

Julián Martínez-Simancas Secretary of the Board of Directors

Bilbao, 14 June 2016

To the National Securities Market Commission

Subject: Sale of the shareholding interest of Iberdrola Renovables Italia S.p.A. in the Italian companies SER S.p.A. and SER 1 S.p.A.

Dear Sirs,

Pursuant to article 228 of the restated text of the Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) and related provisions, we hereby inform you that, today, Iberdrola Renovables Italia S.p.A. ¹ sold to CEF 3 Wind Energy S.p.A. (the "**Purchaser**")² its shareholding interest in the Italian companies SER S.p.A. ("**SER**") and SER 1 S.p.A. ("**SER** 1" and jointly with SER, the "**Companies**").

Following the acquisition carried out in February 2016 of 50.1 % of SER and 2 % of SER 1 to the Italian group api (the "**Acquisition**"), Iberdrola Renovables Italia S.p.A. was the owner of 100 % of SER and 4 % of SER 1, being the remaining 96 % of the share capital of the latter owned by SER.

Together with the sale of the shareholding interest in the Companies, Iberdrola Renovables Italia S.p.A. has assigned to the Purchaser its contractual position in two loans granted to SER, including the credit rights arising from them (the sale of the shareholding interest in the Companies and the assignment of the contractual position, the "**Divestment**" and jointly with the Acquisition, the "**Transaction**").

The Divestment has amounted to EUR 193.7 million, of which EUR 1 million was received today, EUR 84 million will be received on 30 November 2016 and EUR 108.7 million will be received on 31 May 2017. Additionally, the Purchaser has assumed the debt of the Companies vis-à-vis certain financial entities which, as of 31 December 2015, amounted to EUR 222.3 million.

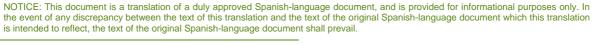
It is expected that the Transaction will not have a significant impact on the consolidated profit and loss account.

This information is provided to you for the appropriate purposes.

Yours faithfully,

Secretary of the Board of Directors

² Company indirectly owned by Glennmont Clean Energy Fund Europe II Cooperatief U.A.





¹ Company wholly owned by Iberdrola Renovables Energía, S.A. Sociedad Unipersonal which –in turn– is an indirect wholly owned company of Iberdrola, S.A.



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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 forwardlooking 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.



