

ACS, Actividades de Construcción y Servicios, S.A.

**Spanish Securities Market Commission
C. Edison, 4
28006 MADRID**

Madrid, 4 October 2013

Dear Sirs,

For the purposes of Article 82 of Law 24/1988, dated 28 July, on the Spanish Securities Market, and its complementary provisions, I inform you of the following **Relevant Event**:

The company ACS, Actividades de Construcción y Servicios, S.A. ("**ACS**" or the "**Company**"), through its Board of Directors and pursuant to the powers granted by the Ordinary General Shareholders' Meeting held on 25 May 2009, has approved the issue of bonds (the "**Bonds**") exchangeable for shares in Iberdrola S.A. ("**Iberdrola**"), through its wholly-owned Dutch subsidiary, ACS Actividades Finance B.V. (the "**Issuer**"), for a nominal amount of approximately 700 million euros and maturing in five (5) years (the "**Issue**"). For this purpose, the Company has appointed Natixis, Banco Santander, Deutsche Bank AG London Branch, HSBC Bank plc. and Société Générale Corporate & Investment Banking as joint lead managers and joint bookrunners of the Issue (with Natixis also acting as global coordinator) (all of them together, the "**Joint Lead Managers**").

The main terms and conditions of the Issue, which are subject to English law, are as follows:

- A. The amount of the Issue is approximately 700 million euros.
- B. The Issue will be exclusively directed at qualified investors.
- C. The Bonds, which will have a face value of one hundred thousand (100,000) euros each, will be issued at par value and will mature on 22 October 2018.
- D. The Bonds will be redeemed at maturity, at 100% of their face value, unless previously exchanged.
- E. The Bonds are expected to accrue annual nominal fixed interest of between 2.625% and 3.375%, payable every three months in arrears.
- F. The Bonds can be exchanged, at the bondholders' discretion, for existing ordinary shares in Iberdrola representing up to approximately 2% of its share capital. However, as established in the terms and conditions of the Bonds, the Issuer may choose, when the bondholders exercise their exchange right, to deliver either the corresponding number of shares in Iberdrola, or cash, or a combination of both.
- G. The exchange price will be set by adding to the market price of the shares in Iberdrola (determined according to the weighted average of the market price of said shares, as from the announcement of the Issue until the date the interest rate on the Bonds is set) an exchange premium, that will be calculated as a percentage of between 28% and 35% of said market price.

- H. The final interest rate and exchange price for the Issue are expected to be set at some time today, following the conclusion of the accelerated bookbuilding process by the Joint Lead Managers; these will be announced in a separate relevant event. The subscription and payment of the Bonds are also likewise expected to take place on 22 October 2013, provided that the conditions established in the Subscription Agreement that the Company, the Issuer and the Pledgor (as this term is defined below) expect to enter into with the Joint Lead Managers are fulfilled.
- I. The Issuer will have the option, after 12 November 2016 (3 years and 21 days), to redeem the Bonds in advance at par value, if the market price of the shares in Iberdrola exceeds 130% of the exchange price in force during at least 20 trading days out of any consecutive period of 30 trading days.
- J. The bondholders will have the right to request the Issuer to redeem their Bonds for an amount equal to the sum of their face value and the accrued interest:
 - (i) on 22 October 2016 (3 years as from the Closing Date); and
 - (ii) in case a Change of Control (as defined in the terms and conditions of the Bonds) of ACS takes place.
- K. The Issuer will request that the Bonds be listed on the *Freiverkehr*, the Frankfurt Stock Exchange's unofficial, unregulated market (Multilateral Trading Facility).
- L. The Issue will be guaranteed by ACS and by a pledge over the corresponding shares in Iberdrola offered in exchange granted by Funding Statement S.A., a 100% subsidiary of ACS (the "**Pledgor**").
- M. The funds obtained as a result of the Issue will be allocated to partially cancelling the equity swap over shares in Iberdrola entered into with Natixis and to financing the Company's ordinary activities.
- N. The Issuer, the Pledgor and the Company will undertake, in the Subscription Agreement, to apply a lock-up, from the date of its signature and for a period of up to 90 days as from the date of subscription and payment of the Bonds, by virtue of which they will undertake to not carry out issues, offers or sales of the shares offered in exchange, or similar operations, in relation to the shares in Iberdrola and/or of any security convertible or exchangeable for shares in Iberdrola, subject to certain exceptions.

Yours faithfully,

Signed: Mr José Luis del Valle Pérez
Director – Secretary-General
ACS, Actividades de Construcción y Servicios, S.A.

"The offer for the subscription of the bonds exchangeable for shares in Iberdrola S.A. will not apply, either directly or indirectly, to the United States, Canada, Australia or Japan, not to any other jurisdiction in which said offer might constitute an infringement of its legislation. The issue of the mentioned bonds has not been and will not be registered pursuant to the US Securities Act of 1933, not before any other supervisory authority of any other State or jurisdiction in the United States, or pursuant to the securities legislation in Canada, Australia or Japan. Consequently, and subject to certain exceptions, the exchangeable bonds cannot be offered or sold in the United States, Canada, Australia or Japan, nor in any other jurisdiction in which said offer or sale might constitute an infringement of the legislation of that jurisdiction, nor by or in benefit of any person in the United States, Canada, Australia or Japan"