintech Mobile Inc. for Grupo Iusacell, S.A. de C.V., supra*; *In the Matter of Tender Offer by Movil Access, S.A. de C.V. for Grupo Iusacell, S.A. de C.V., supra*; *In the Matter of The Pepsi Bottling Group, Inc., Bottling Group LLC and PBG Grupo Embotellador Hispano-Mexicano S.L.'s Tender Offers for Shares, CPOs and GDSs of Pepsi-Gemex, S.A. de C.V., supra*; *In the Matter of Southern Cross' Partial Offer for Shares and ADSs of Telex-Chile S.A., supra*; *In the Matter of The AES Corporation Tender Offer for Shares and ADSs of Compañia Anónima Nacional Teléfonos de Venezuela (CANTV), supra*; *In the Matter of Ivax Corp.'s Second Step Tender Offer for All Shares and ADSs of Laboratorio Chile S.A., supra*; *In the Matter of Ivax Corp.'s Tender Offer Shares and ADSs of Laboratorio Chile S.A., supra*; *In the Matter of Exchange Offers by Telefónica S.A. for Telecomunicacões de São Paulo S.A., Tele Sudeste Celular Participacões S.A., Telefónica de Argentina S.A. and Telefónica del Perú, S.A.A., supra.*

Holders of Endesa ADSs and U.S. holders of Endesa Ordinary Shares will be entitled to participate in the U.S. Offer on economic terms as favorable as those offered to holders of Endesa Ordinary Shares in the Spanish Offer. Further, Gas Natural has taken steps to ensure that (i) the procedural terms of the Offers will be as equivalent as practicably possible, given local law and practice considerations, and (ii) the consideration in the Offers will be the same

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8 Although there are, in our view, serious doubts as to whether the jurisdictional predicate for the application of the Exchange Act – namely, that there be a purchase of a security "by the use of any means or instrumentality of interstate commerce, or of the mails, or of any other facility of any national securities exchange" – would be satisfied if a foreign issuer such as Gas Natural made purchases of Endesa securities outside the United States, we nonetheless apply, on behalf of Gas Natural, for exemptive relief for such purchases from the provisions of Rule 14e-5 pursuant to Rule 14e-5(d), as set forth in this letter. We emphasize that this letter does not reflect an admission that Rule 14e-5 would apply to purchases of Endesa securities outside the United States in the absence of such exemptive relief.

(except that no Gas Natural ADSs will be offered in the Spanish Offer and holders of Endesa Ordinary Shares will be paid the cash consideration in euros in the Spanish Offer). In addition, Spanish counsel has advised that, pursuant to the Spanish Takeover Regulations, Gas Natural is prevented from making any market or private purchases of Endesa Shares between the announcement of the Spanish Offer and the announcement of the results thereof by the CNMV.

We note in this context that granting the relief requested would be a factor facilitating cross-border offers because it would encourage bidders for non-U.S. companies to extend offers to U.S. persons. Because the proposed dual offer structure involves purchases pursuant to the non-U.S. exchange offer, it does not present the same risks as would open market or private purchases, and the policies forming the basis for Rule 14e-5 would not be violated if the exemption requested is granted. Gas Natural's intention to make purchases pursuant to the Spanish Offer will be fully disclosed in the U.S. prospectus to be delivered to U.S. holders of Endesa Ordinary Shares and all holders of Endesa ADSs, and that holders who tender into the U.S. Offer will be entitled to receive the same consideration paid per Endesa Share as will be paid pursuant to purchases under the Spanish Offer (except that holders who tender into the U.S. Offer will be paid the cash consideration in U.S. dollars).

