



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

Bilbao, March 17, 2010

To the National Securities Market Commission

Re: Signature of the commercial terms for IBERDROLA to deliver Liquefied Natural Gas to DONG ENERGY

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 GENERACIÓN, S.A. (“**Iberdrola Generación**”, a subsidiary of IBERDROLA, S.A.) and DONG ENERGY have entered into a memorandum of understanding regarding the supply by Iberdrola Generación to DONG ENERGY of LNG (Liquefied Natural Gas), corresponding to about one (1) billion m³ of natural gas per year from the second half of 2011. The ten-year agreement that will take effect in 2011 includes an option for a five-year extension. Completion and signing of the final agreement is expected by mid 2010.

The estimated value of the final supply agreement, taking into account estimates of future gas prices, ranges between 2,000 and 3,000 million euros.

The LNG will be delivered by Iberdrola Generación to DONG ENERGY at the Gate terminal in the port of Rotterdam. DONG Energy is a co-owner of the terminal and also has part of the import capacity at its disposal. From the terminal, the Dutch transmission system provides access to the north-western European gas market.

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

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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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