

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

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 that NCM is inviting 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 is inviting 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 Naturgy Capital Markets, S.A. or Naturgy Finance B.V., as applicable, for cash at the relevant Purchase Price (the “**Solicitation of Offers to Sell**”).

The Solicitation of Offers to Sell is being 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, and is subject to the offer restrictions set out below. Capitalised terms used in this announcement and not otherwise defined have the meanings ascribed to them in the Memorandum.

Description of Notes	Issuer	ISIN	Maturity Date	Minimum/Incremental Denomination	Aggregate principal amount outstanding	Reference Benchmark	Purchase Spread	Purchase Yield	Maximum Purchase Amount
May 2019 Notes	NCM	XS0627188468	24 May 2019	EUR100,000/100,000	€292,400,000	Not Applicable	Not Applicable	-0.30 per cent.*	€400,000,000 in aggregate principal amount (or such amount as modified by each Issuer in its sole discretion)**
July 2019 Notes	NCM	XS0436928872	9 July 2019	EUR50,000/50,000	€356,200,000	Not Applicable	Not Applicable	-0.30 per cent.*	
4.50% January 2020 Notes	NCM	XS0479542580	27 January 2020	EUR50,000/50,000	€686,250,000	Not Applicable	Not Applicable	-0.25 per cent.*	
6.00% January 2020 Notes	NCM	XS0829360923	27 January 2020	EUR100,000/100,000	€434,400,000	Not Applicable	Not Applicable	-0.25 per cent.*	
NF Notes	NF	XS0981438582	15 April 2021	EUR100,000/100,000	€332,900,000	Not Applicable	Not Applicable	-0.10 per cent.*	
November 2021 Notes	NCM	XS0458749826	2 November 2021	EUR50,000/50,000	€630,850,000	November 2021 Interpolated Mid-Swap Rate	-5bps	As determined on the Pricing Date	

\* For information purposes only, the Purchase Price in respect of (i) the May 2019 Notes will be 103.337 per cent. (€103,337.16 for each €100,000 in nominal amount), (ii) the July 2019 Notes will be 104.769 per cent. (€52,384.50 for each €50,000 in nominal amount), (iii) the 4.50% January 2020 Notes will be 106.031 per cent. (€53,015.25 for each €50,000 in nominal amount), (iv) the 6.00% January 2020 Notes will be 107.935% per cent. (€107,934.89 for each €100,000 in nominal amount), and (v) the NF Notes will be 108.942 per cent. (€108,942.02 for each €100,000 in nominal amount), in each case when determined in the manner described herein on the basis of a Settlement Date of 22 October 2018. Should the Settlement Date in respect of any Notes accepted for purchase pursuant to the Solicitation of Offers to Sell differ from 22 October 2018, the Purchase Price will be recalculated to the new Settlement Date, all as further described herein.

\*\* The Issuers reserve the right to determine the allocation of the Maximum Purchase Amount between one or more Series in their sole discretion, and reserve the right to accept significantly more or less (or none) of the Notes of one Series as compared to any of the other Series up to the Maximum Purchase Amount.

The Issuers propose to accept Offers to Sell up to a maximum aggregate principal amount of €400,000,000 across all Series of Notes combined (the “**Maximum Purchase Amount**”), subject to the right to modify such amount at their sole discretion and for any reason. Each of the Issuers may, in its sole discretion, extend, amend or terminate the Solicitation of Offers to Sell at any time (subject to applicable law and as provided in the Memorandum).

## Purchase Price and Offer Period

The amount payable per Minimum Denomination in respect of each Series will be the sum of (i) the relevant Purchase Price (expressed as a percentage and as defined in the Memorandum) in respect of such Series multiplied by the relevant Minimum Denomination in respect of that Series and (ii) accrued and unpaid interest on such Notes of the relevant Series from, and including, the immediately preceding interest payment date for such Series up to, but excluding, the Settlement Date, which is expected to be 22 October 2018 (the “**Accrued Interest**”).

The Purchase Price for the November 2021 Notes accepted for purchase will be determined by the Joint Dealer Managers by reference to the sum (each such sum, a “**Purchase Yield**”) of (i) the Purchase Spread and (ii) the yield for the Reference Benchmark (the “**Reference Benchmark Yield**”) at the Pricing Time on the Pricing Date in accordance with the pricing formula set out in Annex A to the Memorandum.



The Purchase Price for the May 2019 Notes, July 2019 Notes, 4.50% January 2020 Notes, 6.00% January 2020 Notes and NF Notes accepted for purchase will be determined by the Joint Dealer Managers by reference to the relevant Purchase Yield at the Pricing Time on the Pricing Date in accordance with the pricing formula set out in Annex A to the Memorandum.

