

Bilbao, February 26, 2010

To the National Securities Market Commission

Re: Documents available to the shareholders from the publication of the call for the General Shareholders' Meeting

Dear Sirs,

Following the price-sensitive information notice filed on February 22, 2010 (registered under registry number 120,980), we hereby attach the proposed resolutions regarding the items of the agenda of the General Shareholders' Meeting convened to be held on March 26 and 27, 2010, on first call or on second call, respectively. Said proposed resolutions, together with the remainder documentation relating to the General Shareholders Meeting, are available to shareholders both at the corporate address and at the company's website (www.iberdrola.com) in the terms provided in the notice of the meeting.

Yours faithfully,

Iberdrola, S.A.
General Secretary and Secretary of the Board of Directors

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ITEM ONE ON THE AGENDA

Approval of the individual annual financial statements of IBERDROLA, S.A. (balance sheet, profit and loss statement, statement of changes in shareholders' equity, statement of cash flows and notes) and of the consolidated financial statements of IBERDROLA, S.A. and its subsidiaries (balance sheet, profit and loss statement, statement of changes in shareholders' equity, statement of cash flows, and notes) for the fiscal year ended on December 31, 2009.

PROPOSED RESOLUTION RELATING TO ITEM ONE

To approve the individual annual financial statements of IBERDROLA, S.A. (balance sheet, profit and loss statement, statement of changes in shareholders' equity, statement of cash flows, and notes) and the consolidated annual financial statements of IBERDROLA, S.A. and its subsidiaries (balance sheet, profit and loss statement, statement of changes in shareholders' equity, statement of cash flows, and notes) for the fiscal year ended on December 31, 2009, which were presented by the Board of Directors at its meeting held on February 22, 2010.

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ITEM TWO ON THE AGENDA

Approval of the individual management report of IBERDROLA, S.A. and of the consolidated management report of IBERDROLA, S.A. and its subsidiaries for the fiscal year ended on December 31, 2009.

PROPOSED RESOLUTION RELATING TO ITEM TWO

To approve the individual management report of IBERDROLA, S.A. and the consolidated management report of IBERDROLA, S.A. and its subsidiaries for the fiscal year ended on December 31, 2009, which were presented by the Board of Directors on February 22, 2010.

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ITEM THREE ON THE AGENDA

Approval of the management and actions of the Board of Directors during the fiscal year ended on December 31, 2009.

PROPOSED RESOLUTION RELATING TO ITEM THREE

To approve the management of the Company and the actions taken by the Board of Directors during the fiscal year ended on December 31, 2009.

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ITEM FOUR ON THE AGENDA

Re-election of the auditor of the Company and of its Consolidated Group for fiscal year 2010.

PROPOSED RESOLUTION RELATING TO ITEM FOUR

To re-elect "ERNST & YOUNG, S.L." as Auditor of the Company and of its consolidated Group, to conduct the audits for fiscal year 2010, authorizing the Board of Directors, which may delegate such authority to the Executive Committee, to enter into the respective services agreement, on the terms and conditions it deems appropriate, with authority to make such amendments as may be required in accordance with the law applicable at any time.

This resolution is adopted at the proposal of the Board of Directors and upon the prior proposal, in turn, of the Audit and Compliance Committee in accordance with the provisions of Additional Provision Eighteen, paragraph four, of the Securities Market Law (*Ley del Mercado de Valores*) and of Articles 44.2.b) of the By-Laws, 24.3.b) of the Regulations of the Board of Directors and 3.b) of the Regulations of the Audit and Compliance Committee.

It is stated for the record that "ERNST & YOUNG, S.L." has its registered office in Madrid, at Plaza Pablo Ruiz Picasso s/n, Edificio Torre Picasso, 28020, Tax Identification Code (C.I.F.) number B-78970506. It is registered with the Madrid Commercial Registry in Folio 1, Volume 1,225, Page M-23,123 and with the Official Auditors' Registry (ROAC) under number S0530.

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ITEM FIVE ON THE AGENDA

Approval of the proposal for the allocation of profits/losses and the distribution of dividends for the fiscal year ended on December 31, 2009.

PROPOSED RESOLUTION RELATING TO ITEM FIVE

To approve the allocation of profits/losses and the distribution of dividends presented by the Board of Directors at its meeting of February 22, 2010, which is described below:

BASIS FOR DISTRIBUTION

Balance from prior fiscal years

942,497,650 euros

Profits for fiscal year 2009

1,745,597,196 euros

TOTAL

2,688,094,846 euros

DISTRIBUTION:

To dividends: (amount corresponding to the payment on account of the dividend for the fiscal year ended on December 31, 2009, which the Board of Directors approved on December 15, 2009 in the gross amount of 0.143 euro per share and was paid on December 30, 2009).

