



<b>B #:</b>	2131-13
<b>Date:</b>	1/9/14
<b>To:</b>	All Participants
<b>Category:</b>	Dividends
<b>From:</b>	Supervisor, Stock Dividend Department
<b>Attention:</b>	Dividend Managers, Cashiers, and Reorganization Managers
<b>Subject:</b>	<p><b>Revision: JPM Notice has been attached</b>  <b>Optional Dividend:</b> Iberdrola S.A.  <b>CUSIP:</b> 450737101 <b>Record Date:</b> 01/10/14 <b>Anticipated Payable Date:</b> 02/11/14  <b>Rate:</b> .50 Euro per ADR equating to <b>Approximately</b> USD \$0.679400  <b>DTC EDS Cut-Off:</b> 01/17/14 no later than 8:00 P.M. New York time</p>

\*\*\*\*\*WARNING TIME CRITICAL\*\*\*\*\*

**REVISION: JPM NOTICE HAS BEEN ATTACHED**

Iberdrola S.A. has declared a scrip dividend which will permit shareholders of its ordinary shares to elect to receive the dividend in cash or stock. Holders of ordinary shares will receive an allotment of rights for every Iberdrola share held as of the record date.

No rights will be distributed to the holders of Iberdrola ADRs. The company has set 01/10/14 as the record date ADR holders. Record Date ADR holders will be permitted to elect one of the following options:

**Option 1 Cash:** Receive net proceeds from sale of the rights; the Depository will sell the rights corresponding to the shares represented by your ADS to Iberdrola at an approximate rate of USD \$0.679400 USD per ADR, a price equivalent to the cash dividend. **This distribution is subject to a 21% withholding tax. Holders will also be charged a dividend fee of \$0.02 per ADS held on record date.** The approximate net rate is \$0.516726 USD. **(DEFAULT)**

**Option 2 Cash:** Receive the net proceeds from the sale of rights in the Spanish securities market. The Depository will sell the rights corresponding to the shares underlying your ADSs in the Spanish market. This option is **NOT** subject

DTCC offers enhanced access to all important notices via a Web-based subscription service. The notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).

## B# 2131-13

to the 21% Spanish withholding tax.  **Holders will also be charged a dividend fee of \$0.02 per ADS held on record date.**

### Option 3 ADSs:

Receive new Iberdrola ADSs at a distribution rate of one (1) new ADR for every TBD ADRs held as of close of business 01/10/13. By selecting this option, holders will instruct the Depository to arrange to issue to such holder new Iberdrola ADSs. This distribution is **NOT** subject to the 21% Spanish withholding tax.  **Holders will also be charged a dividend fee of \$0.02 per ADS held on record date.** Cash will be paid in lieu of fractional ADSs at the DTC Participant level.

**Special Note: All three elections are subject to the dividend fee of \$0.02 per ADR held on the record date.**

DTC participants must enter tax relief requests and provide certain beneficial owner information through Globe Tax systems regarding those Beneficial Owners for. **Please refer to the JP Morgan Notice attached to this Important Notice for more information concerning this Scrip Dividend.**

**PARTICIPANTS SHOULD SUBMIT ELECTION INSTRUCTIONS OVER THE PARTICIPANT TERMINAL SYSTEM (PTS) THROUGH THE ELECTIVE DIVIDEND SYSTEM (EDS) FUNCTION.**

To confirm record date history and payment information, participants should access the Dividend and Allocation History (DPAL) Menu Option, via the PTS Dividend Announcements Inquiry function (DIVA).

Participants not responding to the above options by **01/17/14** no later than 8:00 P.M. New York time will receive cash in accordance with **Option #1 (default).**

If there are any questions regarding this Important Notice, or the processing of related instructions via EDS, participants should contact DTC's Customer Help Line at (888) 382-2721.

**Important Legal Information:** *The Depository Trust Company ("DTC") does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages. To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.*

**IBERDROLA S.A.** has announced a scrip dividend. J.P. MORGAN acts as the sole Depository bank for the company's American Depository Receipt ("ADR") program.