Noteholders will be able to submit an Offer to Sell in the manner specified in the Memorandum from and including 11 October 2018 to 4:00 p.m. (London time) on 18 October 2018 (the “**Offer Period**”). Noteholders must submit the Offer to Sell specifying the aggregate principal amount of the Notes offered at the relevant Purchase Price in the manner specified in the Memorandum under “*Terms and Conditions relating to the Solicitation of Offers to Sell – Electronic Instruction Notice*”.

## **Rationale**

The Solicitation of Offers to Sell is being made to utilise cash on hand efficiently and to reduce gross debt. Furthermore, the transaction provides a degree of liquidity to Noteholders who make an Offer to Sell and whose Offer to Sell is accepted by the relevant Issuer. Notes repurchased by the Issuers pursuant to an Offer to Sell will be cancelled and will not be reissued.

## **Acceptance Date and Settlement**

An Offer to Sell may be accepted by the relevant Issuer, if no extension of the Offer Period has occurred on the “**Acceptance Date**” (expected to be on 19 October 2018). Neither Issuer is under any obligation to accept an Offer to Sell. The acceptance of Notes validly tendered and not validly withdrawn pursuant to the Solicitation of Offers to Sell for purchase by either of the Issuers is at the sole discretion of the relevant Issuer and Offers to Sell may be rejected by that Issuer for any reason.

Subject to the preceding paragraph, each of the Issuers will accept Offers to Sell until either (i) it has accepted all of the Notes validly offered and eligible for purchase, or (ii) the aggregate principal amount of all Notes which have been accepted by the Issuers is the maximum amount that can be accepted without exceeding the Maximum Purchase Amount. The Issuers reserve the right to determine the allocation of the Maximum Purchase Amount between one or more Series in their sole discretion, and reserve the right to accept significantly more or less (or none) of the Notes of one Series as compared to any of the other Series. Where the acceptance of all valid Offers to Sell would require a greater principal amount of Notes to be accepted than the Maximum Purchase Amount, the relevant Issuer will accept Offers to Sell in respect of the Notes on a *pro rata* basis (as described in the Memorandum under “*Terms and Conditions relating to the Solicitation of Offers to Sell – Acceptance of Offers to Sell and Pro Rata Allocation*”).

Notes in respect of which the relevant Issuer has not accepted an Offer to Sell will remain outstanding subject to the terms and conditions of such Notes and will be returned to the respective Noteholders as soon as possible after the Settlement Date.

During the Offer Period, Noteholders must submit or arrange for the submission of an Electronic Instruction Notice (as defined below) to the Tender Agent via the relevant Clearing System (as defined below) as detailed in the Memorandum. Such Electronic Instruction Notice (as defined below) must be received by the Tender Agent at or prior to the Expiration Date.

Noteholders wishing to participate in the Solicitation of Offers to Sell who are not direct participants of Euroclear Bank SA/NV or Clearstream Banking, S.A. (together, the “**Clearing Systems**” and each a “**Clearing System**”) must instruct their respective bank, securities broker or other intermediary to submit an electronic instruction notice (the “**Electronic Instruction Notice**”) to the relevant Clearing System for delivery to the Tender Agent via such Clearing

System. Each Issuer expressly points out that Noteholders whose Notes are held on their behalf by a bank, securities broker or other intermediary should inform themselves whether such intermediary requires instructions to participate in, or withdraw their instructions to participate in, the Solicitation of Offers to Sell prior to the deadlines set out herein. Noteholders who are direct participants of the Clearing Systems must follow the same procedure by contacting the relevant Clearing System directly. Purchase agreements will be concluded by the relevant Issuer's acceptance of the Offers to Sell according to the Terms and Conditions.

The Purchase of Notes, pursuant to the Solicitation of Offers to Sell, in respect of which the relevant Issuer has validly accepted Offers to Sell on the Acceptance Date is expected to be settled on 22 October 2018 or, in the event of an extension of the Offer Period, on such later date as is notified to the Noteholders by the relevant Issuer (the "**Settlement Date**"). All purchases pursuant to the Solicitation of Offers to Sell will settle through the normal procedures of the Clearing Systems. 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 the relevant Issuer pursuant to the Terms and Conditions, subject to receipt of the relevant Notes.

### Expected Timetable

Commencement of Offer Period: .....	11 October 2018
Expiration Date: .....	18 October 2018, 4:00 p.m. (London time)
Acceptance Date: .....	Expected to be 19 October 2018
Announcement of indicative results of Solicitation of Offers to Sell and indicative <i>pro-ratio</i> factors (if applicable): .....	Acceptance Date, expected to be at or around 9:00 a.m. (London time).
Pricing Date and Pricing Time: .....	Acceptance Date, expected to be at or around 1:00 p.m. (London time)
Announcement of whether the relevant Issuer will accept valid Offers to Sell pursuant to the Purchase and, if so accepted, (i) the principal amount of each Series of Notes accepted for purchase and any <i>pro-ratio</i> factor; (ii) the relevant Purchase Price and the Accrued Interest for each Series of Notes accepted for purchase; and (iii) in	As soon as practicably possible following the Pricing Time on the Pricing Date.



respect of the November 2021 Notes only, the Reference Benchmark Yield and the Purchase Yield:

Settlement Date: Expected to be 22 October 2018.

