



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

Bilbao, May 27, 2013

To the National Securities Market Commission

Re: Recording of the public deed of reduction of share capital by means of the retirement of own shares approved by the General Shareholders' Meeting of Iberdrola on 22 March 2013

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, and further to our notice of significant event (*comunicación de hecho relevante*) dated May 21, 2013 (official registry number 187,868), relating to the implementation of the reduction of share capital of Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) by means of the retirement of 150,748,416 treasury shares, with a nominal value of 0.75 euros each, representing 2.40 % of share capital, approved by the General Shareholders' Meeting of the Company held on March 22, 2013, under item ten on the agenda, we hereby inform you that the public deed regarding the reduction of share capital and the amendment of the By-Laws of Iberdrola has been recorded with the Commercial Registry of Bizkaia on May 24, 2013.

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

Yours faithfully,

The general secretary and secretary of 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 exception from registration.

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