



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

Bilbao, 2 March 2015

To the National Securities Market Commission

**Re: Sale of the direct shareholding of Iberdrola Energía, S.A. Unipersonal in the Brazilian distribution companies Companhia de Eletricidade do Estado da Bahia – Coelba S.A. and Companhia Energética do Rio Grande do Norte – Cosern S.A.**

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, we hereby notify you that Iberdrola Energía, S.A. Unipersonal<sup>1</sup> (“**Iberdrola Energía**”) has transferred to Neoenergía S.A.<sup>2</sup>, its entire direct shareholding in the Brazilian distribution companies Companhia de Eletricidade do Estado da Bahia – Coelba S.A. (“**Coelba**”) and Companhia Energética do Rio Grande do Norte – Cosern S.A. (“**Cosern**”), pursuant to a share purchase agreement executed on 27 February 2015 (the “**Transaction**”).

The main terms and conditions of the Transaction are the following:

- (i) The price of the 15,992,104 shares in Coelba, representing 8.50 % of its share capital, owned by Iberdrola Energía amounts to BRL 519,180,000<sup>3</sup>. These shares are divided in 5,597,908 ordinary shares and 10,394,196 class A preference shares.
- (ii) The price of the 11,782,384 shares in Cosern, representing 7.01 % of its share capital, owned by Iberdrola Energía amounts to BRL 104,449,000<sup>4</sup>. These shares are divided in 8,147,546 ordinary shares, 2,217,674 class A preference shares and 1,417,164 class B preference shares.

<sup>1</sup> A company wholly owned by Iberdrola, S.A.

<sup>2</sup> A company in which Iberdrola Energía holds a 39 % stake.

<sup>3</sup> Equivalent to EUR 159,360,324.14, applying the reference exchange rate of EUR 1 = BRL 3.2579, published by the European Central Bank on 27 February 2015.

<sup>4</sup> Equivalent to EUR 32,060,222.84, applying the reference exchange rate of EUR 1 = BRL 3.2579, published by the European Central Bank on 27 February 2015.

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- (iii) Consequently, the aggregate price for the shares in Coelba and Cosern transferred by Iberdrola Energía amounts to BRL 623,629,000 (equivalent to EUR 191,420,546.98<sup>5</sup>), which payment shall be deferred until 26 February 2018. On such date, Iberdrola Energía will also receive the payment of interest accrued, calculated at a rate of 12.19 % per annum.

The estimated gross consolidated capital gains for the Transaction in the fiscal year 2015 will amount to approximately EUR 69 million (amount resulting from multiplying the shareholding interest in Coelba and Cosern transferred outside of the group – 61 % – by the total capital gains, which amount, approximately, to EUR 113 million).

As a consequence of the Transaction, Iberdrola, S.A. will retain an indirect shareholding in Coelba and Cosern through Iberdrola Energía and, in turn, through Neoenergía S.A.

This information is provided to you for the appropriate purposes.

Yours faithfully,

General Secretary and Secretary to the Board of Directors

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<sup>5</sup> Reference exchange rate of EUR 1 = BRL 3.2579, published by the European Central Bank on 27 February 2015.

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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 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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