On ADR Pay Date Participants who elect **Option 1 Cash** for the optional election through EDS will receive this dividend net of the full Spanish statutory withholding tax rate of 21% and may follow the withholding tax reclaim procedures outlined below to obtain treaty benefits. **Option 2 Cash Proceeds** and **Option 3 Stock** are not subject to withholding tax and therefore no additional entitlement is possible.

**Option 1 Cash** beneficial owners may reclaim the difference between the statutory rate and the beneficial owner's rate of entitlement by submitting the required documentation to J.P. MORGAN. There will be one "Quick Refund" filing deadline as stipulated below, all claims submitted after this date should be submitted through the Standard "Long-Form" filing procedure.

DIVIDEND EVENT DETAILS	
COUNTRY OF ISSUANCE	SPAIN
ISSUE	IBERDROLA S.A.
CUSIP#	450737101
DEPOSITARY	J.P. MORGAN
ADR RECORD DATE	JANUARY 10, 2014
ADR PAY DATE	ON OR ABOUT February 11, 2014
ORD GROSS DIVIDEND RATE	0.125 €
RATIO	4 ORD : 1 ADR
STATUTORY WHT RATE	21%

CHARGES & DEADLINES					
FILING METHOD	PAYMENT METHOD	DEPOSITARY SERVICE CHARGE	MINIMUM SERVICE CHARGE PER BENEFICIAL OWNER	CUSTODIAL FEE	FINAL SUBMISSION DEADLINE (ALL TIMES EST)
QUICK REFUND	CHECK	\$0.0035 per ADR	Minimum of \$25.00	The greater of 60 EUR or 5% of the reclaim	ESP AND DOCUMENTATION DEADLINE: FEBRUARY 7, 2014; 5:00 P.M.
STANDARD LONG-FORM	CHECK	\$0.005 per ADR	Minimum of \$25.00	The greater of 60 EUR or 5% of the reclaim	DECEMBER 1, 2017

