



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

Bilbao, July 28, 2011

**To the National Securities Market Commission**

**Re: Early termination of the Strategic Agreement between Iberdrola, S.A., Gamesa Energía, S.A. Unipersonal and Gamesa Corporación Tecnológica, S.A.**

Dear sirs,

We refer to the strategic agreement signed on September 23, 2009 by Iberdrola Renovables, S.A., (“**Iberdrola Renovables**”), Gamesa Energía, S.A. Unipersonal (“**Gamesa Energía**”) and Gamesa Corporación Tecnológica, S.A. (“**Gamesa**”), which was the object of a notice of significant event sent by Iberdrola Renovables to the National Commission on September 23, 2009 with registry number 114,107 (the “**Strategic Agreement**”). Iberdrola, S.A. (“**Iberdrola**”) has become a party to the Strategic Agreement as a consequence of the merger by absorption between Iberdrola (as absorbing company) and Iberdrola Renovables (as absorbed company).<sup>1</sup>

The Strategic Agreement was intended to: (i) modify and establish the implementation structure of the initial strategic agreement, signed on June 13, 2008 by Iberdrola Renovables, Gamesa Energía and Gamesa, for the promotion, development and joint operation of wind projects in Spain and certain countries within continental Europe; (ii) include the United Kingdom within the territory of the above referred initial strategic agreement; and (iii) recognize the full force and effect of other agreements signed by Iberdrola Renovables and Gamesa Energía.

Likewise, pursuant to the Strategic Agreement, Iberdrola Renovables and Gamesa Energía granted options to each other regarding certain wind development projects of Gamesa Energía in locations where the Strategic Agreement applies, and which had not obtained the “PLA” from July 1, 2011 (the “**Options**”).

<sup>1</sup> As a result of the merger by absorption between Iberdrola (as absorbing company) and Iberdrola Renovables (as absorbed company), approved by the General Shareholders’ Meetings of Iberdrola and Iberdrola Renovables on May 27 and 30, 2011, respectively, and duly recorded with the Commercial Registry of Biscay, Iberdrola Renovables was extinguished and transferred *en bloc* all its assets to Iberdrola, which acquired by universal succession all the rights and obligations of Iberdrola Renovables, including the rights and obligations assumed by Iberdrola Renovables under the Strategic Agreement.

Pursuant to the provisions of 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, yesterday, Iberdrola, Gamesa Energía and Gamesa agreed to early terminate the Strategic Agreement. As a consequence of the termination of the Strategic Agreement, the Options have been extinguished and, as a result, the sharing of the business of wind power development referred to in the Strategic Agreement shall not be carried out.

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

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