



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

Bilbao, 22 January 2015

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 14 January 2015 (official registry number 217,242, the “**Initial Notice**”), we hereby inform you that on 27 January 2015, 5,276 notes corresponding to Series 108, to be issued on the same date by Iberdrola International B.V., with the irrevocable and unconditional guarantee of Iberdrola, S.A. (“**Iberdrola**”), due 27 January 2023 (ISIN Code XS1171541813), will be exchanged for:

- 3,787 (EUR 100,000 of face value each) Series 101 notes due 21 September 2017 (ISIN Code XS0829209195), issued by Iberdrola International B.V.;
- 1,828 (EUR 50,000 of face value each) Series 92 notes due 13 October 2016 (ISIN Code XS0548801207), issued by Iberdrola Finanzas, S.A. Unipersonal; and
- 1,150 (EUR 50,000 of face value each) Series 77 notes due 9 May 2018 (ISIN Code XS0362224841), issued by Iberdrola Finanzas, S.A. Unipersonal,

all of them with the irrevocable and unconditional guarantee of Iberdrola (the “**Exchange**”).

Banco Bilbao Vizcaya Argentaria, S.A. has accepted to acquire the referred notes in accordance with the terms and conditions set forth in the Tender Offer Memorandum dated 14 January 2015 referred to in the Initial Notice.

Following the execution of the Exchange, the Series 77 notes, Series 92 notes and Series 101 notes so acquired will be amortized and cancelled.

Therefore, the outstanding notes will be:

- 13,850 notes under Series 77;

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- 8,172 notes under Series 92; and
- 3,713 notes under Series 101.

This information is provided to you for the appropriate purposes.

Yours faithfully,

The General Secretary and Secretary to 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.

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 *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 oral or written forward-looking statements hereby made or otherwise 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.

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