751,082,291 euros

To balance (minimum amount):

1,899,512,555 euros

To legal reserve (minimum amount):

37,500,000 euros

TOTAL

2,688,094,846 euros

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ITEM SIX ON THE AGENDA

Approval, for the free-of-charge allocation of the ordinary shares issued to the shareholders of the Company, of an increase in share capital by means of a scrip issue at a maximum reference market value of one thousand eight hundred sixty-six (1,866) million euros. The shareholders will be offered the acquisition of their free-of-charge allocation rights at a guaranteed price. Express provision for the possibility of an incomplete allocation. Application for admission of the resulting shares to listing 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 the express power of substitution, including the power to implement the capital increase by means of a scrip issue on one or, at most, two occasions (provided always that the reference market value shall not exceed one thousand forty-eight (1,048) million euros in the first installment of the implementation or eight hundred eighteen (818) million euros in the second installment, if any) and the power to amend Article 5 of the By-Laws in each of the installments.

PROPOSED RESOLUTION RELATING TO ITEM SIX

1. Capital increase with a charge to revaluation reserves

It is hereby resolved to increase the share capital by the amount resulting from multiplying (a) the par value of each share of IBERDROLA, S.A. (“Iberdrola” or the “Company”), equal to seventy-five euro cents (€0.75), by (b) the total determinable number of new shares of Iberdrola to be issued, in accordance with the formula set forth in section 2 below, on the date or dates of implementation of the capital increase (the total number of new Iberdrola shares issued by way of implementation of this resolution will be referred to as the “Total New Shares,” and the number of Total New Shares issued on a specific implementation date, the “New Shares” and each individually a “New Share”), which amount may not in any event exceed the sum of the reference market value of the New Shares equal to a maximum of one thousand eight hundred sixty-six (1,866) million euros (the “Capital Increase”).

The Capital Increase will be carried out by means of the issuance and placement into circulation, if applicable and on each of the two possible implementation dates, of the New Shares, which will be ordinary shares having a par value of seventy-five euro cents (€0.75) each, of the same class and series as those currently outstanding, represented by book entries.

The Capital Increase will be entirely carried out with a charge to the unrestricted reserve called “Adjustment - RDL 7/1996” (“*Actualización RDL 7/1996*”) which, as of December 31, 2009, came to the sum of one thousand three hundred eighty-nine million four hundred eleven thousand one hundred fifty-eight (1,389,411,158.00) euros.

The Total New Shares will be issued at par, i.e., at their par value of seventy-five euro cents (€0.75), without a share premium, and will be allocated to the shareholders of the Company without charge.

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Within the year following the date of approval of this resolution, the Capital Increase may be implemented by the Board of Directors, or by the Executive Committee acting by delegation thereof, on one date or, at most, on two different dates, at its sole discretion and, therefore, without having to resort again to the shareholders at a General Shareholders' Meeting, and by taking into consideration the legal and financial conditions prevailing at the time of implementing the Capital Increase, with a view to offering the Company's shareholders a flexible and efficient compensation formula. The dates on which the Capital Increase is implemented will be contemporaneous with those on which the Company has traditionally been paying the supplemental dividend and, if applicable, the interim dividend (each total or partial implementation of the Capital Increase will be referred to as an "Installment" and, collectively, the "Installments"). The number of New Shares to be issued in each Installment will be such as results from the formula set forth in section 2 below, provided, however, that neither the Exercised Option Amount (as such term is defined in section 2 below) in each Installment, taken individually, nor the sum of the Exercised Option Amounts may in any event exceed the maximum amount of one thousand eight hundred sixty-six (1,866) million euros.

It is expected, in any event, that the first Installment of the implementation will take place in June 2010¹ in lieu of payment of the 2009 supplemental dividend, which would otherwise have been customarily distributed during the second half of fiscal year 2010, and that on such date, the Exercised Option Amount will not be greater than one thousand forty-eight (1,048) million euros.

Pursuant to the provisions of Section 161 of the Companies Law (*Ley de Sociedades Anónimas*), the Restated Text of which was approved by the sole section of Royal Legislative Decree 1564/1989, of December 22 (the "Companies Law"), provision is made for the possibility of an incomplete allocation of the Capital Increase in the event that Iberdrola, a company within its Group or a third party waives all or part of the free-of-charge allocation rights to which they are entitled under each Installment, for which reason, in the event of such waiver, the capital will be increased by the corresponding amount.

2. New Shares in each Installment

The number of New Shares to be issued in each Installment will be the number resulting from the application of the following formula, rounded downwards to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where

NNS = Number of New Shares to be issued on the date of the applicable Installment;

TNShrs. = Number of outstanding Iberdrola shares on the date of the applicable Installment; and

¹ It is expected that the new shares will be delivered in July 2010.

