

B #:	1207-15
Date:	07/14/2015
To:	All Participants
Category:	Dividends
From:	Supervisor, Stock Dividend Department
Attention:	Dividend Managers, Cashiers, and Reorganization Managers
Subject:	Revision: Option 1 Cash- Spanish withholding tax rate revised from 20% to 19.5%. Optional Dividend: Iberdrola S.A. CUSIP: 450737101 Record Date: 07/02/2015 Payable Date: 08/05/2015 Rate: .456 Euro per ADR equating to a gross rate of USD \$0.503880 DTC EDS Cut-Off: 07/10/2015 at 8:00 P.M. EDT

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

Revision: Option 1 Cash- Spanish withholding tax rate revised from 20% to 19.5%

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 07/02/2015 as the record date for ADR holders. Record Date ADR holders will be permitted to elect one of the following options:

Option 1 Cash: The Depository will sell the rights corresponding to the shares represented by your ADS to Iberdrola at a rate of USD **\$0.503880** USD per ADR, a price equivalent to the cash dividend. **This distribution is subject to a 19.5% Spanish withholding tax. Holders will also be charged a dividend fee of \$0.02 per ADS held on record date.** The net rate is **\$0.383104** USD. (DEFAULT)

Option 2 Proceeds from Market Action: 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 to the **19.5% Spanish withholding tax. Holders will be charged a dividend fee of \$0.02 per ADS held on record date.**

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.

Non-Confidential

B# 1207-15

Option 3 ADSs:

Receive new Iberdrola ADSs at a distribution rate of one new ADR for every 54 ADRs held as of close of business 07/02/2015. 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 **19.5% Spanish withholding tax. Holders will 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. **Please refer to the JP Morgan Notice attached to this Important Notice for more information concerning this Scrip Dividend.**

PARTICIPANTS SHOULD SUBMIT ELECTION INSTRUCTIONS THROUGH THE CORPORATE ACTION WEB INSTRUCTION TAB.

Participants not responding to the above options by **07/10/2015** at 8:00 P.M. EDT will receive cash subject to **19.5% Spanish withholding tax** in accordance with **Option #1**.

If there are any questions regarding this Important Notice, or the processing of related instructions via CA Web, 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 an optional dividend and JPMorgan Chase acts as Depository for the Depository Receipt (“DR”) 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 **19.5%** 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.

Subsequent to the payment date on which the dividend less the **19.5%** withholding tax will be paid, **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 GlobeTax. This issue is **NOT** eligible through CA Web. There will be one “Quick Refund” filing deadline and the Standard Long-Form filing deadline entitling beneficiaries up to four years from the Spanish payment date to file for reclaim.

DIVIDEND EVENT DETAILS	
COUNTRY OF ISSUANCE	SPAIN
COMPANY	IBERDROLA S.A.
CUSIP#	450737101
DEPOSITARY	J.P. MORGAN
DR RECORD DATE	JULY 2, 2015
DR PAY DATE	AUGUST 5, 2015
ORD PAY DATE	JULY 29, 2015
ORD GROSS DIVIDEND RATE	0.113€
RATIO	4 ORD : 1 DR
STATUTORY WHT RATE	19.5%

FEES & DEADLINES					
FILING METHOD	PAYMENT METHOD	FEE	MINIMUM FEE PER BENEFICIAL OWNER	CUSTODIAL FEE	FINAL SUBMISSION DEADLINE (ESP & DOCUMENTATION)
QUICK REFUND	CHECK	Up to \$0.0035 per ADR	\$25.00 Tax Relief Fee	The greater of 60 EUR or 5% of the reclaim	AUGUST 3, 2015; 5:00 P.M. EST
STANDARD LONG-FORM	CHECK	Up to \$0.005 per ADR	\$25.00 Tax Relief Fee	The greater of 60 EUR or 5% of the reclaim	JUNE 1, 2019

