



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

Bilbao, 3 October 2014

To the National Securities Market Commission

Re: Consummation of the sale of the shareholding of Iberdrola Generación, S.A. Unipersonal in the company Bahía Bizkaia Electricidad, S.L.

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 further to our notice of significant event dated 30 July 2014 (official record number 209,317), we hereby notify you that today, the sale by Iberdrola Generación, S.A. Unipersonal (the “**Company**”)¹ of its shareholding in Bahía Bizkaia Electricidad, S.L.² (representing 25 % of its share capital) to the English company BP Global Investments Ltd. (the “**Transaction**”) has been consummated.

The consideration received by the Company in the context of the Transaction amounts to EUR 111 million, of which EUR 104 million correspond to the adjusted purchase price for the transfer of the shares of Bahía Bizkaia Electricidad, S.L. and EUR 7 million to dividends distributed by Bahía Bizkaia Electricidad, S.L. before the consummation of the Transaction.

The Transaction has generated estimated consolidated gross profits of approximately EUR 64.6 million.

This information is provided to you for the appropriate purposes.

Yours faithfully,

General Secretary and Secretary to the Board of Directors

¹ Iberdrola Generación, S.A. Unipersonal is an indirect wholly-owned subsidiary of Iberdrola, S.A.

² Bahía Bizkaia Electricidad, S.L. is the exploiting company of the 776 MW combined cycle power plant of the Bahía de Bizkaia Gas regasification terminal in the Bilbao Harbor.

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 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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