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Noteholders are advised to check with the bank, securities broker or other intermediary (including the relevant Clearing System) through which they hold their Notes as to the deadlines by which such intermediary would require receipt of instructions to participate in, or to withdraw their instructions to participate in, the Solicitation of Offers to Sell in accordance with the Terms and Conditions to meet the deadlines set out above. The deadlines set by any such intermediary and the Clearing Systems will be earlier than the relevant deadlines specified above.

### **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**

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

Tel: +44 (0) 20 3134 8515

Email: eu.lm@barclays.com

**Attn: Liability Management Group**

**CaixaBank, S.A.**

Calle Pintor Sorolla 2-4  
46002 Valencia  
Spain

Telephone: +34 91 700 56 08 / 09 / 10

Email: mlafont@caixabank.com;

araguilar@caixabank.com;

natalia.garcia@caixabank.com;

lst.originacion.rf@lacaixa.es

**Attn: Miguel Lafont, Alvaro Aguilar,  
Natalia Garcia**

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Telephone: +44 20 7986 8969

Email: liabilitymanagement.europe@citi.com

**Attn: Liability Management Group**



Requests for information in relation to the procedures for submitting an Offer to Sell and the submission of Electronic Instruction Notices should be directed to:

**THE TENDER AGENT**

**Lucid Issuer Services Limited**

Tankerton Works  
12 Argyle Walk  
London WC1H 8HA  
United Kingdom

Attn.: David Shilson  
Tel.: +44 207 704 0880  
Email: naturgy@lucid-is.com

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

**Naturgy Capital Markets, S.A.**

Avenida de San Luis, 77,  
28033 Madrid  
Spain

Attention: Enrique Berenguer Marsal (Sole Administrator)  
Email: eberenguer@naturgy.com

**Naturgy Finance B.V.**

Barbara Strozilaan 201  
1083 HN Amsterdam  
The Netherlands

Attention: Enrique Berenguer Marsal (Managing Director)  
Email: eberenguer@naturgy.com

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

The Joint Dealer Managers do not take responsibility for the contents of this announcement and none of the Issuers, the Guarantor, the Joint Dealer Managers named above or the Tender Agent or any of their respective bodies, affiliates, agents, directors, management or employees makes any recommendation in this announcement or otherwise as to whether or not Noteholders should submit Offers to Sell in respect of the Notes. The Guarantor is aware of, and has no objection to, the Issuers making the Solicitation of Offers to Sell upon the terms and subject to the conditions set forth in the Memorandum. This announcement must be read in conjunction with the Memorandum. This announcement and the Memorandum contain important information which should be read carefully before any decision is made with respect to the Solicitation of Offers to Sell. If any holder is in any doubt as to the action it should take, it is recommended to seek its own financial advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

Madrid, 11 October 2018.



## Offer Restrictions relating to the Solicitation of Offers to Sell

Each of this announcement, the Solicitation of Offers to Sell and the Memorandum do not constitute an offer to buy or the solicitation of an offer to sell the Notes in any jurisdiction in which such offer or solicitation is unlawful, and Offers to Sell by Noteholders originating from any jurisdiction in which such offer or solicitation is unlawful will be rejected. In those jurisdictions where the securities laws or other laws require the Solicitation of Offers to Sell to be made by a licensed broker or dealer, the Solicitation of Offers to Sell shall be deemed to be made on behalf of the relevant Issuer by one or more registered brokers or dealers licensed under the laws of such jurisdiction. None of the delivery of this announcement, the Memorandum, the Solicitation of Offers to Sell or any purchase of Notes shall, under any circumstances, create any implication that there has been no change in the affairs of each Issuer and the Guarantor since the date hereof, or that the information herein is correct as of any time subsequent to the date hereof.

A Noteholder or a beneficial owner of the Notes who is a Sanctions Restricted Person may not participate in the Solicitation of Offers to Sell. Each Issuer reserves the absolute right to reject any and all Offers to Sell when it, in its sole discretion, is of the view that such Offer to Sell has been submitted by or on behalf of a Sanctions Restricted Person.