Section 14(d)(5) Issues

Section 14(d)(5) of the Exchange Act provides, among other things, that securities tendered in a tender offer may be withdrawn at any time after 60 days from the date of the original tender offer. It is possible that the 60^{th} day from commencement of the Offers may occur on or after the expiration date of the Offers but prior to the date on which the definitive results of the Offers are announced by the CNMV and Gas Natural arranges to make payment for tendered Endesa Shares in accordance with Spanish law and practice. Under Spanish law, it is not possible to withdraw acceptances from an offer under any circumstances following expiration of an offer. As noted above, Spanish depositaries are held responsible for the delivery of shares tendered into an offer on behalf of their clients and, thus, could be held liable for any transfer of shares which have been tendered into an offer, unless and until such tendered shares are either accepted for payment and paid by the bidder or the offer is withdrawn and such tendered shares are returned to the tendering shareholders. Thus, the withdrawal rights provided by Section 14(d)(5) will, as of the expiration of the Offers, constitute a direct conflict with the inability to withdraw tendered Endesa Shares after the expiration of the Offers pursuant to Spanish law and practice.

Moreover, following the announcement of the definitive results of the Offers by the CNMV, Iberclear will block all Endesa Ordinary Shares tendered into the Offers to ensure that such Endesa Ordinary Shares are effectively transferred to Gas Natural upon completion of the Offers. Accordingly, we are requesting exemptive relief from the provisions of Section

14(d)(5) of the Exchange Act insofar as that section would permit holders of Endesa Shares who tendered into the U.S. Offer to withdraw their Endesa Shares at any time which is both (a) after 60 days from the commencement of the U.S. Offer and (b) during the period following the expiration date of the Offers until the CNMV determines and announces the definitive results of the Offers and arrangements are made for payment in accordance with Spanish law and practice.

We believe that the exemptive relief requested in this letter is, in large measure, contemplated by or consistent with the exemptive relief granted in connection with other exchange offers similarly structured. See, e.g., *In the Matter of BCP Crystal Acquisition GmbH & Co, et al for Celanese AG,* Division of Corporate Finance File No. 5-57467 (February 3, 2004); *In the Matter of Alcan Inc. for Common Shares, ADSs, Bonus Allocation Rights and OCEANEs of Pechiney,* Division of Corporation Finance File No. 5-52225, Division of Market Regulation File No. 03-114 (October 6, 2003); and *In the Matter of Serono S.A. Offer for All Outstanding Ordinary Shares, ADSs, OCEANEs and Warrants of Genset,* File No. TP 02-95 (September 12, 2002). We also believe that this relief is consistent with the Commission's guidance set forth in the Cross Border Release and the principle underlying Rule 14d-1(d)(2)(iv) which provides certain Tier II relief to allow payment to be made in accordance with the requirements of home jurisdiction law or practice.

Rule 14d-4(d)(2) Issues

Rule 14d-4(d)(2) under the Exchange Act provides that, following a material change to a tender offer, such offer must remain open for five business days from the date that the material changes to the tender offer materials are disseminated to security holders (and, as a result, security holders would continue to be entitled to withdrawal rights during such five business day period under Rule 14d-7). We understand that the Staff has taken the position that the waiver or reduction of a minimum tender condition to an offer constitutes a "material change" to such offer. See, e.g., *SEC Interpretive Release Relating to Tender Offer Rules, Release No. 34-24296* (April 3, 1987). Thus, based on this position, Gas Natural would be required to extend the U.S. Offer for five business days following any waiver or reduction of the Minimum Tender Condition and extend withdrawal rights in the U.S. Offer during this five business day period.

Under Spanish Takeover Regulations, in the event that a minimum tender condition to an offer is not satisfied, the bidder must determine whether to waive such condition or withdraw the offer before the definitive results of the offer are announced by the CNMV. In accordance with Spanish regulatory practice, a bidder will determine whether to waive a minimum tender condition or withdraw the offer once it is informed confidentially about the results of the offer, which occurs after the expiration of the offer. Pursuant to Spanish

Takeover Regulations and regulatory practice, after being informed of the results of the offer after expiration of the offer, the bidder is required to confirm in writing to the CNMV whether it will waive the minimum tender condition, which may not be later than five business days after the expiration of the offer. Furthermore, under Spanish law, the waiver of a minimum tender condition after the expiration of an offer does not give rise to any obligation of the bidder to extend the acceptance period of the offer or extend withdrawal rights. To the contrary, in accordance with Spanish regulatory practice, a bidder does not generally determine whether it will waive the minimum tender condition or withdraw an offer until after expiration of the offer, at which time the bidder is not permitted under Spanish Takeover Regulations to re-open the acceptance period or extend withdrawal rights.

