



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

## To the National Securities Market Commission

Bilbao, November 16, 2010

**Re: Timetable of the second implementation of the capital stock increase by means of a scrip issue relating to the compensation system “Iberdrola Flexible Dividend” (“Iberdrola Dividendo Flexible”)**

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*) and related provisions, we hereby advise you that, on the date hereof, the Executive Committee of the Board of Directors of Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) has approved the timetable of the second implementation of the capital stock increase by means of a scrip issue approved by the General Shareholders’ meeting held on March 26, 2010, under item sixth of its Agenda.

This capital stock increase implements the compensation system “Iberdrola Flexible Dividend” (“*Iberdrola Dividendo Flexible*”) which, in connection with what would otherwise have been the interim dividend payment for the fiscal year 2010, would allow the Company’s shareholders to elect to receive all or a part of their compensation in cash or in newly-issued shares of Iberdrola free of charge<sup>1</sup>.

The timetable is the following:

- December 1, 2010: notice of significant event regarding the number of free-of-charge allocation rights required to receive one (1) newly-issued share and the guaranteed fixed price of the commitment assumed by Iberdrola to purchase free-of-charge allocation rights.
- December 2, 2010: publication of the announcement of the second implementation of the capital stock increase on the Official Gazette of the Commercial Registry (*Boletín Oficial del Registro Mercantil*).

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<sup>1</sup> Both the acceptance period of the commitment to purchase free-of-charge allocation rights and the dates for the payment of cash and delivery of newly-issued shares may be different in case of holders of ADRs (in the United States of America) and of CDIs (in the United Kingdom).

- December 2, 2010 (11:59 p.m.): record date for the assignment of free-of-charge allocation rights.
- December 3, 2010: commencement of the trading period of the free-of-charge allocation rights and of the period to request the compensation in cash.
- December 14, 2010: end of the period to request the compensation in cash under the purchase commitment assumed by Iberdrola.
- December 17, 2010: end of the trading period of the free-of-charge allocation rights. Acquisition by Iberdrola of the free-of-charge allocation rights to shareholders who have elected to receive cash under the purchase commitment assumed by Iberdrola.
- December 22, 2010: assignment of the registry-references regarding the newly-issued shares and payment of cash to shareholders who have elected to receive cash under the purchase commitment assumed by Iberdrola.
- December 27, 2010: expected commencement of trading of the newly-issued shares.

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 according to an effective registration statement under the Securities Act or according to a valid exemption from registration.

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