



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

To the National Securities Market Commission

Bilbao, January 9, 2010

**Re: Sale of assets by NEW YORK STATE ELECTRIC & GAS CORPORATION (NYSEG).**

Dear Sirs,

Pursuant to Section 82 of 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 NEW YORK STATE ELECTRIC & GAS CORPORATION (“**NYSEG**”), a U.S. company wholly owned by IBERDROLA USA, INC.<sup>1</sup>, has agreed with INERGY MIDSTREAM, LLC the sale of the group of assets “Seneca Lake” (owned by NYSEG), which comprises a saline natural gas storage and two gas pipelines located in the State of New York, United States of America (the “**Transaction**”).

The aggregate purchase price of the above-referred assets amounts to sixty-five (65) million U.S. dollars (approximately forty-five point fifty-four (45.54) million euros at today’s exchange rate of 1 euro = 1.4273 U.S. dollars).

The Transaction is included within the framework of the plan for divestiture of assets of the Iberdrola Group, contemplated by the 2008-2010 Strategic Plan, and is subject to the authorizations that may applicable from a regulatory perspective, and to other approvals from third parties.

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

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<sup>1</sup> Formerly known as ENERGY EAST CORPORATION and wholly owned by IBERDROLA, S.A.

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

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