Pursuant to the terms of the Offers, if the Minimum Tender Condition is not satisfied, Gas Natural is not obligated to complete the Offers. As described above, Spanish regulations provide for a centralized counting and reporting system for determining the number of shares tendered into an offer. In order for the Endesa Shares tendered into the U.S. Offer to be counted for purposes of determining the satisfaction of the Minimum Tender Condition, the Endesa Shares tendered in the U.S. Offer will be included in this centralized counting and reporting system in Spain, pursuant to which the CNMV will determine and announce the definitive results of the Offers. This announcement may not be made until after the expiration date of the Offers (a maximum of five business days for the Spanish depositaries to report the numbers of tendered shares to the Spanish exchange agent and for the Spanish exchange agent to report the total results to the CNMV, and a maximum of three business days for the CNMV to determine and announce the definitive results of the Offers). In fact, pursuant to the Spanish Takeover Regulations, the CNMV is responsible for announcing the definitive results of an offer, whether a minimum tender condition to an offer has been satisfied and, if not, whether the bidder waives such condition or elects to withdraw the offer.

If the Minimum Tender Condition has not been satisfied based on the results of the Offer confidentially reported by the Spanish exchange agent to the CNMV and Gas Natural prior to the CNMV's determination and announcement, Gas Natural should be permitted to determine whether it will withdraw the Offers as a result of the failure of such condition to the Offers or whether it will waive such condition and accept the tendered Endesa Shares for payment. We believe that permitting Gas Natural to rely upon or waive the Minimum Tender Condition, notwithstanding that the Offers will have expired so that no further acceptances may be made and that tendering holders of Endesa Shares will no longer have withdrawal rights, is consistent with Tier II Relief under Rule 14d-1(d)(2)(v), which expressly permits a bidder, notwithstanding Section 14(d)(5) of the Exchange Act, "not to extend withdrawal rights following the close of the offer and prior to the commencement of the subsequent offering period." We also believe that permitting Gas Natural to proceed in this manner is consistent with the principles of Tier II Relief, which generally defer to home jurisdiction law and practice with respect to procedure.

In the Cross Border Release, the Commission stated that it would not object if bidders meeting the requirements for the Tier II exemption reduce or waive the minimum tender condition without extending withdrawal rights during the remainder of the offer (unless an extension is required by Rule 14e-1), if certain conditions are met. In accordance with the Commission's interpretation of the Tier II exemption as set forth in section II.B of the Cross Border Release, if Gas Natural determines that it may reduce or waive the Minimum Tender Condition following the expiration date of the Offers, Gas Natural will announce that it may reduce or waive the Minimum Tender Condition by press release and publication in a newspaper of general circulation in the United States five U.S. business days prior to the scheduled expiration date of the Offers. Gas Natural will file this announcement with the Commission via EDGAR on the date that such announcement is made. The announcement will state the exact percentage to which the Minimum Tender Condition may be reduced or waived and state that such reduction or waiver is possible. The announcement will advise holders of Endesa Shares to withdraw their acceptances immediately if their willingness to accept the U.S. Offer would be affected by a reduction or waiver of the Minimum Tender Condition and will inform holders of Endesa Shares that they will not be able to tender Endesa Shares or withdraw their acceptances following the expiration date of the U.S. Offer. In addition, the announcement will advise holders of Endesa Shares that, as a result of the Spanish exchange offer rules and practice, the definitive results of the Offers will not be announced by the CNMV until approximately six business days following the expiration date of the Spanish Offer and that Gas Natural will be required to determine whether it will reduce or waive the Minimum Tender Condition after the expiration of the Offers and prior to such announcement.

