



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

Bilbao, 27 May 2011

To the National Securities Market Commission

Re: Resolutions adopted at the General Shareholders' Meeting and by the Board of Directors

Dear Sirs:

We hereby inform you of both the resolutions approved by the shareholders acting at the General Shareholders' Meeting and by the Board of Directors of Iberdrola, S.A. ("IBERDROLA" or the "Company") held as of the date hereof:

I. Resolutions of the General Shareholders' Meeting

The shareholders acting at the General Shareholders' Meeting of the Company held upon first call have approved each and every one of the resolutions submitted to their vote included in the Agenda that was communicated to you by means of a price sensitive information notice dated 12 April 2011 (entry registry number 2011/142,191) on 12 April 2011, in the terms of the documentation sent and made available to the shareholders as of the date of publication of the call to meeting on 14 April 2011. 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 2010 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 2010.

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 2011, including the authorization in favor of the Board of Directors to enter into the respective services agreement with "Ernst & Young, S.L.".

NOTICE. This document is a translation of a duly approved Spanish language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish language document which this translation is intended to reflect, the text of the original Spanish language document shall prevail.

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 2010, in the gross amount of three Euro cents (0.030) per share, with the right to receive it.

In addition, the shareholders acting at the General Shareholders' Meeting have approved a fully-paid increase in the share capital by means of the issuance of new ordinary shares of the Company at a maximum reference market value of one thousand nine hundred (1,909) million Euros, for the free-of-charge allocation of new shares to the shareholders of the Company.

This capital increase has been adopted for the purposes of offering offer all of the Company's shareholders, under each installment of the increase, 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.- Resolutions relating to the compensation of the Chief Executive Officer, Senior Managers and other managers through the delivery of shares of the Company and express authorizations and delegations requested for the Board of Directors

The shareholders acting at the General Shareholders' Meeting have approved a Strategic Bonus intended for executive directors, senior managers and other management personnel tied to the achievement of strategic goals for the 2011-2013 period, and payment by means of the delivery of the Company's shares, including the delegation to the Board of Directors of the power to implement, develop, formalize and execute the Strategic Bonus.

The shareholders acting at the General Shareholders' Meeting have approved likewise, the grant of the following express authorizations and delegations of power to the Board of Directors:

- Authorization, for a term of five (5) years, to increase the share capital pursuant to the provisions of Section 297.1.b) of the Companies Law (*Ley de Sociedades de Capital*), by up to one-half of the share capital on the date of the authorization, including the delegation of the power to exclude pre-emptive rights in connection with the capital increases that the Board may approve under this authorization, provided, however, that this power, together with the power contemplated in the next item, shall be limited to an aggregate maximum nominal amount equal to 20% of the share capital on the date of the authorization.
- Authorization, for a term of five (5) years, of the power to issue debentures or bonds that are exchangeable for and/or convertible into shares of the Company or of other companies within or outside of its Group, and warrants on newly-issued

or outstanding shares of the Company or of other companies within or outside of its Group, up to a maximum limit of five (5) billion Euros, including the delegation of the powers required to establish the basis for and terms and conditions applicable to the conversion, exchange or exercise, as well as, in the case of convertible debentures and bonds and warrants on newly-issued shares, of the power to increase share capital to the extent required to accommodate requests for the conversion of debentures or for the exercise of warrants, with the power in the case of issues of convertible and/or exchangeable securities to exclude the preemptive rights of the Company's shareholders, although this power, together with the power set forth in the foregoing item, shall be limited to an aggregate maximum nominal amount equal to 20% of the share capital of the Company as of the date of authorization.

- Authorization, for a term of five (5) years, to issue: a) bonds or simple debentures and other fixed-income securities of a like nature (other than notes), as well as preferred stock, up to a maximum amount of twenty (20) billion Euros, and b) notes up to a maximum amount at any given time, independently of the foregoing, of six (6) billion Euros, including the authorization for the Company to guarantee, within the limits set forth above, new issuances of securities by subsidiaries.
- Authorization to apply for the listing on and delisting from Spanish or foreign, official or unofficial, organized or other secondary markets of the shares, debentures, bonds, notes, preferred stock or any other securities issued or to be issued, and to adopt such resolutions as may be necessary to ensure the continued listing of the shares, debentures or other securities of the Company that may then be outstanding.
- Authorization to create and fund associations and foundations, up to the annual aggregate amount of ten (10) million Euros and for a maximum period that will expire on the date of the General Shareholders' Meeting at which the annual financial statements for fiscal year 2011 are approved.