### United States

The Solicitation of Offers to Sell is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality (including, without limitation: facsimile transmission, telex, telephone, e-mail and other forms of electronic transmission) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, and Notes may not be offered for sale by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States as defined in Regulation S of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Accordingly, copies of this announcement, the Memorandum and any related documents are not being and must not be directly or indirectly distributed, forwarded, mailed, transmitted or sent into or from the United States (including without limitation by any custodian, nominee, trustee or agent). Persons receiving this announcement or the Memorandum (including, without limitation, custodians, nominees, trustees or agents) must not distribute, forward, mail, transmit or send it or any related documents in, into or from the United States or use such mails or any such means, instrumentality or facility in connection with the Solicitation of Offers to Sell. Any purported tender of Notes in the Solicitation of Offers to Sell resulting directly or indirectly from a violation of these restrictions will be invalid and any Offers to Sell made by a resident of the United States, by any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States, or by any U.S. person (as defined in Regulation S under the Securities Act) or by use of such mails or any such means, instrumentality or facility, will not be accepted.

Each holder of Notes participating in the Solicitation of Offers to Sell will represent that it is not located in the United States and is not participating in such Solicitation of Offers to Sell from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in such Solicitation of Offers to Sell from the United States.

For the purposes of this announcement, the Memorandum and the above paragraph, "**United States**" refers to the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and The Northern Mariana Islands), any State of the United States of America and the District of Columbia.



## United Kingdom

The communication of this announcement or the Memorandum by the Issuers and any other documents or materials relating to the Solicitation of Offers to Sell is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) persons outside the United Kingdom, (2) those persons falling within the definition of investment professionals or high net worth companies (contained in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”)), (3) those persons falling within Article 43(2) of the Order, including existing members and creditors of the Issuers, and (4) any other persons to whom these documents and/or materials may lawfully be communicated (all those persons together, “**Relevant Persons**”). Any person in the United Kingdom who is not a Relevant Person should not act or rely on this document.

## Republic of Italy

None of the Solicitation of Offers to Sell, this announcement, the Memorandum or any other documents or materials relating to the Solicitation of Offers to Sell have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian laws and regulations. The Solicitation of Offers to Sell is being carried out in the Republic of Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the “**Issuers’ Regulation**”). The Solicitation of Offers to Sell is also being carried out in compliance with article 35-bis, paragraph 7 of the Issuers’ Regulation.

A holder of Notes located in the Republic of Italy can tender the Notes through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Notes or the Solicitation of Offers to Sell.

## Belgium

*(The below offer restriction is applicable to the July 2019 Notes, the 4.50% January 2020 Notes and the November 2021 Notes only)*

None of this announcement, the Memorandum or any other documents or materials relating to the Solicitation of Offers to Sell have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (“*Autorité des services et marchés financiers / Autoriteit financiële diensten en markten*”) and, accordingly, the Solicitation of Offers to Sell may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids (the “**Belgian Takeover Law**”) as amended or replaced from time to time. Accordingly, the Solicitation of Offers to Sell may not be advertised and the Solicitation of Offers to Sell will not be extended, and none of this announcement, the Memorandum or any other documents or materials relating to the Solicitation of Offers to Sell (including any memorandum, information circular, brochure or any similar

documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to “qualified investors” in the sense of Article 10 of the Belgian Law of 16 June 2006 (the “**Belgian Law**”) on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account or (ii) in any circumstances set out in Article 6, §4 of the Belgian Takeover Law. This announcement and the Memorandum have been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Solicitation of Offers to Sell. Accordingly, the information contained in this announcement and the Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

## **Republic of France**

The Solicitation of Offers to Sell is not being made, directly or indirectly, to the general public in the Republic of France. This announcement, the Memorandum or any other documentation or material relating to the Solicitation of Offers to Sell (including memorandums, information circulars, brochures or similar documents) have not been distributed to, and or are not being distributed to, the general public in the Republic of France. Only (i) persons that provide investment services in the field of portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) (that are not individuals) acting for their own account, in each case as defined in or pursuant to articles L.411-1, L.411-2 and D.411-1 of the French *Code Monétaire et Financier*, may participate in the Solicitation of Offers to Sell. Each of this announcement and the Memorandum has not been, and will not be, submitted for clearance to nor approved by the *Autorité des marchés financiers*.

## **Spain**

None of the Solicitation of Offers to Sell, this announcement or the Memorandum constitutes an offer of securities or the solicitation of an offer of securities to the public in Spain under the restated text of Spanish Securities Market Act approved by Legislative Royal Decree 4/2015, of 23 October 2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, que aprueba el texto refundido de la Ley 24/1988, de 28 de julio, del Mercado de Valores*), the Royal Decree 1310/2005, of 4 November 2005 and the Royal Decree 1066/2007, of 27 July 2007, all of them as amended, and any regulation issued thereunder. Accordingly, this announcement and the Memorandum have not been and will not be submitted for approval nor approved by the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*).