



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

To the National Securities Market Commission

Bilbao, February 17, 2015

Re: Resolutions adopted by the Board of Directors regarding the preparation of the Annual Accounts and the proposals for the allocation of profits/losses, the call for the General Shareholders' Meeting.

Dear Sirs,

Pursuant to Section 82 of *Law 24/1988, of July 28, on the Securities Market (Ley 24/1988, de 28 de julio, del Mercado de Valores –“Securities Market Law”–)* and related provisions, we hereby inform you that the Board of Directors of Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) has adopted –among others– the following resolutions:

1. Preparation of the individual and consolidated annual accounts and the proposals for the allocation of profits/losses for the fiscal year 2014

To prepare the Annual Financial Statements, the management report and the proposal for the allocation of the profits/losses of the Company, as well as the consolidated Annual Financial Statements and the consolidated management report of the Company and its controlled companies for fiscal year 2014. In compliance with applicable regulations, the aforesaid management reports include the annual Report on corporate governance relative to the fiscal year 2014, which has been approved likewise by the Board of Directors on the date hereof.

The proposal for the allocation of profits/losses, which is subject to the shareholders' approval acting at the General Shareholders' Meeting, includes the distribution of a dividend in cash out of profits from fiscal year ending on December 31, 2014 of a gross amount of EUR 0.03 per each share of Iberdrola bearing the right to receive it. This amount will be subject to withholding tax as applicable on the date of payment.

2. General Shareholders' Meeting call

I. To call for the General Shareholders' Meeting to be held on March 27 or 28, 2015, on first and second call, respectively, with the following agenda:

ITEMS RELATING TO THE ANNUAL ACCOUNTS, THE MANAGEMENT OF THE COMPANY, AND THE AUDITOR:

First.- Approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its subsidiaries for financial year 2014.

Second.- Approval of the individual management report of the Company and of the management report of the Company consolidated with that of its subsidiaries for

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financial year 2014.

Third.- Approval of the management and activities of the Board of Directors during financial year 2014.

Fourth.- Re-election of Ernst & Young, S.L. as auditor of the Company and of its consolidated group for financial year 2015.

ITEMS RELATING TO SHAREHOLDERS COMPENSATION:

Fifth.- Approval of the proposed allocation of profits/losses and distribution of dividends for financial year 2014.

Sixth.- Increases in share capital by means of scrip issues in order to implement two new editions of the “Iberdrola Flexible Dividend” system.

A.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 777 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

B.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 886 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

ITEMS RELATING TO THE COMPOSITION OF THE BOARD OF DIRECTORS

Seventh.- Renewal of the Board of Directors.

A.- Ratification of the interim appointment and re-election of Mr José Walfredo Fernández as director, with the status of external independent director.

B.- Ratification of the interim appointment and re-election of Ms Denise Mary Holt as director, with the status of external independent director.

C.- Ratification of the interim appointment and re-election of Mr Manuel Moreu Munaiz as director, with the status of other external director.

D.- Re-election of Mr Ángel Jesús Acebes Paniagua as director, with the status of

external independent director.

E.- Re-election of Ms María Helena Antolín Raybaud as director, with the status of external independent director.

F.- Re-election of Mr Santiago Martínez Lage as director, with the status of external independent director.

G.- Re-election of Mr José Luis San Pedro Guerenabarrena as director, with the status of other external director.

H.- Re-election of Mr José Ignacio Sánchez Galán as director, with the status of executive director.

ITEMS RELATING TO THE UPDATE OF THE CORPORATE GOVERNANCE SYSTEM:

Eighth.- Amendments of the *By-Laws* in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance, to reflect the status of IBERDROLA, S.A. as a holding company, to include other improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof.

A.- Amendment of the current Title I (*The Company, its Share Capital, and its Shareholders*).

B.- Amendment of the current Chapter I of Title II, which now becomes the new Title II (*The General Shareholders' Meeting*).

C.- Amendment of the current Chapter II of Title II, which now becomes the new Title III (*Management of the Company*).

D.- Amendment of the current Titles III and IV, which now become the new Titles IV (*Breakthrough of Restrictions in the Event of Takeover Bids*) and V (*Annual Accounts, Dissolution, and Liquidation*), and elimination of the current Title V (*Final Provisions*).

Ninth.- - Amendments of the *Regulations for the General Shareholders' Meeting* in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act to improve corporate governance, and to include other improvements in the area of corporate governance and of a technical nature.

A.- Amendment of the Preliminary Title and of Title I (*Function, Types, and Powers*).

B.- Amendment of Titles II (*Call to the General Shareholders' Meeting*), III (*Right to Attend and Proxy Representation*) and IV (*Infrastructure and Equipment*).

C.- Amendment of Title V (*Conduct of the General Shareholders' Meeting*).

D.- Amendment of Titles VI (*Voting and Adoption of Resolutions*), VII (*Closure and Minutes of the Meeting*) and VIII (*Subsequent Acts*).

ITEM RELATING TO A REDUCTION IN SHARE CAPITAL:

Tenth.- Approval of a reduction in share capital by means of the retirement of 148,483,000 own shares representing 2.324% of the share capital of IBERDROLA, S.A. Delegation of powers to the Board of Directors, with express power of substitution,

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including, among others, the powers to amend the article of the *By-Laws* governing share capital and to apply for the removal from trading of the retired shares and for the removal thereof from the book-entry registers.

ITEM RELATING TO GENERAL MATTERS:

Eleventh.- Delegation of powers to formalise and implement all resolutions adopted by the shareholders at the General Shareholders' Meeting, for conversion thereof into a public instrument, and for the interpretation, correction, supplementation thereof, further elaboration thereon, and registration thereof.

ITEM RELATING TO THE RESOLUTION SUBMITTED FOR A CONSULTATIVE VOTE:

Twelfth.- Consultative vote regarding the *Annual Director Remuneration Report* for financial year 2014.

Notice of the call to the General Shareholders' Meeting will be published in the coming days in the terms set by law and Iberdrola's corporate governance System.

- II.** Approve the payment of an attendance premium in the gross amount of EUR 0.005 per share to the shareholders present or represented by proxy at the General Shareholders' Meeting who have provided due evidence of their attendance thereat in person or by proxy.

This information is provided to you for the appropriate purposes.

Yours faithfully,

General Secretary and Secretary to the Board of Directors

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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