



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

Bilbao, August 12, 2010

**To the National Securities Market Commission**

**Re: Execution of a supply agreement of liquefied natural gas by Iberdrola to DONG Energy.**

Dear Sirs,

Reference is made to our notice of significant event dated March 17, 2010 (registry number 122,427). Pursuant to Article 82 of the Law 24/1988, of July 28, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) and related provisions, we hereby advise you that IBERDROLA GENERACIÓN, S.A. ("**Iberdrola Generación**", a subsidiary of IBERDROLA, S.A.) and the Danish company DONG NATURGAS A/S ("**DONG Naturgas**", a subsidiary of DONG ENERGY) have entered into an agreement regarding the supply by the Spanish company to the Danish company corresponding to about one (1) billion m<sup>3</sup> of Liquefied Natural Gas ("**LNG**") per year, from the second half of 2011. The ten-year agreement includes an option for a five-year extension.

The execution of such supply agreement culminates the negotiating process initiated on March 16, 2010, when the parties entered into a memorandum of understanding.

The estimated value of the supply agreement entered into between Iberdrola Generación and DONG Naturgas, taking into account estimates of future gas prices, ranges between 2,000 and 3,000 million euros.

The LNG will be delivered by Iberdrola Generación to DONG Naturgas at the Gate terminal in the port of Rotterdam. The Danish company is a co-owner of the terminal and also has part of the import capacity at its disposal. From the terminal, the Dutch transmission system provides access to the north-western European gas market.

Please be advised of all of the foregoing for such purposes as may be appropriate.

Yours truly,

General Secretary and Secretary of the Board of Directors

## **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 according to an effective registration statement under the Securities Act or according to a valid exemption from registration.