

Bilbao, February 23, 2010

To the National Securities Market Commission

Re: Sale of shareholding interest in EDP - ENERGIAS DE PORTUGAL, S.A.

Dear Sirs,

Pursuant to Section 82 of Law 24/1988, of July 28, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) and related provisions, we hereby advise you that IBERDROLA, S.A. (“**Iberdrola**”) has sold a 2.706 per cent. of the share capital of EDP - ENERGIAS DE PORTUGAL, S.A. (the “**Transaction**”). After the Transaction, Iberdrola still owns two hundred and forty-eight million four hundred and thirty-seven thousand five hundred and sixteen (248,437,516) shares of this Portuguese company, representing 6.794 per cent. of its share capital.

The aggregate value of the Transaction has amounted to two hundred and ninety-eight (298) million euros, being the average sale price of each share of EDP - ENERGIAS DE PORTUGAL, S.A. equal to three euros (€ 3.00).

The Transaction, which is included within the framework of the plan for divestiture of assets contemplated by the 2008-2010 Strategic Plan of the Iberdrola Group, has generated a gross capital gain for the Iberdrola Group of approximately sixty-eight (68) million euros.

Please be advised of all of the foregoing for such purposes as may be appropriate.

Yours truly,

General Secretary and Secretary of the Board of Directors

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 according to an effective registration statement under the Securities Act or according to a valid exemption from registration.

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