

Bilbao, 16 April 2014

**To the National Securities Market Commission**

**Re: Exchange of notes in the euromarket**

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 in connection with our notice of significant event (*comunicación de hecho relevante*) of 8 April 2014 (official registry number 203,219) (the “**Initial Notice**”), we hereby inform you that, on 24 April 2014, 7,500 notes corresponding to Series 106, to be issued on the same date by Iberdrola International B.V., with the irrevocable and unconditional guarantee of Iberdrola, S.A. (“**Iberdrola**”), due 24 October 2022 (ISIN Code XS1057055060), will be exchanged for:

- 320,268 Series 57 notes due 22 June 2015 (ISIN Code XS0222372178);
- 2,774 Series 95 notes due 7 April 2017 (ISIN Code XS0614190477); and
- 1,522 Series 96 notes due 25 January 2016 (ISIN Code XS0693855750),

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 set forth in the Tender Offer Memorandum dated 8 April 2014 referred to in the Initial Notice.

Following the execution of the Exchange, the Series 57 notes, Series 95 notes and Series 96 notes so acquired will be amortized and cancelled.

Therefore, the outstanding notes will be:

- 429,732 notes under Series 57;
- 4,726 notes under Series 95; and
- 3,410 notes under Series 96.

This information is provided to you for the appropriate purposes.

Yours faithfully,

The General Secretary and Secretary of the Board of Directors

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.

## 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.