

**SPANISH SECURITIES MARKET COMMISSION**

Attn.: Mr Rodrigo Buenaventura  
Head of Markets  
Pº de La Castellana, 19  
28046 MADRID

Madrid, 23 July 2010

Dear Sir

Pursuant to the provisions of Article 82 of the Securities Market Law, please see the following **RELEVANT EVENT**:

According to the terms of the Ninth Temporary Provision of Law 17/2007 dated 4 July, amending Electricity Sector Law 54/97, which obliges distribution companies to sell their electricity transport networks and facilities to Red Eléctrica de España, S.A.U., the company legally designated as the sole transporter, Red Eléctrica Corporación, S.A. hereby states:

1. That Red Eléctrica de España S.A.U., a company owned in its entirety by Red Eléctrica Corporación S.A., and Unión Fenosa Distribución, S.A.U., a subsidiary of Gas Natural SDG, S.A. have reached an agreement regarding the acquisition by Red Eléctrica de España S.A.U. of certain assets comprising the electricity transport network currently owned by Unión Fenosa Distribución, S.A.U.

This agreement has been formalised on this date by means of the signing of a private sale and purchase agreement between Red Eléctrica de España, S.A.U. and Unión Fenosa Distribución, S.A.U., for a total amount of 46,921,765 euros.

2. That the operation includes the assets in service that grant the right to remuneration for electricity transport in 2010, as well as assets that are scheduled to come on line in 2010 and that will grant the right to remuneration for electricity transport in 2011. The transfer only affects the electricity transport network on mainland Spain.
3. That, pursuant to the applicable legislation, the parties will apply for the corresponding administrative authorisations, and the effectiveness of the agreement signed by the parties is subject to the suspensive condition of said authorisations being obtained. Once obtained, Red Eléctrica de España, S.A.U. and

Unión Fenosa Distribución, S.A.U. will raise the sale and purchase agreement to public document status.

4. Transitional Provision nine of Law 17/2007, which amends article 35.2 of the Electric Sector Act (*Ley del Sector Eléctrico*), provides an exemption from the obligation to transfer certain facilities, empowering the Ministry for Industry, Tourism and Trade to grant express and individual authorisation, subject to consultation with the National Energy Commission (*Comisión Nacional de Energía* or CNE for its initials in Spanish) and the regional government where the facility is located, that certain facilities up to 220kV of voltage, due to their characteristics and functions, be owned by the regional distributor.

Pursuant to this article, UF Distribución has applied for and been granted by the Ministry for Industry, Tourism and Trade, confirmation that it retains ownership of a large number of 220 kV facilities located in the autonomous communities of Madrid and Galicia. Accordingly, said facilities do not fall under the scope of the agreement signed with Red Eléctrica.

Yours sincerely,

Signed: Esther M<sup>a</sup> Rituerto Martínez