



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

Bilbao, March 28, 2014

To the National Securities Market Commission

Re: Resolutions adopted at the General Shareholders' Meeting

Dear Sirs:

We hereby inform you that the General Shareholders' Meeting of Iberdrola, S.A. ("Iberdrola" or the "Company"), held as of the date hereof upon first call, have approved each and every one of the proposed resolutions submitted to their vote included in the agenda in the terms of the documentation sent and made available to the shareholders, copy of which was sent to you by means of the price sensitive information notices dated February 18 and 21, 2014 (under registry numbers 200,587 and 200,685, respectively). Such resolutions are the following:

1.- Resolutions relating to the annual financial statements, the management of the Company, and the re-election of the Company's auditor

The shareholders acting at the General Shareholders' Meeting have approved the annual financial statements for fiscal year 2013 of Iberdrola and of its consolidated group, the management reports of the Company and its consolidated group, as well as the corporate management and the activities of the Board of Directors during such fiscal year 2013.

Likewise, the shareholders acting at the General Shareholders' Meeting have approved the re-election of "Ernst & Young, S.L." as auditor of the Company and of its consolidated group for fiscal year 2014, including the authorization in favor of the Board of Directors, with express power of substitution, to enter into the respective services agreement with "Ernst & Young, S.L.".

2.- Resolutions relating to shareholder compensation

The shareholders acting at the General Shareholders' Meeting have approved the application of results proposed by the Board of Directors, which includes the payment of the dividend for the fiscal year ended 2013, in the gross amount of € 0,03 per Iberdrola share carrying the right to receive it and that is outstanding on the date of payment thereof.

In addition, the shareholders acting at the General Shareholders' Meeting have approved, under sections A and B of item six on the agenda, two fully-paid increases of the share capital by means of the issuance of new ordinary shares of the Company at a maximum reference market value of € 782 and 897 million, respectively, for the free-of-charge allocation of new shares to the shareholders of the Company. Such Resolution includes the delegation to the Board of Directors, with express power of substitution, of the powers required to implement those capital increases including, among others, the authority to amend article 5 of the *By-Laws*.

These capital increases have been adopted for the purposes of implementing the system "Iberdrola Flexible Dividend" and offer all of the Company's shareholders, under its installments, newly-issued bonus shares or, ultimately, and through the transfer of the free-of-charge allocation rights that they receive for the shares they hold, the possibility to obtain equivalent value to that of the traditional dividend payments, without the Company's shareholder compensation policy being altered as a result.

3.- Resolution relating to the remuneration of executive directors, senior officers, and other officers by means of the delivery of shares of the Company

The shareholders acting at the General Shareholders' Meeting have approved a Strategic Bonus intended for executive directors, senior officers, and other management personnel, tied to the Company's performance with respect to certain targets established for the 2014-2016 period and to be paid within the three years following the expiry of such period by means of the delivery of shares of the Company. Such Resolution includes the delegation to the Board of Directors, with express power of substitution, of the power to formalise, implement, develop, execute, and pay the Strategic Bonus.

4.- Resolutions relating to the composition of the Board of Directors and express authorizations and delegations requested for the Board of Directors

The shareholders acting at the General Shareholders' Meeting have approved the ratification of the interim appointment of Ms Georgina Yamilet Kessel Martínez as director of the Company, resolving to re-elect her for the term of four years provided for in the *By-laws* with the status of external independent director.

Moreover, the shareholders acting at the General Shareholders' Meeting have approved the authorisation to the Board of Directors, with express power of substitution, for the derivative acquisition of the Company's own shares by the Company itself and/or by its subsidiaries, as provided by applicable law, for which purpose the authorisation granted to such end by the shareholders at the General Shareholders' Meeting of 26 March 2010 is hereby deprived of effect to the extent of the unused amount.

5.- Resolution relating to the amendments of the *By-Laws*

Furthermore, the shareholders acting at the General Shareholders' Meeting have approved:

- The amendment of article 34.5 of the *By-Laws* to make technical improvements to the text thereof and
- The amendment of article 44.3 of the *By-Laws*, to set at four years the maximum

term for the position of chair of the Audit and Risk Supervision Committee.

The foregoing amendments will be published shortly in the Company's corporate website (www.iberdrola.com).

6.- Resolution relating to a share capital decrease

The shareholders acting at the General Shareholders Meeting have approved a reduction of the share capital by means of the retirement of 91,305,304 treasury shares of Iberdrola, representing 1.433% of the share capital, and acquisition of a maximum of 42,161,696 shares of the Company, representing not more than 0.662% of the share capital, through a buy-back programme for the retirement thereof. Such Resolution includes the delegation to the Board of Directors, with the express power of substitution, of the powers necessary to implement such decrease including, among others, the authority to amend article 5 of the *By-Laws* and to apply for the delisting of the retired shares and for the removal thereof from the book-entry registers.

7.- Resolution relating to general matters

The shareholders acting at the General Shareholders' Meeting have resolved, without prejudice to the delegations mentioned above, to authorize the Board of Directors, which may delegate such powers to any one or more of the Executive Committee, Mr. José Ignacio Sánchez Galán, Chairman and Chief Executive Officer of the Company, and Mr. Julián Martínez-Simancas Sánchez, General Secretary and Secretary to the Board of Directors, to formalise and execute all resolutions adopted by the shareholders at the General Shareholders' Meeting, for conversion thereof into a public instrument, and for the interpretation, correction and supplementation thereof or further elaboration thereon until the required registrations have been obtained.

8.- Consultative vote on the *Annual director compensation report*

Lastly, the *Annual director compensation report* relating to fiscal year 2013 has been submitted to the consultative vote of the shareholders acting at the General Shareholders' Meeting, being supported by an ample majority of the shareholders present in person or by proxy at the General Shareholders' Meeting.

This information is provided to you for the appropriate purposes.

Yours truly,

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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