



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

Bilbao, 7 December 2012

To the National Securities Market Commission

Re: Sale of the onshore assets in Germany to MVV Energie AG

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 an agreement has been reached today with the German company MVV Energie AG (the “**Buyer**”), for the acquisition¹ of all of the onshore operating assets of Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) in Germany (the “**Transaction**”).

The Transaction will be implemented through:

- a) The acquisition by the Buyer of all of the shares of Iberdrola Renovables Deutschland, GmbH, a wholly-owned subsidiary of Iberdrola Renovables Energía, S.A. Unipersonal² (the “**Shares**”).

Iberdrola Renovables Deutschland, GmbH is the direct owner of four operating wind farms with a total installed capacity of 37.4 MW, as well as the holder of the entire share capital of the company Windpark Jülicher Land GmbH, the owner, in turn, of three operating wind farms with a total installed capacity of 25.5 MW.

- b) The acquisition by the Buyer of Iberdrola’s credit rights against Iberdrola Renovables Deutschland, GmbH and Windpark Jülicher Land GmbH (the “**Intra group Credit Rights**”).

¹ Through its wholly-owned subsidiary MVV Windenergie GmbH, with corporate address in Luisenring 49, Mannheim, Germany, and registered with the Commercial Registry of Mannheim with number HRB 705780.

² A company wholly owned by Iberdrola.

The aggregate total consideration for the Shares and the Intra group Credit Rights under the Transaction amounts to EUR 52.7 million upon consummation of the Transaction plus an additional contingent payment of up to EUR 10.1 million, all of which is subject to compliance with certain requirements and to customary adjustments in transactions of this nature.

The consummation of the Transaction is subject to compliance with certain conditions precedent customary for transactions of this type, including obtaining applicable approvals.

The Transaction will not have a significant impact on the consolidated profit and loss account.

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

Yours faithfully,

General secretary and secretary of the Board of Directors

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document which this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

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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