



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

To the National Securities Market Commission

Bilbao, August 4, 2011

**Re: First execution of the paid-up capital increase relating to the “Iberdrola Flexible Dividend” system**

Dear sirs:

Pursuant to the provisions of Section 82 of Act 24/1988, of July 28, on the Securities Markets (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) and related provisions, and as a continuation of the notices of significant event sent to this National Commission regarding the first execution of the paid-up capital increase (the “**First Execution**”) approved by the shareholders at the General Shareholders’ Meeting of Iberdrola, S.A. held on May 27, 2011 under item six of the agenda thereof, and pursuant to which the “Iberdrola Flexible Dividend”<sup>1</sup> system has been implemented, we hereby inform you that:

- It is expected that, subject to compliance with all legal requirements (particularly the verification of such compliance by the National Securities Market Commission), the new shares issued pursuant to the First Execution will be admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (Electronic Market), today Thursday, August 4, 2011.

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<sup>1</sup> Notices sent to this National Commission on June 7, 2011 (registry number 145,347), June 21, 2011 (registry number 146,004), July 11, 2011 (registry number 147,369) and July 28, 2011 (registry number 148,561).

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document which this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

- In addition, it is expected that the ordinary trading of the new shares will commence tomorrow, Friday, August 5, 2011.

Please be advised of all the foregoing for such purposes as may be appropriate.

Sincerely,

The 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.