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Num. rights = Number of free-of-charge allocation rights required for the allocation of a New Share under the applicable Installment, which number will result from the application of the following formula, rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where

$$\text{Provisional number of shares} = \text{Exercised Option Amount} / \text{ListPri.}$$

For these purposes, “**Exercised Option Amount**” will mean the maximum reference market value of the portion of the Capital Increase that the Board of Directors, or the Executive Committee acting by delegation thereof, implements on a certain Installment date. The Exercised Option Amount under the first Installment (which is expected to take place in June 2010²) will not be greater than one thousand forty-eight (1,048) million euros. In the event that there is a second (and last) Installment, the Exercised Option Amount will depend on the New Shares that have ultimately been allocated to the Company’s shareholders under the first Installment, and it may in no event exceed eight hundred eighteen (818) million euros. Thus, the sum of each of the Exercised Option Amounts may in no event exceed the sum of one thousand eight hundred sixty-six (1,866) million euros.

For its part, “**ListPri**” will be the arithmetic mean of the average weighted listing prices of the Company’s shares on the Spanish Stock Exchanges at the five (5) trading sessions prior to the date of the applicable Installment, rounded to the closest one-thousandth part of one euro.

3. Free-of-charge allocation rights

Under each Installment, each outstanding share of the Company will grant its holder one (1) free-of-charge allocation right. The number of free-of-charge allocation rights required to receive a New Share will be automatically determined according to the ratio existing between the number of New Shares and the number of outstanding shares (TNShrs.), calculated by using the formula contained in section 2 above. Specifically, the shareholders will be entitled to receive a New Share for as many free-of-charge allocation rights, determined as provided in section 2 above (Num. rights), as are held by them.

In the event that, under a specific Installment, the number of free-of-charge allocation rights required for the allocation of a share (Num. rights) multiplied by the number of New Shares (NNS) results in a number that is lower than the number of outstanding shares (TNShrs.), Iberdrola (or such entity within its Group, if any, as holds Iberdrola shares) will waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares is a whole number and not a fraction.

Free-of-charge allocation rights will be allocated under each Installment to the Iberdrola shareholders that are registered as such in the book-entry records of *Sociedad de*

² See note 1.

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Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) at 11:59 p.m. on the day of publication of the announcement of each Installment of implementation of the Capital Increase in the Official Bulletin of the Commercial Registry. The free-of-charge allocation rights will be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors, or by the Executive Committee acting by delegation thereof, which term will not be less than fifteen (15) calendar days beginning on the trading day following the day of publication of the announcement of each Installment of implementation of the Capital Increase in the Official Bulletin of the Commercial Registry. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares.

4. Irrevocable commitment to acquire the free-of-charge allocation rights

In each Installment, the Company will assume the irrevocable commitment to purchase the free-of-charge allocation rights at the price set forth below (the “Purchase Commitment”). The Purchase Commitment will be in effect and may be accepted during such term, within each period for trading the rights, as is established by the Board of Directors, or by the Executive Committee acting by delegation thereof, in respect of each Installment. For such purpose, it is hereby resolved to authorize the Company to acquire the aforementioned free-of-charge allocation rights up to the maximum limit of the total number of rights issued, in all cases with due observance of such legal restrictions as may apply at any time.

The “Purchase Price” of each free-of-charge allocation right will be equal to the result, in each Installment, of the following formula, rounded to the closest one-thousandth part of one euro:

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1)$$

The acquisition by Iberdrola of the free-of-charge allocation rights as a consequence of the exercise of the Purchase Commitment by the holders thereof under each Installment will be effected with a charge to the unrestricted reserves account called “Voluntary Reserves.”

5. Balance sheet for the transaction and reserve with a charge to which the Capital Increase is carried out

The balance sheet used as a basis for the transaction is the one for the fiscal year ended on December 31, 2009, duly audited and approved by the shareholders at this General Shareholders’ Meeting.

As stated above, the Capital Increase will be entirely carried out with a charge to the unrestricted reserve called “Adjustment - RDL 7/1996” (“Actualización RDL 7/1996”) which, as of December 31, 2009, came to the sum of one thousand three hundred eighty-nine million four hundred eleven thousand one hundred fifty-eight (1,389,411,158.00) euros.

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6. Representation of the Total New Shares

The Total New Shares will be represented by book entries, the book-entry registration of which is entrusted to *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear)* and its member entities.

