



Julián Martínez-Simancas
General secretary and secretary of the Board of Directors

Bilbao, 11 February 2013

To the National Securities Market Commission

Re: Update on the sale of the indirect shareholding interest held by Iberdrola, S.A. in Medgaz, S.A.

Dear Sirs,

Pursuant to article 82 of Law 24/1988, of 28 July, on the Securities Market (Ley 24/1988, de 28 de julio, del Mercado de Valores) and related provisions, and in connection with the news published in certain media in the last few days, we hereby inform you that Compañía Española de Petróleos, S.A.U. (“**CEPSA**”) and Sonatrach S.P.A. (“**Sonatrach**”), in their capacity as shareholders of Medgaz, S.A. (“**Medgaz**”), have exercised their preemptive acquisition rights in relation to the shareholding interest held by Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) in Medgaz¹, which had been the subject of an agreement reached with the Belgian company Fluxys SA/NV on 27 December 2012 (to which our notification of relevant event of 28 December 2012, with registry number 180,576, was referred).

At present, Iberdrola, CEPSA and Sonatrach are taking the necessary steps for the closing of the transaction, which will be timely communicated as soon as it takes place.

Please be advised of all of the foregoing for the appropriate purposes.

Yours faithfully,

General secretary and secretary of the Board of Directors

¹ Through its wholly-owned subsidiary Iberdrola Generación, S.A. Unipersonal.

IMPORTANT INFORMATION

This communication does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities. The shares of Iberdrola, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.

This communication contains forward-looking information and statements about Iberdrola, S.A., including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and are generally identified by the words “expects”, “anticipates”, “believes”, “intends”, “estimates” and similar expressions.

Although Iberdrola, S.A. believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Iberdrola, S.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Iberdrola, S.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public documents sent by Iberdrola, S.A. to the *Comisión Nacional del Mercado de Valores*.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Iberdrola, S.A. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All subsequent oral or written forward-looking statements attributable to Iberdrola, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified on its entirety by the cautionary statement above. All the forward looking statements included herein are based on information available to Iberdrola, S.A. on the date hereof. Except as required by applicable law, Iberdrola, S.A. does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.