

The company becomes the second largest electricity networks operator in the UK

Iberdrola acquires €5 billion valued Electricity North West in the UK

- *Iberdrola reinforces its commitment to invest in electricity networks in A-rated countries: the UK becomes the company's leading market by regulated asset base*

Iberdrola has today signed an agreement to acquire 88% of Electricity North West (ENW) in the UK for an equity value of £2.1 billion (€2.5 billion). The deal values 100% of the company, including debt, at approximately €5 billion.

This acquisition is consistent with Iberdrola's strategy to invest in electricity networks and in countries with a strong credit rating, such as the United Kingdom (AA credit rating). Since the merger with ScottishPower in 2007, the UK has been one of the leading investment destinations for the company, where it has invested around £30 billion (€36 billion) in that time. ScottishPower is the only 100% green integrated utility in the UK.

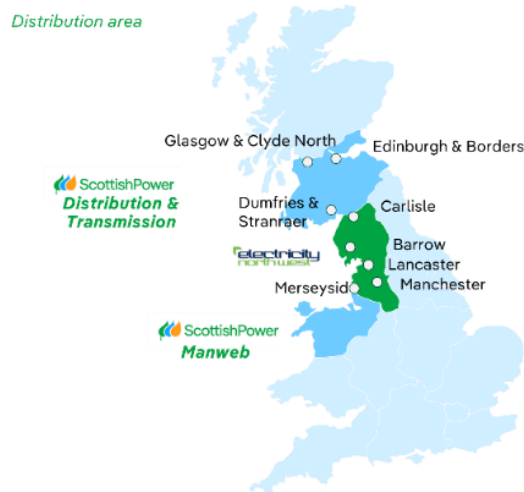
With the completion of the deal, the UK becomes Iberdrola's leading market by regulated asset base, which is valued at approximately €14 billion, followed by the United States at €13.3 billion.

Ignacio Galán, Iberdrola's executive chairman, said: "This transaction reinforces our commitment to investing significantly in electricity networks, which are a critical component for supporting the electrification and decarbonization of the economy. The agreement is also consistent with our strategy to invest in countries that have ambitious investment plans and stable and predictable regulations. As a result of this acquisition, our regulated networks asset base in the UK is now valued at €14 billion. When combined with the US, these two markets now represent two-thirds of our total global regulated asset base."

Geographically, ENW is located between the two existing ScottishPower networks license areas, in central and southern Scotland and Merseyside and North Wales.

ENW distributes electricity to almost five million people in the North West of England, in locations such as Manchester, Lancaster and Barrow, and has approximately 60,000 km of electricity distribution networks.

Areas in which ENW currently operates



The acquisition accelerates Iberdrola's commitment to grow its electricity networks business, with the company now becoming the second largest electricity network operator in the UK. Iberdrola will now distribute electricity to around 12 million people in the UK, across a network which will span more than 170,000 kilometers. In addition, Iberdrola will employ more than 8,500 people in the country.

Iberdrola and a consortium of investors from Japan, led by Kansai, which will retain 12% of ENW's capital, have signed a shareholders' agreement to collaborate on a long-term basis.

The acquisition is subject to the standard authorizations for this type of transaction.

A growth story in the UK

The merger between ScottishPower and Iberdrola in 2007 was part of the company's long-term strategy to become a world leader in the global energy market. ScottishPower is the only vertically integrated energy company in the market.

As well as being a major investor in renewable energy, ScottishPower owns and operates the transmission and distribution networks in south-central Scotland and the distribution network in Merseyside, North Wales and Cheshire. It is also one of the largest energy suppliers in the country, with 4.2 million customers.

Currently, Iberdrola operates more than 111,400 km of installed power lines in the country, with 40 onshore wind farms and two offshore wind farms in operation. The total capacity of renewables in operation in the UK exceeds 3,000 MW, enough to power the equivalent of more than two million homes, free of emissions.

As part of its growth plans, the company is building the East Anglia Three offshore wind farm, the second largest in the world, with a total capacity of 1,400 MW.