



Julián Martínez-Simancas  
Secretary of the Board of Directors

Bilbao, 18 October 2018

To the National Securities Market Commission

**Subject: Transfer of the equity stake of Iberdrola Renovables Castilla-La Mancha, S.A. (Sociedad Unipersonal) in, and assignment of the loan granted by Iberdrola Financiación, S.A. (Sociedad Unipersonal) to, Iberdrola Energía Solar de Puertollano, S.A.**

Dear Sirs,

Pursuant to article 17 of Regulation (EU) No. 596/2014 on market abuse and article 228 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 the date hereof, Iberdrola Renovables Castilla-La Mancha, S.A. (Sociedad Unipersonal) ("**Iberdrola Renovables Castilla-La Mancha**") has agreed to sell the shares held in Iberdrola Energía Solar de Puertollano, S.A. (Sociedad Unipersonal) ("**Ibersol**"), representing 90 % of the share capital of Ibersol, to Ence Energía, S.L. (Sociedad Unipersonal) ("**ENCE**"), for a consideration of EUR 72.3 million which will be paid by ENCE at closing.

Likewise, Iberdrola Financiación, S.A. (Sociedad Unipersonal) has agreed within the transaction to assign to ENCE the loan granted by it to Ibersol for an aggregate consideration equivalent to its outstanding principal amount and the accrued yet unpaid interests as of the closing date of the transaction. The outstanding principal amount and the accrued yet unpaid interests under the loan as of the date hereof is EUR 108.8 million.

Accordingly, the total transaction consideration is of EUR 181.1 million, which represents a positive impact in the consolidated results of the Iberdrola group for fiscal year 2018 that will be quantified and announced at completion.

Additionally, an earn-out of up to EURO 6.3 million has been agreed.

The completion of the transaction is conditional upon the waiver by Instituto para la Diversificación y Ahorro de la Energía (IDAE), holder of the remaining 10 % of Ibersol's share capital, of its right of first refusal over the shares being sold.

This transaction is framed within the EUR 3,000 million assets rotation strategy announced in the Investors Day held in February 2018.

This information is provided to you for the appropriate purposes.

Yours faithfully,

Secretary of the Board of Directors

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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 oral or written forward-looking statements hereby made or otherwise 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.

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