

NATURGY ENERGY GROUP, S.A. (the “**Guarantor**” or “**Naturgy**”) in compliance with the provisions of article 17 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and article 228 of the consolidated text of Act 24/1988, of 28 of July, on the Securities market, hereby notifies the National Securities Market Commission of the following:

REGULATORY ANNOUNCEMENT

Further to its announcements on 11 October 2018 and 19 October 2018, Naturgy Capital Markets, S.A. (formerly, Gas Natural Capital Markets, S.A.) (“**NCM**”) and Naturgy Finance B.V. (formerly, Gas Natural Fenosa Finance B.V.) (“**NF**”, and together with NCM, the “**Issuers**” and each an “**Issuer**”) hereby announce the final results and pricing of NCM’s invitation to holders of its €500,000,000 5.375 per cent. Guaranteed Notes due May 2019 (ISIN: XS0627188468) (the “**May 2019 Notes**”), €500,000,000 6.375 per cent. Guaranteed Notes due July 2019 (ISIN: XS0436928872) (the “**July 2019 Notes**”), €850,000,000 4.500 per cent. Guaranteed Notes due January 2020 (ISIN: XS0479542580) (the “**4.50% January 2020 Notes**”), €800,000,000 6.00 per cent. Guaranteed Notes due 2020 (ISIN: XS0829360923) (the “**6.00% January 2020 Notes**”) and €750,000,000 5.125 per cent. Guaranteed Notes due November 2021 (ISIN: XS0458749826) (the “**November 2021 Notes**”, and together with the May 2019 Notes, the July 2019 Notes, the 4.50% January 2020 Notes and the 6.00% January 2020 Notes, the “**NCM Notes**”), and NF’s invitation to holders of its €500,000,000 3.500 per cent. Guaranteed Notes due 15 April 2021 (ISIN: XS0981438582) (the “**NF Notes**”, and together with the NCM Notes, the “**Notes**”), in each case guaranteed by Naturgy Energy Group, S.A. (formerly, Gas Natural SDG, S.A.) (the “**Guarantor**”) to offer to sell Notes to each of NCM or NF, as applicable, for cash at the relevant Purchase Price (the “**Solicitation of Offers to Sell**”).

The Solicitation of Offers to Sell was made upon the terms and subject to the conditions contained in a tender offer memorandum dated 11 October 2018 (the “**Memorandum**”) prepared in connection with the Solicitation of Offers to Sell. Capitalised terms used in this announcement and not otherwise defined have the meanings ascribed to them in the Memorandum.

Summary of Results and Pricing

Following the expiration of the Solicitation of Offers to Sell at 4:00 p.m. (London time) on 18 October 2018 (the “**Expiration Date**”), the Issuers hereby announce that:

- (i) NCM has accepted for purchase EUR281,050,000 in aggregate principal amount of the NCM Notes in accordance with the terms and conditions of the Solicitation of Offers to Sell;
- (ii) NCM has accepted in full with no pro-ration all Offers to Sell in respect of the NCM Notes which were validly submitted by the Expiration Date;
- (iii) NF has accepted for purchase EUR33,300,000 in aggregate principal amount of the NF Notes in accordance with the terms and conditions of the Solicitation of Offers to Sell; and
- (iv) NF has accepted in full with no pro-ration all Offers to Sell in respect of the NF Notes which were validly submitted by the Expiration Date.

The Purchase Price for each Series of Notes accepted for purchase was determined at or around 1:00 p.m. (London time) today in accordance with the terms set out in the Memorandum (i) in respect of the May 2019 Notes, July 2019 Notes, 4.50% January 2020 Notes, the 6.00% January



2020 Notes and NF Notes, by the Joint Dealer Managers by reference to the relevant Purchase Yield and (ii) in respect of the November 2021 Notes, by reference to the sum of the Reference Benchmark Yield and the Purchase Spread, as follows:

Description of Notes / ISIN	May 2019 Notes (XS0627188468)	July 2019 Notes (XS0436928872)	4.50% January 2020 Notes (XS0479542580)	6.00% January 2020 Notes (XS0829360923)	NF Notes (XS0981438582)	November 2021 Notes (XS0458749826)
Maturity Date	24 May 2019	9 July 2019	27 January 2020	27 January 2020	15 April 2021	2 November 2021
Minimum Denomination	EUR100,000/100,000	EUR50,000/50,000	EUR50,000/50,000	EUR100,000/100,000	EUR100,000/100,000	EUR50,000/50,000
Aggregate principal amount accepted	EUR55,800,000	EUR17,500,000	EUR88,150,000	EUR79,300,000	EUR33,300,000	EUR40,300,000
Reference Benchmark	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	November 2021 Interpolated Mid-Swap Rate
Reference Benchmark Yield	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	0.056%
Purchase Spread	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-5bps
Purchase Yield	-0.30%	-0.30%	-0.25%	-0.25%	-0.10%	0.006%
Accrued Interest (expressed as a percentage)	2.224%	1.834%	3.304%	4.405%	1.822%	4.971%
Purchase Price (expressed as a percentage)	103.337%	104.769%	106.031%	107.935%	108.942%	115.509%

Settlement

On the Settlement Date, the relevant Issuer will pay, or procure the payment of, the relevant Purchase Price plus Accrued Interest to all Noteholders whose Offers to Sell have been validly accepted by that Issuer pursuant to the Terms and Conditions, subject to receipt of the relevant Notes (the “**Repurchased Notes**”). The Settlement Date is expected to be 22 October 2018.

Notes in respect of which an Issuer has not accepted an Offer to Sell will remain outstanding subject to the terms and conditions of such Notes.

Pursuant to the above, on 22 October 2018, the Repurchased Notes will then be cancelled and the aggregate principal amounts of the Notes outstanding will be as follows:

- (i) an aggregate principal amount of €236,600,000 of the May 2019 Notes;
- (ii) an aggregate principal amount of €338,700,000 of the July 2019 Notes;
- (iii) an aggregate principal amount of €598,100,000 of the 4.50% January 2020 Notes;
- (iv) an aggregate principal amount of €355,100,000 of the 6.00% January 2020 Notes;
- (v) an aggregate principal amount of €299,600,000 of the NF Notes; and
- (vi) an aggregate principal amount of €590,550,000 of the November 2021 Notes.



Further Information

A complete description of the terms and conditions of the Solicitation of Offers to Sell is set out in the Memorandum. Barclays Bank PLC, CaixaBank, S.A. and Citigroup Global Markets Limited are the Joint Dealer Managers for the Solicitation of Offers to Sell.

Requests for information in relation to the Solicitation of Offers to Sell should be directed to:

JOINT DEALER MANAGERS

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Attn: Liability Management Group



A copy of the Memorandum is available to eligible persons upon request from the Tender Agent:

THE TENDER AGENT

Lucid Issuer Services Limited

Tankerton Works
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United Kingdom

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Further details relating to the contents of this announcement can be obtained from:

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Attention: Enrique Berenguer Marsal (Managing Director)

Email: eberenguer@naturgy.com

Madrid, 19 October 2018.

NATURGY ENERGY GROUP, S.A.