## ELIGIBILITY MATRIX

RATE DESCRIPTION	RECLAIM RATE	ELIGIBLE RESIDENTS	DOCUMENTATION REQUIRED
<b>UNFAVORABLE - 21%</b>	<b>0%</b>	NON-TREATY COUNTRIES	NONE
<b>FAVORABLE - 15%</b>	<b>6%</b>	ALL U.S. ENTITIES	<ol style="list-style-type: none"> <li>1. EXHIBIT I (COVER LETTER)</li> <li>2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I</li> <li>3. IRS FORM 6166</li> </ol>
<b>FAVORABLE - 15%</b>	<b>6%</b>	ALGERIA, AUSTRALIA, BELGIUM, BOLIVIA, BRAZIL, BULGARIA, CANADA, CROATIA, CUBA, CZECH REPUBLIC, ECUADOR, ESTONIA, FINLAND, FRANCE, HUNGARY, ICELAND, INDIA, INDONESIA, IRELAND, ITALY, JAPAN, KAZAKSTAN, LITHUANIA, LUXEMBOURG, MACEDONIA, MEXICO, MOROCCO, NEW ZEALAND, NORWAY, PHILIPPINES, POLAND, PORTUGAL, ROMANIA, RUSSIAN FEDERATION, SLOVAKIA, SLOVENIA, SOUTH AFRICA, SOUTH KOREA, TUNISIA, TURKEY, UNITED ARAB EMIRATE, VIETNAM	<ol style="list-style-type: none"> <li>1. EXHIBIT I (COVER LETTER)</li> <li>2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I</li> <li>3. CERTIFICATE OF RESIDENCE</li> </ol>
<b>FAVORABLE - 15%</b>	<b>6%</b>	AUSTRIA, GERMANY, THE NETHERLANDS, SWEDEN, SWITZERLAND, UNITED KINGDOM	<ol style="list-style-type: none"> <li>1. EXHIBIT I (COVER LETTER)</li> <li>2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I</li> <li>3. PETICION DE REDUCCION (QUICK REFUND)</li> <li>4. PETICION DE DEVOLUCION (STANDARD LONG-FORM)</li> </ol>
<b>FAVORABLE - 12%</b>	<b>9%</b>	COSTA RICA, EL SALVADOR, EGYPT	<ol style="list-style-type: none"> <li>1. EXHIBIT I (COVER LETTER)</li> <li>2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I</li> <li>3. CERTIFICATE OF RESIDENCE</li> </ol>
<b>FAVORABLE - 10%</b>	<b>11%</b>	ALBANIA, ARMENIA, BOSNIA-HERZEGOVINA, CHILE, CHINA, GEORGIA, GREECE, HONG KONG, IRAN, ISRAEL, JAMAICA, LATVIA, MOLDOVA, PAKISTAN, PANAMA, SERBIA, THAILAND, TRINIDAD AND TOBAGO, VENEZUELA	<ol style="list-style-type: none"> <li>1. EXHIBIT I (COVER LETTER)</li> <li>2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I</li> <li>3. CERTIFICATE OF RESIDENCE</li> </ol>
<b>FAVORABLE - 5%</b>	<b>16%</b>	BARBADOS, COLOMBIA, MALAYSIA, MALTA, SAUDI ARABIA, SINGAPORE, URUGUAY	<ol style="list-style-type: none"> <li>1. EXHIBIT I (COVER LETTER)</li> <li>2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I</li> <li>3. CERTIFICATE OF RESIDENCE</li> </ol>
<b>EXEMPT - 0%</b>	<b>21%</b>	EXHIBIT II	<ol style="list-style-type: none"> <li>1. EXHIBIT I (COVER LETTER)</li> <li>2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I</li> <li>3. INCORPORATION DOCUMENT</li> </ol>

## DESCRIPTION OF VARIOUS DOCUMENTATION (QUICK & STANDARD RECLAIMS)

DOCUMENT NAME	DESCRIPTION	ORIGINAL / COPY	SIGNATURE REQUIREMENT
<b>EXHIBIT I (COVER LETTER)</b>	LISTING OF BENEFICIAL OWNER INFORMATION (NAME, ADDRESS, TAX IDENTIFICATION NUMBER, NUMBER OF SHARES)	ORIGINAL	DTC REPRESENTATIVE
<b>IRS FORM 6166</b>	<ul style="list-style-type: none"> <li>- ISSUED BY THE INTERNAL REVENUE SERVICE, STATING THE NAME AND TAX PAYER IDENTIFICATION NUMBER OF THE BENEFICIAL OWNER</li> <li>- MUST MENTION THE UNITED STATES – SPAIN INCOME TAX CONVENTION</li> <li>- MUST STATE THE TAX YEAR OF THE DIVIDEND'S <u>LOCAL</u> PAY DATE OR BE DATED WITHIN 12 MONTHS OF THE LOCAL PAY DATE</li> </ul>	ORIGINAL	IRS REPRESENTATIVE
<b>CERTIFICATE OF RESIDENCE</b>	<ul style="list-style-type: none"> <li>- CERTIFIED BY TAX ADMINISTRATION OF BENEFICIARY'S COUNTRY OF RESIDENCE, STATING (IN ENGLISH OR SPANISH) THE NAME AND TAX PAYER IDENTIFICATION NUMBER OF THE BENEFICIAL OWNER</li> <li>- MUST MENTION THE TREATY BETWEEN THE COUNTRY OF RESIDENCE AND SPAIN</li> <li>- MUST STATE THE TAX YEAR OF THE DIVIDEND'S <u>LOCAL</u> PAY DATE <b>OR</b> BE DATED <b>1 YEAR</b> PRIOR TO THE DIVIDEND'S <u>LOCAL</u> PAY DATE</li> </ul>	ORIGINAL	RELEVANT TAX AUTHORITY
<b>PETICION DE REDUCCION OR PETICION DE DEVOLUCION</b>	<ul style="list-style-type: none"> <li>- CERTIFIED BY TAX ADMINISTRATION OF BENEFICIARY'S COUNTRY OF RESIDENCE, STATING (IN ENGLISH OR SPANISH) THE NAME AND TAX PAYER IDENTIFICATION NUMBER OF THE BENEFICIAL OWNER</li> <li>- MUST MENTION THE TREATY BETWEEN THE COUNTRY OF RESIDENCE AND SPAIN</li> <li>- THE TAX RECLAIM INCOME EVENT(S) MUST BE SPECIFIED ON THE PETICION'S SCHEDULE.</li> </ul>	ORIGINAL	RELEVANT TAX AUTHORITY
<b>INCORPORATION DOCUMENT</b>	<ul style="list-style-type: none"> <li>- A COPY OF THE STATUES OF THE ENTITY WHERE IT IS MENTIONED THAT IT IS A SUPRANATIONAL ORGANISM.</li> </ul>	COPY	ENTITY'S REPRESENTATIVE

