



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

Bilbao, 23 October 2012

**To the National Securities Market Commission**

**Re: Estimated dates for the second implementation of the paid-up capital increase relating to the compensation system “Iberdrola Flexible Dividend” (“Iberdrola Dividendo Flexible”)**

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 following estimated timetable in relation to the second implementation of the paid-up capital increase under the system “Iberdrola Flexible Dividend” (“*Iberdrola Dividendo Flexible*”) (the “**Second Implementation**”) have been communicated at the meetings of the Executive Committee and the Board of Directors of Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) held today. The Second Implementation will be submitted to the approval of Iberdrola’s Board of Directors at its next meeting, which will be held in November:

- (i) 28 December 2012: notice of significant event regarding the number of free allocation rights required to receive one share and the guaranteed fixed price of the purchase commitment of free allocation rights that Iberdrola would assume.
- (ii) 2 January 2013: publication of the announcement of the Second Implementation on the Official Gazette of the Commercial Registry (*Boletín Oficial del Registro Mercantil*).
- (iii) 2 January 2013 (23:59 CET): record date for the assignment of free allocation rights.
- (iv) 3 January 2013: commencement of the trading period of the free allocation rights and of the period to request the compensation in cash under the purchase commitment that Iberdrola would assume.

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- (v) 14 January 2013: end of the period to request the compensation in cash under the purchase commitment that Iberdrola would assume.
- (vi) 17 January 2013: end of the trading period of the free allocation rights. Acquisition by Iberdrola of the free allocation rights to shareholders who would have elected to receive cash under the purchase commitment that Iberdrola would assume.
- (vii) 22 January 2013: payment of the price of the free allocation rights acquired by Iberdrola under the purchase commitment that Iberdrola would assume<sup>1</sup>.
- (viii) 24 January 2013: assignment of the registry-references regarding the shares to be issued under the Second Implementation.
- (ix) 25 January 2013: expected commencement of trading of the shares of Iberdrola to be issued under the Second Implementation.

Please note that the dates mentioned above are preliminary and based on mere estimations of the tentative timetable on which Iberdrola, under the current circumstances, could carry out the Second Implementation. As a consequence, both the decision of carrying out the Second Implementation and the establishment of its definitive calendar are subject to the approval of Iberdrola's Board of Directors. As soon as such approval takes place, it will be communicated to the market according to the provisions in the current legislation.

Yours truly,

General secretary and secretary of the Board of Directors

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<sup>1</sup> The estimated date for the payment of the price of the free allocation rights acquired by Iberdrola under the purchase commitment that the Company would assume may present peculiarities for holders of ADRs (in the United States of America) and CDIs (in the United Kingdom).

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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 exception 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 subsequent oral or written forward-looking statements attributable to Iberdrola, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All 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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