



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

Bilbao, 14 February 2013

To the National Securities Market Commission

Subject: Share buy-back programme of Iberdrola, S.A.

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 the Board of Directors of Iberdrola, S.A. (“Iberdrola” or the “Company”) has agreed to implement a buy-back programme of the Company’s own shares (the “Buy-back Programme”) in accordance with the authorisation granted by the General Shareholders’ Meeting held on 26 March 2010, under item eight of the agenda.

The Buy-back Programme is carried out pursuant to Commission Regulation (EC) No 2273/2003, of 22 December 2003 (the “**Regulation**”), with the objectives of (i) complying with the liabilities resulting from the allocations of shares to employees, as referred in the relevant event of 29 January 2013, with registry number 181,676, and (ii) reducing the share capital of the Company, which will allow to foster the shareholder remuneration policy, with the prior agreement of the General Shareholders’ Meeting, called to be held on 22 and 23 March 2013, on first and second call respectively, in the terms that it decides.

In any case, the Buy-back Programme of the Company’s own shares will be unique and will reach up to 69,093,024 shares, representing 1.1% of Iberdrola’s share capital, as detailed below.

The Buy-back Programme to acquire the Company’s own shares will be executed under the following terms:

- (i) The Company may acquire under the Buy-back Programme up to (y) 6,281,184 shares of the Company, which represent 0.1 % of Iberdrola’s share capital as of the date

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hereof, in order to comply with its liabilities resulting from the referred allocations of shares to employees, and (z) 62,811,840 shares of the Company, which represent 1 % of Iberdrola's share capital as of the date hereof, in order to perform the abovementioned reduction.

- (ii) The shares will be purchased at market price, subject to the price and volume conditions set forth in article 5 of the Regulation. In particular, as regards the price, the Company will not purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out. In so far as volume is concerned, Iberdrola will not purchase more than 25 % of the average daily volume of the shares in any one day on the regulated market on which the purchase is carried out, which limit will be applicable to the whole Buy-back Programme.
- (iii) The Buy-back Programme will remain in force until 31 May 2013.

Notwithstanding the above, Iberdrola reserves the right to terminate the Buy-back Programme if, prior to the last effective date (i.e., 31 May 2013), Iberdrola has acquired the maximum number of shares authorised by the Board of Directors or when circumstances render it appropriate.

The interruption, termination or amendment of the Buy-back Programme as well as the transactions performed pursuant to it will be duly communicated to the National Securities Market Commission through the corresponding relevant event, with the adequate advance laid down in the Regulation.

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

Yours faithfully,

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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