



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

Bilbao, March 14, 2011

To the National Securities Market Commission

Re.: Share buy-back programme of IBERDROLA, S.A.

Dear sirs,

Pursuant to Section 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 the Board of Directors of IBERDROLA, S.A. ("**Iberdrola**" or the "**Company**") has agreed to implement a share buy-back program of acquisition of own shares (the "**Share Buy-back Programme**") in accordance with the authorization approved by the General Shareholders' meeting held on March 26, 2010. The Share Buy-back Programme is carried out under the Commission Regulation (EC) No 2273/2003 of December 22, 2003 with the objective of satisfying the exchange ratio of the merger by absorption of IBERDROLA RENOVABLES, S.A. which has been announced by significant event registry number 139,847 on March 8, 2011.

The Share Buy-back Programme of acquisition of own shares will be executed under the following terms:

- (i) The Company may acquire under the Share Buy-back Programme up to TWO HUNDRED FORTY-SEVEN MILLION FIVE HUNDRED THOUSANDS (247,500,000) shares, representative of 4.25% of the share capital of Iberdrola.
- (ii) The shares will be acquired at market prices, under the price and volume terms established in article 5 of the Commission Regulation (EC) No 2273/2003 of December 22, 2003.
- (iii) The Share Buy-back Programme will be in force until the referred exchange occurs, which is estimated to take place no later than July 31, 2011.

Notwithstanding the above, Iberdrola reserves the right to terminate the Share Buy-back Programme if, prior to the last effective date (i.e., July 31, 2011), Iberdrola has acquired the shares required to satisfy its objective.

The interruption, termination or amendment of the Share Buy-back Programme will be duly communicated to the National Securities Market Commission by the delivery of the relevant significant event.

Please be advised of all of the foregoing for such purposes as may be appropriate.

Yours truly,

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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