7. Rights attaching to the New Shares

The New Shares will grant the holders thereof the same political and financial rights as the ordinary shares of Iberdrola currently outstanding, as from each date on which a portion of or the entire Capital Increase is declared to be subscribed and paid up. In particular, the holders of the New Shares will be entitled to receive the interim dividend and supplemental dividend amounts, if any, that are paid as from each date on which the Capital Increase is declared to be subscribed and paid up.

8. Shares on deposit

In each Installment, once the period for trading the free-of-charge allocation rights has ended, the New Shares that could not be allocated for reasons not attributable to Iberdrola will be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three (3) years have passed from the end of the aforementioned period for trading the free-of-charge allocation rights, the New Shares that are still pending allocation may be sold in accordance with the provisions of Section 59 of the Companies Law, at the expense and peril of the interested parties. The cash amount from such sale will be deposited with *Banco de España* or with the *Caja General de Depósitos* at the disposal of the interested parties.

9. Application for admission to official listing

It is hereby resolved to make application, in each Installment, for listing the New Shares to be issued pursuant to this capital increase resolution on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Electronic Market), and to carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to listing of the New Shares issued in each Installment as a consequence of the approved Capital Increase, with an express statement for the record of Iberdrola's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued official listing and delisting.

It is expressly stated for the record that, in the event of a subsequent request for delisting of the Iberdrola shares, such delisting will be carried out with such formalities as apply thereto and, in such event, the interests of the shareholders opposing or not voting on the resolution to delist will be safeguarded, in compliance with the requirements set out in the Companies Law and related provisions, all in accordance with Law 24/1988, of July 28, on the Securities Market and the provisions issued by way of implementation thereof in effect at any time.

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10. Implementation of the Capital Increase

Within a period of one (1) year from the date of this resolution, the Board of Directors, or the Executive Committee by delegation thereof, may set the date or dates on which the Capital Increase resolution is to be carried out (each such date, an Installment of implementation of the Capital Increase, bearing in mind that the Capital Increase may only be implemented on two occasions at most) and set the terms and conditions thereof as to all matters not provided for in this resolution. Notwithstanding the foregoing, if the Board of Directors, or the Executive Committee by delegation thereof, does not deem it advisable to implement the Capital Increase in whole or in part within the aforementioned period, it may submit a proposal for partial revocation thereof to the shareholders of Iberdrola at a General Shareholders' Meeting.

Once each period for trading the free-of-charge allocation rights in respect of each Installment has ended:

- (a) The New Shares will be assigned to those who, according to the records maintained by the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear)* and its member entities, are the holders of free-of-charge allocation rights in the proportion resulting from section 3 above.
- (b) The Board of Directors, or the Executive Committee acting by delegation thereof, will declare the period for trading the free-of-charge allocation rights to have ended and will formally reflect in the accounting records the appropriation of the account called "Adjustment - RDL 7/1996" ("*Actualización RDL 7/1996*") in the amount of the Capital Increase that it has resolved to implement on such Installment date, with which appropriation such portion will be paid up.

Likewise, once each period for trading the free-of-charge allocation rights has ended, the Board of Directors, or the Executive Committee acting by delegation thereof, will adopt the resolutions required to amend the By-Laws, so that they reflect the new value of the share capital and the number of New Shares resulting from each Installment, and to make application, in each Installment, for listing the New Shares on the Spanish Stock Exchanges.

11. Delegation of powers to Implement the Capital Increase

Pursuant to the provisions of Section 153.1.a) of the current Companies Law, it is hereby resolved to delegate to the Board of Directors, with the express power of substitution in favor of the Executive Committee, the power to set the date or dates on which the Capital Increase resolution is to be carried out, if at all (such dates being the Installment dates, bearing in mind that, in any event, the maximum number of Installments shall be two) and to set the terms and conditions of the Capital Increase as to all matters not provided for in this resolution. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with the express power of substitution in favor of the Executive Committee:

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- (a) Set the Installment dates on which the resolution adopted to increase the share capital must be implemented (on one or two occasions), which shall in any case be within a period of one (1) year from approval thereof.
- (b) Set the exact amount of the Capital Increase, the number of Total New Shares, each of the Exercised Option Amounts (which, in the case of the first Installment, will not be greater than one thousand forty-eight (1,048) million euros, and in the case of the second Installment, if any, will not be greater than eight hundred eighteen (818) million euros), the number of New Shares in each Installment and the free-of-charge allocation rights necessary for the allocation of New Shares under each Installment, applying the rules established by the shareholders at this General Shareholders' Meeting for such purpose.
- (c) Designate, on each Installment date, the company that will act as agent in connection with each Installment, and sign all required contracts and documents for such purpose.
- (d) Set, for each Installment, the duration of each period for trading the free-of-charge allocation rights.
- (e) Set the period during which the Purchase Commitment will be in effect in each Installment and, in each Installment, fulfill the Purchase Commitment, paying the corresponding amounts to the holders of free-of-charge allocation rights who have accepted such commitment.
- (f) In each Installment, declare the portion of the Capital Increase resolved to be carried out to be closed and implemented, setting, for such purpose, the number of New Shares effectively allocated under each Installment and, therefore, the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting.
- (g) Amend, in each Installment, Article 5 of the By-Laws of Iberdrola regarding share capital, in order to conform it to the result of the implementations of the Capital Increase.
- (h) Waive, in each Installment, the New Shares corresponding to the free-of-charge allocation rights held by the Company at the end of each period for trading such rights as a result of the Purchase Commitment.
- (i) Waive, in each Installment, any free-of-charge allocation rights to subscribe for New Shares, for the sole purpose of facilitating the number of New Shares being a whole number and not a fraction.
- (j) Take, in each Installment, all steps necessary for the New Shares covered by the capital increase to be included in the book entries of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear)* and admitted to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

