

Bilbao, 3 December 2015

## To the Spanish National Securities Market Commission

**Subject:** Notice regarding the information requested from all listed companies and issuing entities by the Spanish National Securities Market Commission in relation to certain provisions of the Capital Enterprises Law which form part of the rules of organization and discipline of the securities market

The Spanish National Securities Market Commission (“**CNMV**”), in a letter dated 12 November 2015, received on the 17<sup>th</sup> of that month, requested from this company, like all listed companies and issuing entities, information relating to certain provisions of the Capital Enterprises Law (*Ley de Sociedades de Capital*) which form part of the rules of organization and discipline of the securities market.

In response to such request, IBERDROLA, S.A. (the “**Company**”) has provided the CNMV with the information requested and, in particular, has confirmed the following aspects:

1. The *Regulations of the General Shareholders’ Meeting* of the Company in force, approved by the General Shareholders’ Meeting on 27 March 2015 and registered in Bizkaia Mercantile Registry on 9 April 2015, have been adapted to the new legal requirements and, by letter dated April 14, 2015, were notified to the CNMV for publication on its webpage, in compliance with the provisions of Article 513 of the Capital Enterprises Law.

2. In compliance with the provisions of Article 514 of the Capital Enterprises Law, the System of corporate governance of the Company guarantees, at all times, equality of treatment of all the shareholders that are in the same position, in relation to information, participation and the exercise of the right to vote at the General Shareholders’ Meeting.

In particular, the *Policy on shareholders’ involvement* and the *Policy on communication and contacts with shareholders, institutional investors and proxy advisers*, approved by the Board of Directors, as well as Article 1.2 of the *Regulations of the General Shareholders’ Meeting*, approved by the General Shareholders’ Meeting, expressly recognize the principle of equality of treatment. The version in force of all these rules can be consulted on the Company’s corporate webpage.

3. In the calling of the General Shareholders’ Meeting held on 27 March 2015 the publicity demanded by Article 516 of the Capital Enterprises Law was provided and the content of the notice of call included all the items which may be legally demanded and, in particular, those established in Article 517 of the Capital Enterprises Law.

4. The Company has published on its corporate webpage the resolutions approved and the result of the votes of the General Shareholders’ Meeting held on 27 March 2015 within the period established in Article 525.2 of the Capital Enterprises Law. Such information is still published on the date hereof.

5. None of the directors has carried out a public solicitation of proxies, in the terms set forth in Article 526 of the Capital Enterprises Law. However, at the General Shareholders’ Meeting held on 27 March 2015, shareholders holding 3,347,021,645 shares granted a proxy to the members of the Board of Directors.

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At that meeting, although the directors had precise voting instructions in relation to all the items on the agenda of the notice of call, it was considered that all the directors were placed in a situation of conflict of interest in relation to item 12 on the agenda (consultative vote on the *Annual report on directors' remuneration* for the financial year 2014), and that the persons the ratification of whose appointment and/or reelection was proposed under item 7 on the agenda (renewal of the Board of Directors) were placed in a situation of conflict of interest in relation to the ratification of their own appointment and/or reelection.

In those cases, the directors affected by the conflict did not exercise the right to vote on behalf of any shareholder –this was recorded in the calculation of votes- since, in accordance with the provisions of Article 19.11 of the *Regulations of the General Shareholders' Meeting* in force (Article 12.10 of the text in force on the date on which the last General Shareholders' Meeting was held), and of the *Rules of Implementation for the Management of the General Shareholders' Meeting* approved by the Board of Directors in relation to the aforementioned General Shareholders' Meeting, unless expressly indicated otherwise by the shareholder, it was considered that the shareholder appointed as representatives for such items, jointly and severally and successively, in the event that the latter were in turn placed in a situation of conflict of interest, first of all the Chairman of the General Shareholders' Meeting and, secondly, the Secretary thereof.

At the General Shareholders' Meeting held on 27 March 2015 no items not provided in the agenda of the notice of call were addressed.

6. The *Regulations of the Board of Directors* of the Company in force, amended on the last occasion on 20 October 2015 and registered in Bizkaia Mercantile Registry on 28 October 2015, have been adapted to the new legal requirements, and by letter dated 29 October 2015, were notified to the CNMV for publication on its webpage, in compliance with the provisions of Article 529 of the Capital Enterprises Law.

7. The Company has published on its corporate webpage the average period of payment to suppliers, in compliance with the provisions of Article 539.2 of the Capital Enterprises Law. Such average period of payment to suppliers is 14 days.

8. The Company is not aware of any shareholders' agreement regulated in Article 530 *et seq.* of the Capital Enterprises Law which affects the Company.

9. Before the General Shareholders' Meeting was held on 27 March 2015, the Company had established on its corporate webpage a shareholders' electronic forum in accordance with the terms of Article 539.2 of the Capital Enterprises Law.

This information is provided to you for the appropriate purposes.

Yours faithfully,

General Secretary and Secretary to the Board of Directors