



Julián Martínez-Simancas
Secretary to the Board of Directors

Bilbao, 29 April 2016

To the National Securities Market Commission

Subject: Registration of the public deed of share capital reduction by means of the redemption of own shares approved by the General Shareholders' Meeting of Iberdrola on 8 April 2016

Dear Sirs,

Pursuant to article 228 of the restated text of the Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) and related provisions, and further to our notice of significant event (*comunicación de hecho relevante*) dated 26 April 2016 (official registry number 237,824), we hereby inform you that the public deed of the share capital reduction (and subsequent amendment of the By-laws) of Iberdrola, S.A. ("**Iberdrola**" or the "**Company**") corresponding to the redemption of 157,197,000 own shares, of 0.75 euros of face value each, representing 2.46 % of the Company's share capital, has been recorded with the Commercial Registry of Bizkaia on 29 April 2016.

The share capital resulting from the reduction has been set at 4,680,000,000 euros, corresponding to 6,240,000,000 shares.

The abovementioned share capital reduction was approved by the General Shareholders' Meeting of the Company on 8 April 2016, under item number twelve of its agenda, and executed by the Board of Directors of Iberdrola in its meeting dated 26 April 2016.

This information is provided to you for the appropriate purposes.

Yours faithfully,

Secretary to the Board of Directors

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

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