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- (k) Take any actions that are necessary or appropriate to implement and formalize the Capital Increase before any public or private entities or agencies, whether domestic or foreign, including acts of representation, supplement or cure of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

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ITEM SEVEN ON THE AGENDA

Renewal of the Board of Directors:

PROPOSED RESOLUTION RELATING TO ITEM SEVEN

7.1. Filling of vacancies:

- a) Appointment of Ms. Maria Helena Antolín Raybaud as Director, for the bylaw-mandated period of five years.

The appointment of the Director, who shall be classified as an external independent Director, is submitted by the Board of Directors to the shareholders at the General Shareholders' Meeting after a proposal from the Nominating and Compensation Committee.

- b) Appointment of Mr. Santiago Martínez Lage as Director, for the bylaw-mandated period of five years.

The appointment of the Director, who shall be classified as an external independent Director, is submitted by the Board of Directors to the shareholders at the General Shareholders' Meeting after a proposal from the Nominating and Compensation Committee.

7.2. Re-election of Directors:

- a) Re-election of Mr. Víctor de Urrutia Vallejo as Director for the bylaw-mandated period of five years.

The re-election of the Director, who shall be classified as an "external independent Director," is submitted by the Board of Directors to the shareholders at the General Shareholders' Meeting after a proposal from the Nominating and Compensation Committee.

- b) Re-election of Mr. Ricardo Álvarez Isasi as Director for the bylaw-mandated period of five years.

The re-election of the Director, who shall be classified as an "external independent Director," is submitted by the Board of Directors to the shareholders at the General Shareholders' Meeting after a proposal from the Nominating and Compensation Committee.

- c) Re-election of Mr. José Ignacio Berroeta Echevarría as Director for the bylaw-mandated period of five years.

The re-election of the Director, who shall be classified as an "external independent Director," is submitted by the Board of Directors to the shareholders at the General Shareholders' Meeting after a proposal from the Nominating and Compensation Committee.

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- d) Re-election of Mr. Juan Luis Arregui Ciarsolo as Director for the bylaw-mandated period of five years.

The re-election of the Director, who shall be classified as an “external independent Director,” is submitted by the Board of Directors to the shareholders at the General Shareholders’ Meeting after a proposal from the Nominating and Compensation Committee.

- e) Re-election of Mr. José Ignacio Sánchez Galán as Director for the bylaw-mandated period of five years.

The re-election of the Director, who shall be classified as an “executive Director,” is submitted by the Board of Directors to the shareholders at the General Shareholders’ Meeting after a proposal from the Nominating and Compensation Committee.

- f) Re-election of Mr. Julio de Miguel Aynat as Director for the bylaw-mandated period of five years.

The re-election of the Director, who shall be classified as an “external independent Director,” is submitted by the Board of Directors to the shareholders at the General Shareholders’ Meeting after a proposal from the Nominating and Compensation Committee.

- g) Re-election of Mr. Sebastián Battaner Arias as Director for the bylaw-mandated period of five years.

The re-election of the Director, who shall be classified as an “external independent Director,” is submitted by the Board of Directors to the shareholders at the General Shareholders’ Meeting after a proposal from the Nominating and Compensation Committee.

7.3. Establishment of the number of Directors.

After the foregoing appointments and re-elections, the number of members of the Company’s Board of Directors is set at fifteen.

Any possible appointment of Directors effected in accordance with the proportional representation system pursuant to Section 137 of the Companies Law, as well as any proposal of resolutions relating to the filling of vacancies in the Board of Directors, shall be deemed, in any event, as relative to this item of the Agenda.

