



Julián Martínez-Simancas
Secretary to the Board of Directors

Bilbao, 23 February 2016

To the National Securities Market Commission

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

Dear Sirs,

Pursuant to article 228 of the restated text of the Securities Market Law approved by 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, we hereby inform you that the Board of Directors of Iberdrola, S.A. ("**Iberdrola**" or the "**Company**") has resolved 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 28 March 2014, under item nine 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 objective of reducing the share capital of the Company, subject to the prior approval of the General Shareholders' Meeting that has been called by the Board of Directors on the date hereof to be held on 8 or 9 April 2016, on first and second call respectively, under such terms as are approved by it.

The Buy-back Programme of the Company's own shares will reach up to 8,351,173 shares, representing approximately 0.131 % of the share capital of Iberdrola as of the date hereof, and will be executed under the following terms:

- (i) 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 acquire shares at a price higher than the highest price of the last independent trade and the highest current independent bid in 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 a single day on the regulated market in which the purchase is carried out. Such limit will apply to the whole Buy-back Programme.
- (ii) The Buy-back Programme will remain in force until 31 May 2016.

Notwithstanding the above, Iberdrola reserves the right to early terminate the Buy-back Programme if, prior to the last effective date (i.e., 31 May 2016), the Company has acquired the maximum number of shares authorised by the Board of Directors or when circumstances render it appropriate.

- (iii) 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 notice of significant event, within the time periods provided by the Regulation.

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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.

This communication contains forward-looking information and statements about Iberdrola, S.A., including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and are generally identified by the words “expects”, “anticipates”, “believes”, “intends”, “estimates” and similar expressions.

Although Iberdrola, S.A. believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Iberdrola, S.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Iberdrola, S.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public documents sent by Iberdrola, S.A. to the *Comisión Nacional del Mercado de Valores*.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Iberdrola, S.A. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All oral or written forward-looking statements hereby made or otherwise attributable to Iberdrola, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified on its entirety by the cautionary statement above. All the forward-looking statements included herein are based on information available to Iberdrola, S.A. on the date hereof. Except as required by applicable law, Iberdrola, S.A. does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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