

DEED OF UNDERTAKING

with respect to the
€1,000,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities
and
€500,000,000 Undated 9 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities

THIS DEED OF UNDERTAKING (the “**Deed**”) is made on 11 January 2016 by each of GAS NATURAL FENOSA FINANCE B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, with its corporate seat in Amsterdam, The Netherlands, for an indefinite period, its registered office at Barbara Strozilaan 201, 1083 HN Amsterdam, The Netherlands, and registered with the Dutch trade register under number 24243533 (the “**Issuer**”) and GAS NATURAL SDG, S.A., a limited liability company (*sociedad anónima*) incorporated under the laws of Spain, registered with the Commercial Register of Barcelona under page number B-33172, domiciled in Spain and its registered office and principal place of business at Plaça del Gas N° 1, 08003 Barcelona, Spain (the “**Guarantor**”) in favour of and for the benefit of the Holders and Account Holders (as defined below).

WHEREAS:

- (1) On 13 November 2014, the Issuer issued €1,000,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities with international securities identification number (ISIN) XS1139494493 and on 22 April 2015, the Issuer issued €500,000,000 Undated 9 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities with international securities identification number (ISIN) XS1224710399 (together, the “**Securities**”) with the benefit of a subordinated guarantee from the Guarantor.
- (2) Terms defined in the terms and conditions of the Securities (the “**Conditions**”) have the same meanings in this Deed (except where otherwise defined in this Deed or the context requires otherwise).
- (3) Pursuant to condition 6(e) of the Conditions, the Issuer has the right to redeem the Securities (in whole but not in part) if a “**Capital Event**”, as defined in Condition 17, occurs.
- (4) On 27 October 2015, Standard and Poor’s issued a press release stating that it had assigned minimal equity content to the Securities as a result of certain call provisions contained within the Conditions. Each of the Issuer and the Guarantor (each a “**Covenantor**”) agrees that the Issuer will not exercise its right to require the early redemption of the Securities in the circumstances described in this Deed.
- (5) Each of the Covenantors is therefore entering into and disclosing the contents of this Deed in the manner provided below with the intent that the covenants provided for in this Deed be binding contractual undertakings enforceable by the Holders and Account Holders and that each Covenantor observes and performs the covenants in this Deed, in each case to the fullest extent permitted by applicable law.

NOW, THEREFORE, each of the Covenantors hereby covenants and agrees as follows in favour of and for the benefit of each Holder and each Account Holder.

1. DEFINITIONS

In this Deed the following expressions have the following meanings:

“**Account Holder**” means any account holder with a Clearing System which has credited to its securities account with such Clearing System one or more Entries in respect of the Securities (other than either Clearing System in its capacity as an account holder of the other Clearing System);

“**Clearing System**” means each of Clearstream Banking, *soci t  anonyme* and Euroclear Bank S.A./N.V.;

“**Entry**” means any entry which is made in the securities account of any Account Holder with a Clearing System in respect of the Securities; and

“**Holder**” means a holder of the Securities and Coupons, each as defined in the Conditions.

2. REDEMPTION OF THE SECURITIES DUE TO CERTAIN CAPITAL EVENTS

- 2.1 Each of the Covenantors unconditionally and irrevocably undertakes that the Issuer will not exercise its right to require the early redemption of any of the Securities pursuant to condition 6(e) of the Conditions if the Issuer or the Guarantor has received confirmation from any Rating Agency that, due to the application of a different hybrid capital methodology or set of criteria by the relevant Rating Agency after the Issue Date (due to changes in the rating previously assigned to the Issuer and/or the Guarantor), the Securities will no longer be eligible for the same or a higher amount of "equity credit" attributed to the Securities at the Issue Date. Accordingly, each of the Covenantors unconditionally and irrevocably undertakes that the Issuer will, for the purposes of exercising its rights to redeem the Securities pursuant to condition 6(e) of the Conditions only, deem the definition of “Capital Event” as set out in Condition 17 to be deleted and replaced with the following:

“a “**Capital Event**” shall be deemed to occur if the Issuer or the Guarantor has received, and notified the Holders in accordance with Condition 14 that it has so received, confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, the Securities will no longer be eligible for the same or a higher amount of “equity credit” (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Securities at the Issue Date;”.

