



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

Bilbao, 15 December 2015

To the National Securities Market Commission

Subject: Proposals for the re-election of Ernst & Young, S.L. as auditor for financial year 2016 and for the appointment of KPMG Auditores, S.L. as audit firm for the period 2017 to 2019

Dear Sirs,

Pursuant to article 228 of the restated text of the Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) and related provisions, we hereby inform you that the Board of Directors of Iberdrola, S.A. ("**Iberdrola**" or the "**Company**") has today decided the following:

- (i) To propose to the 2016 Ordinary General Shareholders' Meeting of the Company the re-election of Ernst & Young, S.L. as auditor of the annual accounts of Iberdrola and its consolidated group for financial year 2016, at the proposal of the Audit and Risk Supervision Committee.
- (ii) To choose KPMG Auditores, S.L. ("**KPMG**") as auditor of the annual accounts of the Company and its consolidated group for financial years 2017 through 2019, at the proposal of the Audit and Risk Supervision Committee. The Board of Directors shall propose this appointment to the 2017 Ordinary General Shareholders' Meeting of the Company. The designation of KPMG as auditor for financial years 2017 to 2019 has been approved by the Board of Directors following a competitive process led by the Audit and Risk Supervision Committee.

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 exemption from registration.

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