



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

Bilbao, 31 December 2012

**To: Spanish National Securities Exchange Commission**

**Re: Sale of Iberdrola's onshore operative assets in France to General Electric, MEAG and EDF Energies Nouvelles**

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 inform you that, on 29 December 2012, an agreement was reached to sell all of the onshore operative assets owned by Iberdrola, S.A. ("**Iberdrola**" or the "**Company**") in France (the "**Transaction**").

The Transaction is structured through the sale of 100% of the share capital of Iberdrola Renovables France, S.A.S. ("**IBRF**"), currently held by Iberdrola Renovables Energía, S.A. Unipersonal (a wholly-owned subsidiary of Iberdrola). In turn, IBRF owns, directly or indirectly (through its holdings in other companies) 32 onshore operative wind farms, with a total power of 321.4 MW, approximately.

By virtue of the Transaction: (i) General Electric<sup>1</sup> will acquire 40% of IBRF's share capital, (ii) MEAG (asset manager of Munich Re and ERGO)<sup>2</sup> will acquire 40% of IBRF's share capital and (iii) EDF Energies Nouvelles<sup>3</sup> will acquire the remaining 20% of IBRF's share capital.

Prior to the consummation of the Transaction, IBRF will transfer to another entity, totally controlled by Iberdrola, the whole offshore business of the Iberdrola Group in France and the developing projects portfolio.

The consummation of the Transaction is subject to certain conditions precedent customary to transactions of this nature, such as the granting of the relevant authorisations and consents.

Concurrently with the consummation of the Transaction, IBRF will cancel in full the loans that it has with the Company.

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<sup>1</sup> Through its subsidiary Guayama PR Holdings B.V.

<sup>2</sup> Through Munich Re's subsidiary MR RENT-Investment GmbH.

<sup>3</sup> Through its subsidiary EDF EN France, S.A.

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The total amount of the Transaction corresponding to the purchase price of the entirety of IBRF's share capital, the cancellation of the aforementioned loans, and the debt of IBRF and its subsidiaries is 350 million euros (subject to the adjustments customary to this kind of transactions), plus an additional contingent payment of up to 50 million euros, subject to the fulfillment of certain requirements and the adjustments customary to this kind of transactions.

The impact of the Transaction in Iberdrola's consolidated profit and loss account will be determined once the scope of the assets contemplated by the Transaction (with respect to assets not entirely controlled by IBRF) has been determined, and certain conditions have been fulfilled and certain adjustments made, which will be reported to the market in due course.

Please be advised of the foregoing for the appropriate purposes.

Yours faithfully,

The secretary general and 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 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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