During the five U.S. business day period following such announcement, holders of Endesa Shares who have tendered Endesa Shares into the U.S. Offer will have withdrawal rights. The U.S. Offer will provide that holders of Endesa Shares may accept the U.S. Offer and will have withdrawal rights with respect to any Endesa Shares tendered into the U.S. Offer until the expiration of the U.S. Offer. However, upon the expiration of the U.S. Offer, no further acceptances of the U.S. Offer will be permitted and withdrawal rights will not be extended. We note that, in addition to the Commission's interpretation of the Tier II exemption as set forth in section II.B of the Cross Border Release, the Staff has granted relief to permit bidders for U.K. companies to publicly announce the possibility of a reduction in a minimum tender condition five business days prior to the date on which any such reduction may occur in accordance with the foregoing procedures and, thereafter, declare the offer unconditional and terminate withdrawal rights. See, e.g., *SERENA Software, Inc. Offer for Shares and ADSs of Merant plc*, Exchange Act File No. 5-45819 (April 13, 2004); *Amerada Hess Corporation*

Offer for Shares and ADSs of LASMO plc, Exchange Act File No. 5-52225 (December 13, 2000); and *The Royal Bank of Scotland Group plc Offer for Shares and ADSs of National Westminster Bank PLC*, Exchange Act File No. 5-55229 (December 27, 1999). In these cases, each of which involved an offer for a U.K. company, following the date on which the bidders declared the offer unconditional and terminated withdrawal rights, the bidders commenced a subsequent offering period of at least 14 days in accordance with U.K. law.

Spanish law does not provide for any subsequent offering period. Thus, although the Offers will not be declared unconditional on the date that the Offers expire and withdrawal rights terminate, in contrast to the U.K. cases, Gas Natural will not be able to acquire any additional Endesa Shares pursuant to the Offers after the termination of withdrawal rights on the expiration of the initial offering period. Rather, Gas Natural will be required to make its determination of whether to reduce or waive the Minimum Tender Condition, or withdraw the Offers, at a time when it will not be able to benefit from a future acceptance period which does not allow withdrawal rights.

Although the U.K. cases referenced above did not involve a termination of the acceptance period following a waiver of a minimum tender condition by a bidder, in this case, the re-opening of the acceptance period following expiration of the Offers is not permitted under Spanish Takeover Regulations. In addition, Iberclear will block all Endesa Ordinary Shares tendered into the Offers immediately following the announcement of the results of the Offers by the CNMV. In light of the direct conflict with U.S. law and regulation presented by Spanish regulatory procedures and tender offer practice as well as the Staff's prior willingness to permit bidders to terminate withdrawal rights despite a concurrent or subsequent waiver of the minimum tender condition, we believe that the requested relief to forego an extension period of five business days, which could otherwise be required under Rule 14d-4(d)(2) in the event that Gas Natural reduces or waives the Minimum Tender Condition, is justified and consistent with the principles of Tier II Relief. Furthermore, Gas Natural will publicly announce the possibility that it may reduce or waive the Minimum Tender Condition, state the exact percentage to which the Minimum Tender Condition may be reduced or waived and include the other disclosures described above in accordance with the Commission's interpretation of the Tier II exemption as set forth in section II.B of the Cross Border Release. Thus, holders of Endesa Shares will have full disclosure, for a period of five U.S. business days prior to the expiration of the U.S. Offer, of the possibility that Gas Natural will waive or reduce the Minimum Tender Condition and that, following any such waiver or reduction, no further acceptances or withdrawal rights will be permitted.

We believe that that the relief requested from the application of Rule 14d-4(d)(2) should be applicable if a competing bid is commenced. In the event that the proposing competing offer announced by E.ON is approved by the CNMV and also satisfies all other applicable regulatory hurdles, the expiration date of the Offers would be modified to be a minimum of one month from the date that such competing offer commences and a minimum of 15 calendar days following publication of any improved terms by Gas Natural and/or E.ON. Holders of Endesa Shares who have tendered Endesa Shares into the U.S. Offer will have withdrawal rights until such modified expiration date. Because the announced terms of E.ON's proposed competing offer include a condition that a minimum of 529,481,934 Endesa Shares, representing 50.01% of the share capital of Endesa, are tendered into such competing offer, if the E.ON offer is commenced, any improved terms of the Offers proposed by Gas Natural would be required to include a minimum tender condition of no more than 50.01% of Endesa's share capital.

