

Beat: Business

Iberdrola USA and UIL Holdings agree to create a lending utility in the US

The new company will be on the NYSE

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USPA NEWS - The boards of directors of Iberdrola S.A. and Iberdrola USA have approved a combination of Iberdrola USA with UIL Holdings. This friendly transaction, recommended by UIL's board of directors, which will be effected via merger.

And will allow UIL shareholders to receive 18.5% of the share capital of the combined company plus \$597 million in cash, representing a premium of 19.5% over the average UIL share price during the 30 days prior to February 25. Iberdrola USA intends to maintain a dividend policy consistent with that of Iberdrola with a payout of between 65-75%. Iberdrola USA will be listed on the NYSE. The combination of Iberdrola USA and UIL Holdings, with over 3.1 million of points of supply, approximately 6.7 GW of installed capacity, and pro-forma Ebitda and net earnings of \$2 billion and \$570 million in 2014, respectively, will create a leading utility in the US.

The agreement between Iberdrola USA and UIL Holdings, is subject to approval by UIL Holdings shareholders. As UIL Holdings and its subsidiaries operate in a regulated sector, the relevant authorizations at state level (Connecticut Public Utilities Regulatory Authority and Massachusetts Department of Public Utilities) and Federal (Federal Energy Regulatory Commission, Department of Justice and Federal Trade Commission, Committee on Foreign Investment in the United States and Federal Communications Commission) level will be required. This process is expected to be completed during 2015.

Ignacio Gal  n, chairman of IBERDROLA, said: "the operation that integrates Iberdrola USA and UIL is consistent with our strategy of growth in this country, a key market in which we are taking a major step forward. It also reflects our preference for effecting corporate operations on a friendly basis". Iberdrola USA, a wholly owned subsidiary of Iberdrola S.A., has utility operations in the states of New York and Maine, and is the second largest wind energy producer with a presence in 23 States.

In 2014 Iberdrola USA had approximately 1.8 million electricity and 0.6 million gas points of supply. The company distributed a total of 33,335 gigawatt hours (GWh) of electricity and supplied 40,870 gigawatt hours (GWh) of gas and has an installed capacity of 6.5 gigawatts (GW). Iberdrola USA had in 2014 an EBITDA of \$1,576 million, and net income of \$446 million.

UIL Holdings is a public utility holding company organized under the laws of the State of Connecticut and its shares trade on the New York Stock Exchange. It is the parent company for a group of companies mainly dedicated to the regulated business of transmission and distribution of electricity and gas. The company has 317,000 electricity and 396,000 gas points of supply in Connecticut and Massachusetts.

The company distributed in 2013 a total of 5,422 gigawatt hours (GWh) of electricity and 77,638 MM of gas cubic feet (bcf). It had 1,895 employees at the end of 2014. UIL holdings has a market capitalization as of 25 February 2015 of approximately \$2.4 billion, an enterprise value of approximately \$4,100 million, a 2014 EBITDA of \$438 million and a 2014 net income before non-recurring items of \$123 million.

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Editorial program service of General News Agency:

United Press Association, Inc.

3651 Lindell Road, Suite D168

Las Vegas, NV 89103, USA

(702) 943.0321 Local

(702) 943.0233 Facsimile

info@unitedpressassociation.org

info@gna24.com

www.gna24.com