

Bilbao, 2 January 2019

To the National Securities Market Commission

Subject: Consummation of the transfer of the equity stake of Scottish Power Generation Holdings Ltd. in Scottish Power Generation Ltd.

Dear Sirs,

Pursuant to article 227 of the restated text of the Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) and related provisions, we hereby inform you that on 31 December 2018, following satisfaction of the conditions precedent to which it was subject, Scottish Power Generation Holdings Ltd., consummated the sale of its entire equity stake in Scottish Power Generation Ltd. ("**Scottish Power Generation**"), representing 100 % of its share capital, to Drax Smart Generation Holdco Ltd., entity belonging to the group of which Drax Group Plc. ("**Drax Group**") is the parent company, which was reported by way of relevant fact notice dated 16 October 2018 (registry number 270504) (the "**Transaction**").

The purchase price amounts to £702.0 million (approximately €777.6 million¹) and is subject to adjustments customary in this type of transactions once the balance sheet of Scottish Power Generation as at 31 December 2018 is available, and to a mechanism for the sharing of risk and upside depending on the level of the capacity payments not received by Scottish Power Generation up to 30 September 2019.

The sale of Scottish Power Generation is framed within the €3.000 million assets rotation strategy announced in the Investors Day held in February 2018.

The impact of the Transaction in the consolidated results of the Iberdrola group for fiscal year 2018 will be quantified and announced in the following weeks once more information regarding the adjustments referred to above becomes available.

This information is provided to you for the appropriate purposes.

Yours faithfully,

Secretary of the Board of Directors

¹ Calculated on the basis of the pound sterling / euro exchange rate as of 28 December 2018 published by the European Central Bank.





IMPORTANT INFORMATION

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