



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

**To the National Securities Market Commission**

Bilbao, June 22, 2011

**Re: Loan and revolving Credit agreement for an aggregate amount of 3,000,000,000.00 euros**

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, we hereby inform you that Iberdrola Financiación, S.A. Unipersonal<sup>1</sup> (“**Iberdrola Financiación**”) executed today, with the unconditional and irrevocable guarantee of Iberdrola, S.A., a financial transaction consisting of a Euro-denominated loan for an amount of one thousand five hundred (1,500) million euros (the “**A Tranche**”); and a multicurrency revolving credit for an amount of one thousand five hundred (1,500) million euros or its equivalent in another currency (the “**B Tranche**”) (the A Tranche and the B Tranche will be hereinafter jointly referred to as the “**Financial Transaction**”).

The Financial Transaction will mature on the fifth anniversary of its execution. Nonetheless, Iberdrola Financiación is entitled, subject to approval by the lenders, to request a one-year extension of the initial term of the Financial Transaction on the first anniversary of its execution, and another one-year extension on the second anniversary thereof. The interest rate that applies to the A Tranche is Euribor plus a margin of one hundred and five basis points (1,050%) and the interest rate that applies to the B Tranche is Libor or Euribor, depending on the currency, plus a margin of seventy basis points (0,70%) annually, both of them adjustable based on the variations of the rating of Iberdrola, S.A. The B Tranche contemplates a commitment fee of thirty-five (35) per cent. of the applicable margin.

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<sup>1</sup> Wholly-owned subsidiary of Iberdrola, S.A.

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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

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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.

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