- 2.2 For the avoidance of doubt, nothing in this Deed affects the rights of the Issuer or the Guarantor to redeem or purchase the Securities pursuant to the Conditions other than as set out above.

3. AMENDMENT AND DISAPPLICATION OF THIS DEED

Each Covenantor undertakes that it will not amend, vary, terminate or suspend this Deed or its obligations hereunder, save that nothing in this Clause 3 shall prevent the Covenantors from increasing or extending their obligations under this Deed by way of supplement to it at any time.

4. BENEFIT

- 4.1 This Deed shall be binding upon the Covenantors and each of their respective successors and shall enure to the benefit of the Holders and Account Holders as they exist from time to time, each of which shall be entitled severally to enforce this Deed against the Covenantors.

- 4.2 A Holder or Account Holder may enforce this Deed by, subject to Clause 7.2, instituting such proceedings against the Covenantors as it may think fit to enforce any term of this Deed.

- 4.3 The records of the Clearing Systems shall be conclusive evidence of the identity of the Account Holders and the number of Securities credited to the securities account of each Account Holder. For these purposes a statement issued by a Clearing System stating:

- (a) the name of the Account Holder to which the statement is issued; and
- (b) the aggregate principal amount of any Entry credited to the securities account of the Account Holder with such Clearing System on any date,

shall be conclusive evidence for all purposes of this Deed.

5. DISCLOSURE

A copy of this Deed will be placed on the Guarantor's website and deposited with the Fiscal Agent as soon as possible and in any event within 2 Business Days of the date on which it has been duly executed by both Covenantors. Each Covenantor hereby acknowledges the right of every Holder and Account Holder to the production of this Deed.

6. PARTIAL INVALIDITY

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

7. GOVERNING LAW AND JURISDICTION

7.1 This Deed, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

7.2 Each Covenantor irrevocably and unconditionally agrees for the exclusive benefit of the Holders and Account Holders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed (including a dispute relating to any non-contractual obligations arising out of or in connection with this Deed) and that accordingly any suit, action or proceedings (together referred to as the "**Proceedings**") arising out of or in connection with this Deed may be brought in such courts.

Each Covenantor irrevocably and unconditionally waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

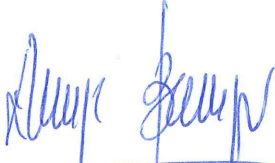
Nothing contained in this Clause 7.2 shall limit any right to take Proceedings against a Covenantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Each Covenantor appoints Law Debenture Corporate Services Limited at its registered office for the time being as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

IN WITNESS whereof this Deed has been executed as a deed poll by the Covenantors on the date which appears first on page 1.

EXECUTED as a **DEED** on behalf of
GAS NATURAL FENOSA FINANCE B.V.
a company incorporated in The Netherlands

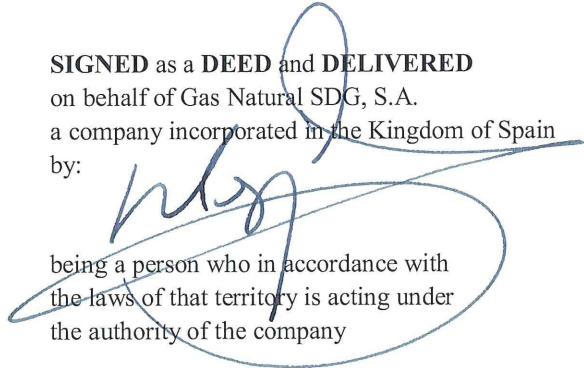
By:



Name: ENRIQUE BERENSUER
Title: FINANCE MANAGER

being persons who in accordance with the laws of that territory are acting under the authority of the company

SIGNED as a **DEED** and **DELIVERED**
on behalf of Gas Natural SDG, S.A.
a company incorporated in the Kingdom of Spain
by:



being a person who in accordance with the laws of that territory is acting under the authority of the company

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