



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

To the National Securities Market Commission

Bilbao, 9 May 2012

Re: Term loan and revolving credit agreement for an aggregate amount of €1 billion, which may be increased up to €1.2 billion

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 International B.V.¹ (“**Iberdrola International**”) executed today, with the unconditional and irrevocable guarantee of Iberdrola, S.A., a financial transaction consisting of a term loan amounting to €536 million (the “**Loan**”) and a revolving credit facility amounting to €464 million (the “**Credit**”) (the “**Financial Transaction**”).

The initial aggregate amount of the Financial Transaction (€1 billion) may be increased up to €1.2 billion upon request of Iberdrola International.

The Loan will mature on the third anniversary of the execution of the Financial Transaction. Nonetheless, Iberdrola International is entitled, subject to approval by the lenders, to request a one-year extension of the initial term of the Loan on the first anniversary of its execution, and another one-year extension on the second anniversary thereof. In addition, the Credit will mature on the fifth anniversary of the execution of the Financial Transaction.

The interest rate that applies to the Loan is Euribor plus a margin of 150 basis points (1.50 %) annually and the interest rate that applies to the Credit is Euribor plus a margin of 140 basis points (1.40 %) annually, both of them adjustable based on the variations of the credit rating of Iberdrola, S.A. The Credit contemplates a commitment fee of thirty-five per cent. of the applicable margin.

¹ Wholly-owned subsidiary of Iberdrola, S.A.

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 exception from registration.

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