If a competing bid is commenced and Gas Natural improves the terms of the Offers, Gas Natural will disseminate to holders of Endesa Shares a prospectus supplement setting forth such improved terms. In such supplement, Gas Natural will include additional risk factors relating to the possibility that, if the Offers and the competing offer are completed and the respective minimum tender conditions included in the Offers and the competing offer are waived or reduced, Gas Natural and the competing offeror could each own significant percentages of Endesa, with neither having effective control. If, thereafter, Gas Natural determines that it may waive its minimum tender condition, it will follow the steps described above, including the issuance, no fewer than five U.S. business days prior to the scheduled expiration date of the U.S. Offer, of an announcement that will be disseminated via press release, published in a newspaper of general circulation in the United States and filed with the Commission via the EDGAR filing system. Consequently, the holders of Endesa Shares will have adequate opportunity to withdraw any tendered Endesa Shares prior to the expiration of the U.S. Offer once they are informed of the possible waiver or reduction of Gas Natural's minimum tender condition.

The Spanish regulatory scheme, by limiting the ability of the first offeror and a competing offeror to improve the terms of their respective offers to a single opportunity and thereafter requiring both offers to expire on the same date, creates the possibility that, if neither offer is clearly superior, the offerors may waive their respective minimum tender conditions and, consequently, neither offeror may obtain a majority of the subject company's share capital. This is a unique feature of Spanish law. Gas Natural believes that a competing offer context is not materially different from a situation in which Gas Natural might itself acquire, in the absence of a competing offer, less than 50.01% or more than 50.01% of Endesa's share capital and be unable to exert control (due to the 10% voting limitation in Endesa's bylaws or other factors). In either the circumstances of Gas Natural being the sole offeror or the commencement of a competing offer, the post-completion control of Endesa remains potentially in doubt, which is a disclosure issue appropriately addressed in the prospectus, any supplement thereto and any additional filings with the Commission. Furthermore, because

Spanish law and regulations do not expressly provide for dual offers, we understand from Spanish counsel that, as disclosed in the Registration Statement, in order for Endesa Shares tendered into the U.S. Offer to be counted for purposes of determining the satisfaction of the minimum tender condition, following expiration of the U.S. Offer, the U.S. exchange agent must cause the Custodian to irrevocably tender, with an irrevocable order to transfer, the Endesa Shares tendered in the U.S. Offer to the Spanish exchange agent to be included in the centralized counting and reporting system in Spain. There is no systemic or regulatory provision, as a matter of Spanish law or practice, that would permit tendering holders of Endesa Shares to withdraw such tendered Endesa Shares after the expiration date.

Relief Requested

Rule 14d-10(a)(1) Relief

We hereby respectfully request exemptive relief from the provisions of Rule 14d-10(a)(1) promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), to permit Gas Natural to make the Offers utilizing the dual offer structure as described in this letter pursuant to which Gas Natural will make the U.S. Offer available to all holders of Endesa ADSs, wherever located, and all holders of Endesa Ordinary Shares who are U.S. holders and will make the Spanish Offer available to all holders of Endesa Ordinary Shares (including U.S. holders).

Rule 14e-5 Relief

We hereby respectfully request exemptive relief from the provisions of Rule 14e-5 under the Exchange Act to allow Gas Natural to purchase Endesa Ordinary Shares pursuant to the Spanish Offer after the public announcement, but prior to the expiration, of the U.S. Offer.

Section 14(d)(5) Relief

We hereby respectfully request exemptive relief from the provisions of Section 14(d)(5) under the Exchange Act to allow Gas Natural to terminate withdrawal rights at the expiration of the initial offering period for Endesa Shares tendered into the U.S. Offer during that period.

Rule 14d-4(d)(2) Relief

We hereby respectfully request exemptive relief from the provisions of Rule 14d-4(d)(2) under the Exchange Act to permit Gas Natural, following the expiration of the U.S. Offer, to waive or reduce the Minimum Tender Condition, in the event that the Minimum

Tender Condition has not been satisfied, without extending the acceptance period or extending withdrawal rights, in accordance with the process prescribed by Spanish law and regulation.

* * *

We appreciate your time and attention to this matter. Please do not hesitate to contact me if you have questions or would like to discuss the above issues further.

Respectfully,

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