ESP

powered by **GLOBETAX**

**JPMorgan, offers ESP powered by GlobeTax, an electronic withholding tax submission system. This system allows for the secure and simplified transfer of beneficial owner level data from the Participant to JPMorgan and creates applicable documentation on the Participants behalf.**

**Submit the data online through the web site below, print out the documents on letterhead, sign them, and mail them to JPMorgan / GlobeTax along with the necessary required documents.**

**These claims should be submitted through the following web site. (Requires a one-time registration)**

**<https://www.globetaxesp.com>**

**Please contact Ms. Aina Moreno at 1-800-929-5484 or via email at [Aina\\_Moreno@Globetax.com](mailto:Aina_Moreno@Globetax.com) if you have any questions about this process.**

## FREQUENTLY ASKED QUESTIONS (FAQs)

### GENERAL QUESTIONS

QUESTION	ANSWER
WHAT ARE THE MINIMUM AMOUNT OF SHARES NECESSARY IN ORDER TO BE ELIGIBLE FOR RECLAIM?	APPROXIMATELY 2,650 ADRs
HOW LONG DOES IT TAKE TO RECEIVE PAYMENT ON QUICK REFUND RECLAIMS?	APPROXIMATELY 8-12 WEEKS FROM THE QUICK REFUND DEADLINE
HOW LONG DOES IT TAKE TO RECEIVE PAYMENT ON STANDARD LONG-FORM RECLAIMS?	APPROXIMATELY 1-3 YEARS
CAN I SUBMIT ONE IRS FORM 6166 OR CERTIFICATE OF RESIDENCE FOR THE SAME BENEFICIARY FOR MULTIPLE PAY DATES?	NO. AN ORIGINAL DOCUMENT IS REQUIRED FOR EACH DIVIDEND
IS THERE A RELIEF-AT-SOURCE PROCESS FOR THIS EVENT?	NO
WHAT IS THE DIFFERENCE BETWEEN THE PETICION DE REDUCCION AND THE PETICION DE DEVOLUCION?	THE FORMS ARE IDENTICAL, HOWEVER, THE PETICION DE REDUCCION IS THE QUICK REFUND PROCESS AND THE PETICION DE DEVOLUCION IS FOR THE STANDARD LONG-FORM PROCESS
HOW DO I HAVE TO RECLAIM ON THIS DIVIDEND?	FOUR YEARS FROM THE DIVIDEND'S LOCAL PAY DATE

### CONTACT DETAILS

PRIMARY CONTACT	AINA MORENO
DOMESTIC PHONE (U.S.)	1-800-929-5484
DOMESTIC FAX (U.S.)	1-800-929-9986
INTERNATIONAL PHONE	1-212-747-9100
INTERNATIONAL FAX	1-212-747-0029
EMAIL ADDRESS	AINA_MORENO@GLOBETAX.COM
COMPANY	JPMORGAN / GLOBETAX
STREET ADDRESS	90 BROAD STREET, 16 <sup>TH</sup> FLOOR
CITY/STATE/ZIP	NEW YORK, NY 10004
ADDITIONAL CONTACTS	GREGG LEWIS