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ITEM EIGHT ON THE AGENDA

Authorization to the Board of Directors, with the express power of delegation, for the derivative acquisition of the Company's own shares by the Company itself and/or by its subsidiaries, upon the terms provided by applicable law, for which purpose the authorization granted by the shareholders at the General Shareholders' Meeting of March 20, 2009 is hereby deprived of effect to the extent of the unused amount.

PROPOSED RESOLUTION RELATING TO ITEM EIGHT

To expressly authorize the Board of Directors, with the express power of delegation, pursuant to the provisions of Section 75 of the Companies Law, to carry out the derivative acquisition of shares of IBERDROLA, S.A., under the following terms:

- (a) The acquisitions may be made directly by IBERDROLA, S.A. or indirectly through its subsidiaries, on the same terms resulting from this resolution. Excluded from this authorization are the subsidiaries conducting regulated activities pursuant to the provisions of the Electricity Industry Law (*Ley del Sector Eléctrico*) and the Hydrocarbons Law (*Ley de Hidrocarburos*).
- (b) The acquisitions shall be made through purchase and sale, exchange or any other transaction permitted by the Law.
- (c) The acquisitions may be made, at any time, up to the maximum amount permitted by the Law.
- (d) The acquisitions may not be made at a price greater than the listing price of the shares or lower than the par value of the shares.
- (e) This authorization is granted for a maximum period of five (5) years from the approval of this resolution.
- (f) A restricted reserve shall be set up in the shareholders' equity of the acquiring company equal to the amount of the shares of the controlling company reflected under Assets. Such reserve shall be maintained as long as the shares are not disposed of or cancelled, pursuant to the provisions of sub-section 3 of Section 79 of the Companies Law.

It is expressly stated for the record that the shares acquired pursuant to this authorization may be disposed of, cancelled or allocated to the compensation systems provided for in paragraph three, sub-section 1 of Section 75.1 of the Companies Law, as well as to develop programs to foster the acquisition of interests in IBERDROLA, S.A. such as, for example, dividend reinvestment plans, loyalty bonds or similar instruments.

This resolution revokes and deprives of effect, to the extent of the unused amount, the authorization for the derivative acquisition of the Company's own shares granted to the Board of Directors by the shareholders at the General Shareholders' Meeting held on March 20, 2009.

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ITEM NINE ON THE AGENDA

Delegation to the Board of Directors, with the express power of substitution, for a term of five (5) years, of the power 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; and authorization for the Company to guarantee, within the limits set forth above, new issuances of securities by subsidiaries, for which purpose the delegation approved by the shareholders at the General Shareholders' Meeting held on March 20, 2009 is hereby deprived of effect to the extent of the unused amount.

PROPOSED RESOLUTION RELATING TO ITEM NINE

To delegate to the Board of Directors, as permitted by Section 319 of the Regulations of the Commercial Registry and the general provisions governing the issuance of debentures, as well as pursuant to Articles 13.1, 15.2 and 17.1.f) of the By-Laws, the power to issue negotiable securities under the following terms:

1. Securities to be issued.- The negotiable securities contemplated in this delegation may be bonds or simple debentures, notes and other fixed-income securities of a like nature, as well as preferred stock.
2. Period of delegation.- The issuance of the securities covered by this delegation may be effected on one or more occasions within a maximum period of five (5) years following the date of adoption of this resolution.
3. Maximum amount under this delegation.-
 - a) The aggregate maximum amount of the issuance or issuances of bonds or simple debentures and other fixed-income securities of a like nature (other than notes), as well as preferred stock, approved under this delegation shall be twenty (20) billion euros, or the equivalent thereof in another currency.
 - b) For its part, the outstanding balance of the notes that are issued under this delegation shall at no time exceed the sum of six (6) billion euros or the equivalent thereof in another currency. This limit is independent of the limit established in sub-section a) above.
4. Scope of the delegation.- The delegation of powers to issue the securities contemplated in this resolution shall extend, as broadly as is required by Law, to the establishment of the different terms and conditions applicable to each issuance (par value, issue price, reimbursement price, domestic or foreign currency of the issuance, form of representation, interest rate, amortization, subordination clauses, guarantees supporting the issuance, place of issuance, law applicable thereto, if appropriate, establishment of the internal regulations of the bondholders' syndicate and appointment of the bondholders' syndicate representative (*comisario*) in the case of the issuance of simple bonds and debentures, if required, admission to listing, etc.) and to the conduct of any and all

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formalities that may be necessary, including those provided for in the applicable securities market regulations, for the execution of the specific issuances that may be resolved to be effected under this delegation.

5. Admission to listing.- The Company will, where appropriate, make application for listing on Spanish or foreign, official or unofficial, organized or other secondary markets of the securities issued by the Company pursuant to this delegation, and authorizes the Board of Directors, as broadly as is required by Law, to carry out all formalities and actions required for admission to listing with the appropriate authorities of the different Spanish or foreign securities markets.

