

NATURGY ENERGY GROUP, S.A.

NATURGY ENERGY GROUP, S.A. in compliance with the provisions of article 228 of the consolidated text of Act 24/1988, of 28 July, on the Securities Market, and as a complement to the Regulatory disclosure nr. 269265 published on September 3rd, 2018, hereby notifies the National Securities Market Commission (CNMV) of the following

REGULATORY DISCLOSURE

Update in the investment protection arbitral procedure initiated by Unión Fenosa Gas against Egypt

Unión Fenosa Gas (UFG), 50% participated by Naturgy and owner of the Damietta plant located in Egypt received last August 31st an award issued by the International Center for Settlement of International Disputes (ICSID) which forms part of to the World bank. The award ruled against the Arab Republic of Egypt on the claim initiated in 2014 due to the lack of gas supply to UFGs liquefaction facilities in Damietta and condemned Egypt to the payment of 2.013 million USD (more than 1.700 million €) after taxes and before interests.

When the award was received, Unión Fenosa Gas started the recognition procedures in several jurisdictions. Once recognized by the judicial authorities of each country, the award has the same enforceability as a Court ruling and can be executed accordingly. UFG achieved last December 19th the recognition of the award by the UK High Court of Justice. Additionally, UFG is awaiting the decision on the recognition procedure initiated in the US.

As was informed in September, Naturgy is still confident that the issuance of this award will allow to reach a comprehensive agreement that will reestablish the value of its investment through a commercial agreement, resuming the gas supplies to the plant.



In this sense, it is not expected that the annulment and stay request filed by Egypt last December 21st before ICSID as provided for in the Convention on the Settlement of Investment Disputes will imply an obstacle in the conversations between the parties. Naturgy is confident that this request will not further delay the restart of the Damietta plant operations for the benefit of both, Unión Fenosa Gas and Egypt.

In any event, the enforcement procedures of the award in different jurisdictions, as well as the annulment request before ICSID and the conversations being held by the parties are customary in these type of international investment disputes.

Madrid, 28th December 2018