4.- Resolutions relating to amendments of the By-Laws and Regulations

Furthermore, the shareholders acting at the General Shareholders' Meeting have approved the amendment of both the By-Laws and the Regulations for the General Shareholders' Meeting of the Company, as well as the respective restated texts of such documents.

5.- Resolutions relating to the merger by absorption of "Iberdrola Renovables, S.A."

Likewise, the shareholders acting at the General Shareholders' Meeting have approved the common terms of the merger by absorption between "Iberdrola Renovables, S.A." (as absorbed company) and IBERDROLA (as absorbing company), as well as the merger balance sheet and the merger between both companies through the absorption of the former by the

latter, causing the termination without liquidation of the absorbed company and the transfer *en bloc* and as a whole of all its assets to the Company.

The merger is carried out in accordance with the provisions of the above referred common terms of the merger, which was approved by the Board of Directors of both companies at their respective meetings held on 22 March 2011 and registered with the Commercial Registries of Biscay and Valencia on 25 and 29 March 2011, respectively. The complete text of the common terms of the merger were informed to you by means of a price sensitive information notice dated 14 April 2011 (entry registry number 2011/142,250) and, likewise, has been made available to the public on the corporate website of the Company (www.iberdrola.com).

The exchange ratio has been determined based on the actual value of the corporate assets of IBERDROLA and “Iberdrola Renovables, S.A.”, and will be 0.30275322 shares of Iberdrola, each having a par value of seventy-five Euro cents (0.75) per share, for each share of Iberdrola Renovables, S.A. each having a par value of fifty Euro cents (0.50) per share.

To that effect, it is also informed that the share capital increase set forth under section four of this item of the Agenda has not been voted by the shareholders at the General Shareholders’ Meeting, for the entirety of the shares that will be delivered to the shareholders of “Iberdrola Renovables, S.A.” to cover the exchange derived from the merger will be shares held as treasury stock of IBERDROLA.

6.- Resolution relating to general matters

Additionally, the shareholders acting at the General Shareholders’ Meeting have resolved 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 & Chief Executive Officer, and Mr. Julián Martínez-Simancas Sánchez, General Secretary and Secretary of the Board of Directors, to formalize 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 carried out.

7.- Consultative vote

Lastly, the “*Report regarding the compensation policy applicable to the Directors of Iberdrola, S.A. for the current fiscal year (2011) and the application of the current compensation policy for the preceding fiscal year (2010)*” has been submitted to the consultative vote of the shareholders acting at the General Shareholders’ Meeting, being supported by a large majority of the shareholders present in person or by proxy at the General Shareholders’ Meeting.

In addition, shareholders have been informed that, not later than 30 June 2011, an attendance premium in the gross amount of 0.005 Euro per share will be paid to the shares present in person or by proxy at this General Shareholders’ Meeting, as agreed by the Board of Directors dated 12 April 2011.

II. Resolutions of the Board of Directors

On the other hand, we hereby inform you that the Board of Directors held as of the date hereof has approved, amongst other resolutions, to partially amend the Regulations of the Board of Directors, the “*General Corporate Governance Policy of Iberdrola, S.A.*” and the “*Director Compensation Policy of Iberdrola, S.A.*”, with the purpose of adapting their content to the above referred amendment of the By-Laws approved by the shareholders acting at the General Shareholders’ Meeting.

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

Please be advised of all of the foregoing for such purposes as may be appropriate.

Yours truly,

General Secretary and Secretary of 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.

NOTICE. This document is a translation of a duly approved Spanish language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish language document which this translation is intended to reflect, the text of the original Spanish language document shall prevail.