It is expressly stated for the record that if application is subsequently made for delisting of the securities, it will be made by complying with the same formalities as the application for listing, to the extent applicable, and, in such case, the interests of the shareholders opposing or not voting on the resolution will be safeguarded in compliance with the requirements established by applicable law. It is also expressly stated that the Company undertakes to abide by all current or future Stock Market laws or regulations and, particularly, with those governing trading, continued listing and delisting of securities.

6. Guarantee in support of issuances of securities by subsidiaries.- As permitted by Article 15.4 of the By-Laws, the Board of Directors is also authorized to guarantee, on behalf of the Company, and within the limits set forth above, new issuances of securities by subsidiaries during the effective period of this resolution.
7. Power of delegation.- The Board of Directors is hereby expressly authorized to delegate, pursuant to the provisions of Section 141.1, second paragraph, of the Companies Law, the delegated powers contemplated in this resolution.

This resolution cancels and deprives of effect, to the extent of the unused amount, the authorization to issue bonds or simple debentures and other fixed-income securities of a like nature, as well as preferred stock and notes, granted to the Board of Directors by the shareholders at the General Shareholders' Meeting held on March 20, 2009.

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ITEM TEN ON THE AGENDA

Authorization to the Board of Directors, with the express power of delegation, 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, for which purpose the authorization granted by the shareholders at the General Shareholders' Meeting of March 20, 2009 is hereby deprived of effect.

PROPOSED RESOLUTION RELATING TO ITEM TEN

To authorize the Board of Directors to:

1. Apply, if appropriate, for the listing on 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 by the Company, subject to applicable regulations and, particularly, to the regulations governing trading, continued listing and delisting of securities.
2. Apply, if appropriate, for the delisting of the securities mentioned in the preceding sub-section, which will be carried out by complying with the same formalities and with strict observance of all applicable securities market regulations.
3. Adopt all such resolutions as it deems necessary or appropriate in order to cancel or transform into book-entry securities the securities representing the debentures or bonds issued by the Company, whenever required for such securities to be admitted to listing and, once admitted, for the continued listing thereof, executing all such private or public documents as may be required for such purpose.
4. Delegate all or part of the powers mentioned in this resolution.

This resolution cancels and deprives of effect the 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 the resolutions required to ensure the continued listing of the shares, debentures or other securities of the Company that may then be outstanding granted to the Board of Directors by the shareholders at the General Shareholders' Meeting of March 20, 2009.

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ITEM ELEVEN ON THE AGENDA

Authorization to the Board of Directors, with the express power of delegation, to create and fund associations and foundations, pursuant to applicable legal provisions, for which purpose the authorization granted by the shareholders at the General Shareholders' Meeting of March 20, 2009 is hereby deprived of effect to the extent of the unused amount.

PROPOSED RESOLUTION RELATING TO ITEM ELEVEN

To authorize the Board of Directors, on behalf of the Company -either directly or through its wholly-owned subsidiaries- to participate, either alone or together with other Spanish or foreign individuals or legal entities, and as founder, in the creation of one or more associations and foundations governed by private Law for purposes of general interest (social assistance, public-spirited, educational, cultural, scientific, sports, health, cooperation for development, environmental protection, economic promotion or promotion of research, promotion of volunteerism, defense of human rights, or any other purposes permitted by law), with the covenants, clauses, conditions, representations and agreements it deems appropriate, providing for such purpose, as initial funding or as mere contributions, on a single occasion, or in part or successively, cash or such other property or rights as it deems appropriate for each of them, and to contribute cash or such other property or rights as it deems appropriate to the foundations where the Company -or its wholly-owned subsidiaries- is a member of the Board of Trustees or has participated in the creation thereof or has established an agreement for collaboration therewith, up to the aggregate amount, for both items, of ten (10) million euros a year or the equivalent thereof in other currencies for all foundations and associations during the effective period of this authorization. To such end, the Board of Directors is expressly authorized to execute the notarial instruments of creation, draft and approve the By-Laws of each such association and foundation, with authority to accept positions on behalf of the Company and, generally, to take all such decisions as may be required or appropriate for the implementation of and compliance with this resolution.

This authorization is granted for a maximum period that will expire on the date of the General Shareholders' Meeting at which the annual financial statements for the fiscal year ending December 31, 2010 are approved. Such authorization may be expressly extended by subsequent resolutions of the shareholders at the General Shareholders' Meeting. The maximum period of this authorization is deemed to be established without prejudice to the possible successive funding which, in accordance with applicable legislation and within the established limit, may have been committed in the above-mentioned period and be pending contribution by the Company -or its wholly-owned subsidiaries- upon expiration of such period.

