GAS NATURAL SDG, S.A.

Gas Natural SDG, S.A. (the "**Company**" or "**Gas Natural Fenosa**") in compliance with the provisions of article 17 of Regulation (EU) No. 596/2014 on market abuse and article 228 of the consolidated text of Act 24/1988, of 28 July, on the Securities Market Law, hereby notifies to the National Securities Market Commission of the following

REGULATORY ANNOUNCEMENT

Further to its announcements on 16 January 2018 (registration number 260,680) and 23 January 2018 (registration numbers 260,925 and 260.940), Gas Natural SDG, S.A. hereby announces that settlement of the bonds issued by Gas Natural Fenosa Finance B.V. (the "**Issuer**") under the €15,000,000,000 Guaranteed Euro Medium Term Note Programme for an aggregate principal amount of 850,000,000 euros (the "**New Notes**") has taken place. The New Notes are expected to be listed and admitted to trading on the Luxembourg Stock Exchange.

At today's date, the following Notes, issued by the Issuer and acquired by Citigroup Global Markets Limited ("**Citigroup**") pursuant to the solicitation of offers to sell (the "**Repurchased Notes**") on 16 January 2018 (the "**Solicitation of Offers to Sell**"), have been exchanged for the New Notes:

(i) an aggregate principal amount of €167,100,000 of the €500,000,000 3.500 per cent. guaranteed notes due 2021 (ISIN: XS0981438582) issued by Gas Natural Fenosa Finance B.V. ("**GNFF**") (the "**2021 Notes**");

(ii) an aggregate principal amount of €259,000,000 of the €750,000,000 3.875 per cent. Guaranteed Notes due 2022 (ISIN: XS0914400246) issued by GNFF (the "**2022 Notes**");

(iii) an aggregate principal amount of €138,000,000 of the €600,000,000 3.875 per cent. guaranteed notes due 2023 (ISIN: XS0875343757) issued by GNFF (the "**2023 Notes**" together with the 2021 Notes and the 2022 Notes, the "**GNFF Notes**").

The Solicitation of Offers to Sell was made upon the terms and subject to the conditions contained in a tender offer memorandum dated 16 January 2018 prepared in connection with the Solicitation of Offers to Sell.

At today's date, the Repurchased Notes have been repurchased and cancelled and the aggregate principal amounts of the GNFF Notes outstanding are as follows:

(i) an aggregate principal amount of €332,900,000 of the 2021 Notes;

(ii) an aggregate principal amount of €491,000,000 of the 2022 Notes; and

(iii) an aggregate principal amount of €462,000,000 of the 2023 Notes.

Madrid, 29 January 2018

Gas Natural SDG, S.A.