



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

Bilbao, 23 December 2013

To the National Securities Market Commission

Re: Sale of Iberdrola, S.A.'s shareholding in the Belgian company "NNB Development Company, 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, S.A. ("**Iberdrola**") reached an agreement on 21 December 2013 with the Japanese company Toshiba Corporation for the transfer of Iberdrola's shareholding in the Belgian company NNB Development Company, S.A. ("**NNBD**") (representing 50 % of its share capital) (the "**Transaction**"). NNBD is the owner of the entire share capital of the British company NuGeneration Limited, which develops the Moorside project with the aim of building a nuclear power station of up to 3.6 GW in West Cumbria (England).

The sale price for the referred shareholding is 85 million sterling pounds (equivalent to approximately 101.82 million euros¹). The price, payable at the completion of the Transaction, may be subject to adjustments customary in transactions of this nature.

The Transaction is subject to obtaining the relevant authorizations and consents, to the extension of the option to purchase the land on which the Moorside project is being implemented and to the release of the guarantees granted by Iberdrola in the context of such project.

The Transaction forms part of Iberdrola's strategy of divesting from non-strategic businesses, and its impact on the consolidated profit and loss account of Iberdrola will be determined once certain conditions have been met and certain adjustments have been made. Such circumstance will be communicated to the market in due course.

Please be advised of all of the foregoing for the appropriate purposes.

Yours faithfully,

General secretary and secretary of the Board of Directors

¹ Reference exchange rate of EUR 1 = GBP 0.83480, published by the European Central Bank on 20 December 2013.

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 subsequent oral or written forward-looking statements 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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