



gasNatural

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Extraordinary General Meeting of Shareholders

GAS NATURAL APPROVES AN INCREASE IN CAPITAL IN CONNECTION WITH THE ACQUISITION OF UNIÓN FENOSA

- **The Board agreed the conditions for the capital enlargement, which will increase the company's own funds by €3.502bn.**
- **GAS NATURAL will issue 447.8 million shares at a price of €7.82 per share, which implies a discount of 36.8% to yesterday's market close.**
- **The company will allocate €90 million to an extraordinary dividend, charged to reserves, subject to shareholders' approval at the next ordinary General Meeting.**

The Extraordinary General Meeting of Shareholders of GAS NATURAL, chaired by **Salvador Gabarró**, today approved an increase of capital with preferential subscription rights, in connection with the acquisition of Unión Fenosa.

The aim is to increase the company's own funds by €3.502bn, to be used to pay down part of the debt undertaken to purchase Unión Fenosa while maintaining a strong and stable financial position and a minimum credit rating of BBB.

Once the increase in capital had been approved by the Meeting the Board confirmed the conditions of the capital increase, which had been set on a preliminary basis before the Meeting.



Conditions of the increase

To carry out the increase in capital of €3.502bn, GAS NATURAL will issue a total of 447.8 million new shares, in accordance with the measures agreed today by the Meeting to issue 50% of new shares, and by the Board, which by virtue of the authority granted by the 2007 Shareholders' General Meeting, decided to increase the company's capital by a further 50%. In short, GAS NATURAL will issue one new share for every existing share at an issue price of €7.82 per share.

The increase in capital will be carried out with preferential subscription rights and will imply a discount at the issue price of 36.8% compared with the GAS NATURAL share price at yesterday's market close. The discount to the theoretical ex-rights price is 22.6%.

The capital increase has the support of the company's principal shareholders, Criteria and Repsol. Accordingly, Criteria will subscribe 37.49% of the increase and will pay €1.313bn for 167.9 million shares, and Repsol will subscribe 30.85% of the increase, paying €1.080bn for 138.1 million shares.

In addition, a syndicate of banks consisting of UBS, Banco Santander, BNP Paribas, Barclays, Citi, ING, La Caixa and Société Générale, will underwrite the remaining 141.8 million shares, for a total amount of €1.108bn.

Payment of an extraordinary dividend

The Board further agreed to propose at the next Ordinary Meeting of Shareholders the payment of an extraordinary dividend of €90 million in July 2009, the equivalent of a further €0.10 per share. All shareholders, including those who subscribe to the increase, will participate in this extraordinary dividend.

The acquisition of Unión Fenosa

In his address to shareholders the Chairman **Salvador Gabarró** and the **Chief Executive Rafael Villaseca** explained the details of the transaction to acquire Unión Fenosa, which was announced on July 30 2008.



On that date, Gas Natural reached an agreement with ACS for the purchase of 45.3% of Unión Fenosa, and on March 3 announced a Public Offer for the total outstanding shares of Unión Fenosa, after acquiring more than 30% of the company. The offer prospectus awaits CNMV approval.

The transaction will double the size of GAS NATURAL and will make it one of the largest utilities in Europe and one of the three largest in the Iberian peninsula; the largest global LNG operator in the Atlantic basin and one of the largest operators of combined cycle generation in the world. The new company will have more than 20 million customers, 9 million of which will be in Spain, and a worldwide generating capacity of 17GW.

The acquisition of Unión Fenosa will enable GAS NATURAL to bring forward to this year the fulfilment of its 2008-2012 Strategic Plan and its strategy of becoming a leading integrated gas and electricity company.

CNC Authorisation

On February 12 2008 the National Competition Commission (CNC) authorised the acquisition of Unión Fenosa and several days later the government's Minister for the Economy, Pedro Solbes, endorsed this decision, which entails several commitments on the part of Gas Natural.

These commitments include the divestment of 600,000 points of distribution and the portfolio of small customers connected to that network, and 2,000 MW of installed combined cycle generating capacity and its shareholding in Enagás. GAS NATURAL will also take on various commitments regarding corporate governance in Cepsa and Unión Fenosa Gas Comercializadora.

The assets which GAS NATURAL has agreed to sell have very significant value, cannot be replicated in the medium term and their divestment will include the resources necessary for independent operation on the part of future buyers. Furthermore, these divestments are consistent with future planned operational structure and will allow the continuance of the model of gas and electricity convergence to be pursued by GAS NATURAL with the integration of Unión Fenosa.



Joining the Board of Unión Fenosa

After obtaining relevant autorisations GAS NATURAL last week completed the purchase of the ACS shareholding and joined the Board of Unión Fenosa with four board members, including Salvador Gabarró, who was named Chairman of Unión Fenosa on March 4, and Rafael Villaseca, out of a total of 15 current board members.

GAS NATURAL currently owns 50.02% of the capital of Unión Fenosa (45.3% acquired from ACS and 4.72% bought from Caixanova), and, has additional equity swaps, financial instruments and futures contracts which give it the right to acquire 10.45% of the capital of Unión Fenosa and which will be executed after completion of the Offer.

Financing of the transaction

The transaction has been financed with bank debt, for which GAS NATURAL has a loan of €18.260bn, agreed with 10 banks in July 2008, only 24 hours after the transaction was announced.

There are currently 19 institutions in the bank syndicate and general syndication began at the beginning of 2009, to allow the participation of further banks.

The loan will be partially repaid with the €3.502bn from the increase in capital, approved today, and in all likelihood with the €3bn expected from the sale of assets.

Barcelona, March 10 2009.

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This communication is an advertisement for the purposes of Article 15 of Prospectus Directive 2003/71/EC and Article 28 of Spanish Royal Decree 1310/2005 of 4 November (Real Decreto 1310/2005 de 4 de noviembre).

As of the date of this communication, a draft prospectus relating to the rights issue is pending approval by the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores). Once approved, the prospectus will be made available to investors at www.gasnatural.com and www.cnmv.es.