The use made of the authorization approved by this resolution will be reported to the shareholders at a General Shareholders' Meeting.

The Board of Directors may, in turn, delegate all powers granted to it hereby.

This resolution cancels and deprives of effect, to the extent of the unused amount, the authorization to create and fund associations and foundations granted to the Board of

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Directors by the shareholders at the General Shareholders' Meeting held on March 20, 2009.

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ITEM TWELVE ON THE AGENDA

Amendment of Articles 11 and 62 of the By-Laws.

PROPOSED RESOLUTION RELATING TO ITEM TWELVE

In order to adjust the Company's By-Laws to Law 3/2009, of April 3, on structural changes in commercial companies, which amended the text of Section 158 of the Companies Law, and in order to correct language errors in Article 62, it is resolved to approve a new text of Articles 11 and 62 of the By-Laws, which shall hereafter read as follows:

"Article 11. Pre-emptive rights, and the exclusion thereof

1. In capital increases with the issuance of new shares, whether ordinary or preferred, and with a charge to cash contributions, the existing shareholders may, when permitted by Law, and within the period granted to them for this purpose by the Board of Directors, which shall not be less than fifteen (15) days from the publication of the announcement of the subscription offer for the new issuance in the Official Bulletin of the Commercial Registry, exercise the right to subscribe to a number of shares proportional to the nominal value of the shares they hold at that time.
2. The shareholders acting at a General Shareholders' Meeting or, if applicable, the Board of Directors, may, in furtherance of the corporate interests, exclude pre-emptive rights in whole or in part in such cases and under such conditions as are provided by Law. In particular, the corporate interests may justify the exclusion of pre-emptive rights when needed to facilitate (i) the placement of new shares in foreign markets which will allow access to sources of financing; (ii) the gathering of resources by using techniques based on the book-building likely to maximize the issue price per share; (iii) the inclusion of industrial, technological or financial partners; (iv) the implementation of loyalty and compensation programs covering Directors, managers or employees, and (v) in general, the performance of any transaction which is advisable for the Company.
3. Pre-emptive rights shall not apply when the capital increase is made with a charge to non-cash contributions or when it is due to the conversion of debentures into shares or the takeover of another company or a portion of the split-off assets of another company."

"Article 62. Liquidation of the Company

1. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease to hold office and the Directors shall become liquidators of the Company. They shall make up a collective body which must be composed of an odd number of members. If necessary for such purpose, the Director having the least length of service since appointment shall cease to hold office.
2. During the liquidation period, the provisions of these By-Laws governing the calling and holding of General Shareholders' Meetings shall be complied with, and the

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shareholders at the General Shareholders' Meeting shall be informed of the progress of the liquidation, so that the shareholders may adopt thereat such resolutions as they deem appropriate.

3. All liquidating operations shall be carried out with due observance of applicable law."

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ITEM THIRTEEN ON THE AGENDA

Delegation of powers 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 are made.

PROPOSED RESOLUTION RELATING TO ITEM THIRTEEN

Without prejudice to the powers delegated in the preceding resolutions, to authorize the Board of Directors to delegate 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 the fullest extent permitted by Law, to carry out the foregoing resolutions, for which purpose they may:

- a) Elaborate on, clarify, make more specific, complete and correct the resolutions adopted by the shareholders at this General Shareholders' Meeting or those set forth in the notarial instruments or documents that may be executed to carry out such resolutions and, in particular, all omissions, defects or errors, whether substantive or otherwise, that might prevent the access of these resolutions and the consequences thereof to the Commercial Registry, the Land Registry (*Registro de la Propiedad*), the Spanish Patent and Trademark Office (*Oficina Española de Patentes y Marcas*), the National Associations Registry (*Registro Nacional de Asociaciones*), the Registry of Government-Managed Foundations (*Registro de Fundaciones de Competencia Estatal*) or, if appropriate, the territorial Registries of associations and foundations of the corresponding autonomous communities or any other registries.
- b) Carry out such acts or legal transactions as may be necessary or appropriate for the implementation of the resolutions adopted by the shareholders at this General Shareholders' Meeting, executing such public or private documents as may be deemed necessary or appropriate for the full effectiveness of these resolutions.
- c) Delegate to one or more of its members all or part of the powers of the Board of Directors it deems appropriate, as well as the powers expressly granted by the shareholders at this General Shareholders' Meeting, jointly or severally.
- d) Finally determine all other circumstances that may be required, adopt and implement the necessary resolutions, publish the notices and provide the guarantees that may be required for the purposes established in the Law, formalize the required documents, and carry out all necessary proceedings and comply with all requirements under the Law for the full effectiveness of the resolutions adopted by the shareholders at the General Shareholders' Meeting.