



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

Bilbao, 29 January 2013

To the National Securities Market Commission

Re: Exchange of notes in the euromarket

Dear Sirs,

As a follow-up to our notice of significant event (*hecho relevante*) filed by Iberdrola, S.A. (“**Iberdrola**”) on 21 January 2013 (registry number 181,301, the “**Initial Notice**”), and pursuant to article 82 of Law 24/1988, of July 28, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) and related provisions, we hereby inform you that 7,209 notes corresponding to Series 102, due 1 February 2021, to be issued by Iberdrola International B.V. with the irrevocable and unconditional guarantee of Iberdrola on 1 February 2013 (ISIN Code XS0879869187) will be exchanged on the same date for:

- 2,500 Series 94 notes due 10 February 2014 (ISIN Code XS0586466798);
- 3,654 Series 82 notes due 4 March 2014 (ISIN Code XS0415108892); and
- 5,764 Series 80 notes due 25 November 2015 (ISIN Code XS0400006234),

all of them issued by Iberdrola Finanzas, S.A. Unipersonal with the irrevocable and unconditional guarantee of Iberdrola (the “**Exchange**”). HSBC Bank plc has accepted to acquire the referred notes in accordance with the terms and conditions of the tender offer memorandum dated 21 January 2013 to which the Initial Notice refers.

Following the execution of the Exchange, the Series 94 notes, Series 82 notes and Series 80 notes so acquired will be amortized and cancelled and therefore, the outstanding notes will be:

- 5,000 notes under Series 94,
- 14,593 notes under Series 82, and
- 17,236 notes under Series 80.

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 security. 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 National Securities Market Commission (*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 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.