ELIGIBILITY MATRIX

RATE DESCRIPTION	RECLAIM RATE	ELIGIBLE RESIDENTS	DOCUMENTATION REQUIRED
UNFAVORABLE – 19.5%	0%	NON-TREATY COUNTRIES	NONE
FAVORABLE - 18%	1.5%	BELARUS, KYRGYZSTAN, TAJIKISTAN, TURKMENISTAN, UKRAINE	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCY 4. DIVA SCREENSHOT
FAVORABLE - 15%	4.5%	ALL U.S. ENTITIES	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. IRS FORM 6166 4. DIVA SCREENSHOT
FAVORABLE - 15%	4.5%	ALGERIA, ARGENTINA, AUSTRALIA, AUSTRIA, BOLIVIA, BRAZIL, BULGARIA, CANADA, CROATIA, CUBA, CZECH REPUBLIC, ECUADOR, ESTONIA, FINLAND, FRANCE, HUNGARY, ICELAND, INDIA, INDONESIA, IRELAND, ITALY, JAPAN, KAZAKHSTAN, LITHUANIA, LUXEMBOURG, MACEDONIA, MEXICO, MOROCCO, NEW ZEALAND, NORWAY, PHILIPPINES, POLAND, PORTUGAL, ROMANIA, RUSSIAN FEDERATION, SLOVAKIA, SLOVENIA, SOUTH AFRICA, SOUTH KOREA, TUNISIA, TURKEY, UNITED ARAB EMIRATES, VIETNAM	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCY 4. DIVA SCREENSHOT
FAVORABLE - 15%	4.5%	BELGIUM, GERMANY, SWEDEN, SWITZERLAND, THE NETHERLANDS	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. PETICION DE REDUCCION (QUICK REFUND) 4. PETICION DE DEVOLUCION (STANDARD LONG-FORM) 5. DIVA SCREENSHOT
FAVORABLE - 12%	7.5%	COSTA RICA, EGYPT, EL SALVADOR	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCE 4. DIVA SCREENSHOT
FAVORABLE - 10%	9.5%	ALBANIA, ARMENIA, BOSNIA-HERZEGOVENA, CHILE, CHINA, DOMINICAN REPUBLIC, GEORGIA, GREECE, HONG KONG, IRAN, ISRAEL, JAMAICA, LATVIA, MOLDOVA, NIGERIA, PAKISTAN, PANAMA, SENEGAL, SERBIA, THAILAND, TRINIDAD AND TOBAGO, UNITED KINGDOM, VENEZUELA	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCY 4. DIVA SCREENSHOT
FAVORABLE - 5%	14.5%	BARBADOS, COLOMBIA, CYPRUS, KUWAIT, MALAYSIA, MALTA, SAUDI ARABIA, SINGAPORE, URUGUAY	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCY 4. DIVA SCREENSHOT
EXEMPT - 0% (LONG FORM ONLY)	19.5%	BENEFICIARIES LISTED IN EXHIBIT II PENSION FUNDS OF PANAMA, SWITZERLAND, UNITED KINGDOM	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. INCORPORATION DOCUMENT (FOR BENEFICIARIES ON EXHIBIT II ONLY) 4. CERTIFICATE OF RESIDENCE (FOR LISTED PENSION FUNDS ONLY) 5. DIVA SCREENSHOT

DESCRIPTION OF VARIOUS DOCUMENTATION (QUICK & STANDARD RECLAIMS)

DOCUMENT NAME	DESCRIPTION	ORIGINAL / COPY	SIGNATURE REQUIREMENT
EXHIBIT I (COVER LETTER)	- LISTING OF BENEFICIAL OWNER INFORMATION (NAME, ADDRESS, TAX IDENTIFICATION NUMBER, NUMBER OF SHARES)	ORIGINAL	DTC REPRESENTATIVE
IRS FORM 6166	- ISSUED BY THE INTERNAL REVENUE SERVICE, STATING THE NAME AND TAX PAYER IDENTIFICATION NUMBER OF THE BENEFICIAL OWNER - MUST MENTION THE UNITED STATES – SPAIN INCOME TAX CONVENTION - MUST STATE THE TAX YEAR OF THE DIVIDEND'S <u>LOCAL</u> PAY DATE OR BE DATED 1 YEAR PRIOR TO THE DIVIDEND'S <u>LOCAL</u> PAY DATE	ORIGINAL	IRS REPRESENTATIVE
CERTIFICATE OF RESIDENCY	- 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 - MUST MENTION THE TREATY BETWEEN THE COUNTRY OF RESIDENCE AND SPAIN - MUST STATE THE TAX YEAR OF THE DIVIDEND'S <u>LOCAL</u> PAY DATE OR BE DATED 1 YEAR PRIOR TO THE DIVIDEND'S <u>LOCAL</u> PAY DATE	ORIGINAL	RELEVANT TAX AUTHORITY
PETICION DE REDUCCION & PETICION DE DEVOLUCION	- 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 - MUST MENTION THE TREATY BETWEEN THE COUNTRY OF RESIDENCE AND SPAIN - MUST STATE THE TAX YEAR OF THE DIVIDEND'S <u>LOCAL</u> PAY DATE OR BE DATED 1 YEAR PRIOR TO THE DIVIDEND'S <u>LOCAL</u> PAY DATE	ORIGINAL	RELEVANT TAX AUTHORITY
INCORPORATION DOCUMENT	- A COPY OF THE STATUES OF THE ENTITY WHERE IT IS MENTIONED THAT IT IS A SUPRANATIONAL ORGANIZATION.	COPY	ENTITY'S REPRESENTATIVE
DIVA SCREEN SHOT	- A COPY OF A DIVA SCREEN SHOT INDICATING THE DTC PARTICIPANT'S RECORD DATE POSITION	COPY	DTC REPRESENTATIVE

ESP

powered by **GLOBETAX**

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

Submit the data online through the web site below, print the documents on letterhead, sign them, and mail them to J.P. Morgan Chase/ Globetax along with the necessary required documents.