**EXHIBIT I - COVER LETTER REQUIRED FOR SPANISH STANDARD LONG-FORM RECLAIMS  
THIS DOCUMENT MUST BE PREPARED ON THE DTC PARTICIPANT'S LETTERHEAD**

-----

**[DATE]**

JPMORGAN Chase Bank  
c/o GlobeTax  
90 Broad Street-16<sup>th</sup> Floor  
New York, NY 10004-2205  
Attn: SPAIN- Option

Enclosed please find tax reclamation documents, which we are submitting on behalf of our clients who wish to avoid excess withholding tax on Spanish ADRs. We, [NAME OF DTC PARTICIPANT], also identified as DTC participant number [DTC PARTICIPANT NUMBER], hereby state that each beneficial owner cited below held the respective amount of shares on the record date of January 10, 2014 for the security IBERDROLA S.A SCRIP.

Below is the list of beneficial owners and their holdings, which total [TOTAL # OF ADRs CITED BELOW] ADRs. As required, the forms and a certification of residency document (Form 6166) if applicable, are enclosed for each beneficial owner. **The ratio is 1 ADRs to 4 Ordinary shares.** The information is as follows:

<u>Name</u> <u>of beneficial owner</u>	<u>Address</u>	<u>Type of Account</u>	<u>Taxpayer i.d. #</u>	<u># of ADRs held</u>
---	----------------	------------------------	------------------------	-----------------------

- 1)
- 2)
- 3)
- 4) etc.

We ask that JPMorgan Chase Bank, as Depositary, apply to the Spanish depository bank for the reduced withholding tax rate on the above beneficial owners' behalf. Please contact the undersigned at **[SIGNATORY'S TELEPHONE NUMBER]** or via email at **[SIGNATORY'S EMAIL ADDRESS]** should you have any questions.

**Indemnification**

I / We certify that to the best of my knowledge the individual beneficial owners are eligible for the preferential rates as stated herein and I declare that I have performed all the necessary due diligence to satisfy myself as to the accuracy of the information submitted to me by these beneficial owners.

JPMORGAN is not liable for failure to secure the refund and any funds erroneously received shall be immediately returned to JPMORGAN, including any interest, additions to tax or penalties thereon. This is not tax advice. Please consult your tax advisor.

Sincerely,

[Signature of authorized signatory for DTC Participant]  
**[NAME AND TITLE OF AUTHORIZED OFFICER FOR DTC PARTICIPANT]**

PAYMENT ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **EXHIBIT II- THE LIST OF THE TAX-EXEMPT ENTITIES**

African Development Bank  
Asian Development Bank  
European Bank for Reconstruction and Development  
European Central Bank  
European Investment Bank  
European Monetary Institute  
European Patent Organization  
European Space Agency  
European Union  
Inter-American Development Bank  
International Atomic Energy Agency  
International Bank of Reconstruction and Development (IBRD)  
International Civil Aviation Organisation  
International Development Association  
International Financial Corporation  
International Fund for Agricultural Development  
International Labour Organisation (ILO)  
International Maritime Organisation  
International Monetary Fund (IMF)  
International Oil Council  
International Telecommunications Union  
North Atlantic Treaty Organization (NATO)  
Spanish Red Cross  
United Nations Children's Fund (UNICEF)  
United Nations (UN)  
United Nations Refugee Agency  
United Nations Education, Science and Culture Organisation (UNESCO)  
United Nations Food and Agricultural Organisation  
United Nations World Food Program  
Universal Postal Union  
World Health Organisation (WHO)  
World Intellectual Property Organisation (WIPO)  
World Tourism Organisation (WTO)  
World Trade Organisation  
World Weather Organisation