



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

Bilbao, 5 May 2015

To the National Securities Market Commission

Subject: Registration of the public deed of reduction of share capital by means of the redemption of own shares approved by the General Shareholders' Meeting of Iberdrola, S.A. on 27 March 2015

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 further to our notice of significant event (*comunicación de hecho relevante*) dated 28 April 2015 (official registry number 221,922), we hereby inform you that the public deed of reduction of the share capital (and subsequent amendment of the By-laws) of Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) corresponding to the redemption of 148,483,000 own shares, of 0.75 euros of face value each, representing 2.324 % of the Company’s share capital, has been recorded with the Commercial Registry of Bizkaia on 4 May 2015.

The share capital resulting from the reduction has been set at 4,680,000,000 euros, corresponding to 6,240,000,000 shares.

The abovementioned share capital reduction was approved by the General Shareholders’ Meeting of the Company on 27 March 2015, under item tenth of its agenda, and executed by the Board of Directors of Iberdrola in its meeting dated 28 April 2015.

This information is provided to you for the appropriate purposes.

Yours faithfully,

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 exception from registration.

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