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

<https://esp.globetax.com/>

Please contact Ms. Aina Moreno at 212-747-9100 or via e-mail at Aina_Moreno@globetax.com if you have any questions about this process.

FREQUENTLY ASKED QUESTIONS (FAQs)

QUICK REFUND QUESTIONS

QUESTION	ANSWER
WHAT ARE THE MINIMUM AMOUNT OF SHARES NECESSARY IN ORDER TO BE ELIGIBLE FOR RECLAIM?	APPROXIMATELY 4,000 SHARE MINIMUM FOR QUICK REFUND RECLAIMS.
HOW LONG DOES IT TAKE TO RECEIVE PAYMENT ON QUICK REFUND RECLAIMS?	APPROXIMATELY 10-12 WEEKS FROM THE QUICK REFUND DEADLINE.
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

FREQUENTLY ASKED QUESTIONS (FAQs)

GENERAL QUESTIONS

QUESTION	ANSWER
WHAT ARE THE MINIMUM AMOUNT OF SHARES NECESSARY IN ORDER TO BE ELIGIBLE FOR LONG FORM RECLAIM?	APPROXIMATELY 4,000 SHARES FOR LONG FORM RECLAIMS
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 RESIDENCY FOR THE SAME BENEFICIARY FOR MULTIPLE PAY DATES?	YES. AS LONG AS THE 6166/ CERTIFICATE OF RESIDENCE IS DATED WITHIN ONE YEAR OF THE DIVIDEND'S LOCAL PAY DATE IT MAY BE USED AGAIN.
HOW LONG DO I HAVE TO RECLAIM ON THIS DIVIDEND?	UNTIL JUNE 1, 2019
WILL GLOBETAX ACCEPT CLAIMS FILED DIRECTLY TO THEM BY BENEFICIAL OWNERS?	GLOBE TAX ONLY ACCEPTS CLAIMS FILED BY THE DTC PARTICIPANT WHO WAS HOLDING THE SECURITIES THROUGH DTC AND ONLY TO THE EXTENT THAT DTC HAS REPORTED THESE HOLDINGS TO US AS VALID.
IS THERE A RELIEF-AT-SOURCE PROCESS FOR THIS EVENT?	NO

CONTACT DETAILS

PRIMARY CONTACT	AINA MORENO
INTERNATIONAL PHONE	1-212-747-9100
INTERNATIONAL FAX	1-212-747-0029
EMAIL ADDRESS	AINA_MORENO@GLOBETAX.COM
COMPANY	GLOBETAX
STREET ADDRESS	90 BROAD STREET, 16 TH FLOOR
CITY/STATE/ZIP	NEW YORK, NY 10004
ADDITIONAL CONTACTS	EILEEN CHAN

Warning and Disclaimer:

The information and data contained in this Notice is based on information obtained from multiple sources believed to be reliable. However, J.P. Morgan and its agents do not warrant or guarantee the accuracy or completeness of, nor undertake to update or amend, this information or data. We and our agents expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any of this information or data. The information contained in this Notice is subject to change, including in the and subject to discretion of third parties, and/or pre-emption or being superseded by local market rules, and practices or actions taken by non-U.S. agents or tax authorities. Deadlines often differ from statutory deadlines. You should file claims as soon as possible, and at least six months prior to the specified deadline.

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

[DATE]

GlobeTax
90 Broad Street-16th Floor
New York, NY 10004-2205
Attn: SPAIN

Enclosed please find tax reclamation documents, which we are submitting on behalf of our clients who wish to avoid excess withholding tax on Spanish DRs. 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 July 2, 2015 for the security **IBERDROLA S.A.**

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

<u>Name</u>	<u>Address</u>	<u>Type of Account</u>	<u>Taxpayer ID #</u>	<u># of DRs held</u>
<u>of beneficial owner</u>				
1)				
2)				
3)				
4) etc.				

We ask that J.P. Morgan Chase Bank, as Depository, 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.

J.P. Morgan Chase Bank is not liable for failure to secure the refund and any funds erroneously received shall be immediately returned to J.P. Morgan Chase Bank, 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