

Bilbao, March 26, 2010

To the National Securities Market Commission

**SUBJECT: Resolutions adopted at the General Shareholders' Meeting and at the Board of Directors**

Dear Sirs:

We are pleased to inform you of the resolutions adopted on the date hereof at the Board of Directors and at the General Shareholders' Meeting of Iberdrola, S.A. ("IBERDROLA" or the "Company"), held upon first call.

#### **I. GENERAL SHAREHOLDERS' MEETING**

Other than those included in section 3 below, all the resolutions included in the Agenda, which was communicated to you on February 22, 2010, were approved in accordance with the documentation sent to such Commission and made available to the shareholders as of the date of publication of the call to meeting, on February 24, 2010.

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 2009 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 2009.

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 2010.

#### **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 a gross dividend of 0.143 euro per share, an amount equivalent to the payment on account of the dividend for the fiscal year 2009, which was satisfied by the Company on December 30, 2009.

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 eight hundred sixty-six (1,866) million euros.

This capital increase has been adopted for the purposes of offering those shareholders who may be interested in the possibility of receiving fully-paid shares of the Company instead of the supplemental dividend payment corresponding to fiscal year 2009, to be paid out on July 2010, as well as, if applicable, any payment of amounts on account of the dividend corresponding to fiscal year 2010. This resolution provides for the implementation by the Company of appropriate measures to guarantee that those shareholders who wish so may receive an amount in cash equivalent to the supplemental dividend payment corresponding to fiscal year 2009, as well as, if applicable, the payment of amounts on account of the dividend corresponding to fiscal year 2010.

### **3. Resolutions relating to the composition of the Board of Directors and to the authorizations and the express delegation of powers requested for the Board of Directors**

Mr. Juan Luis Arregui Ciarsolo's resignation from his post as Director of the Company has been notified to the shareholders at the General Shareholders' Meeting. His resignation was submitted during the meeting of the Board of Directors held today and, for that reason, his re-election has not been subject to a vote.

In addition, the shareholder Residencial Monte Carmelo, S.A. filled the vacancy left by the resignation of Mr. Juan Luis Arregui Ciarsolo through the designation, pursuant to the proportional representation system established in Section 137 of the Companies Law, of Mr. José María Loizaga Viguri as Director of the Company, as well as Residencial Monte Carmelo, S.A. itself as his substitute.

The shareholders acting at the General Shareholders' Meeting have approved the proposed appointment of Ms. María Helena Antolín Raybaud and Mr. Santiago Martínez Lage as external independent Directors for the bylaw-mandated period of 5 years.

Likewise, the shareholders acting at the General Shareholders' Meeting have approved the re-election, for the bylaw-mandated period of 5 years, of the following Directors of the Company, who will be classified as set out below:

- (a) Mr. Víctor de Urrutia Vallejo, as an external independent Director;
- (b) Mr. Ricardo Álvarez Isasi, as an external independent Director;
- (c) Mr. José Ignacio Berroeta Echavarría, as an external independent Director;
- (d) Mr. José Ignacio Sánchez Galán, as an executive Director;
- (e) Mr. Julio de Miguel Aynat, as an external independent Director; and
- (f) Mr. Sebastián Battaner Arias as an external independent Director.

As items not included in the Agenda, the shareholders acting at the General Shareholders' Meeting resolved, further to the proposals of the Board of Directors:

- (i) to declare the existence of a structural and permanent competition conflict between the Iberdrola Group and the group which controlling company is ACS Actividades de Construcción y Servicios, S.A. -which owns 100% of the share capital of Residencial Monte Carmelo, S.A.- as well as the subsequent dismissal of the



Director Mr. José María Loizaga Viguri and his substitute, pursuant to Section 132.2 of the Companies Law; and

- (ii) to set the number of members of the Board of Directors at fourteen.

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 the derivative acquisition of the Company's own shares, by the Company itself and/or by its subsidiaries, upon the terms provided by the applicable law.
- Delegation, for a term of 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, with a maximum amount of 20 billion euros, and b) notes in the maximum amount at any given time, independently of the foregoing, of 6 billion euros, and authorization for the Board to be able to guarantee, in the name of the Company, and within the limits set forth above, new issuances of securities by its subsidiaries.
- Authorization to apply for listing and delisting from secondary securities markets of the securities issued or to be issued by the Company, as well as to adopt such resolutions as may be necessary to ensure the continued listing of the securities of the Company that may then be outstanding.
- Authorization to create and fund associations and foundations, up to the aggregate amount of 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 2010 are approved.

#### **4. Resolutions relating to amendments of the By-laws**

Furthermore, the shareholders acting at the General Shareholders' Meeting have approved the amendment of Articles 11 and 62 of IBERDROLA's By-Laws.

#### **5. Resolutions relating to general matters**

Additionally, and within the matters included on the Agenda, 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, Secretary General and Secretary to 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.

Finally, shareholders have been informed that as from April 15, 2010 an attendance premium in the gross amount of 0.005 euros 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 February 22, 2010.

## **II. BOARD OF DIRECTORS**

The Board of Directors has agreed to re-elect (i) the President, Mr. José Ignacio Sánchez Galán, as Chief Executive Officer, and (ii) the President and Chief Executive Officer, Mr. José Ignacio Sánchez Galán, the Vicepresident, Mr. Victor de Urrutia Vallejo and the member of the Board, Mr. José Ignacio Berroeta Echevarría, as members of the Executive Committee.

Yours very truly,

IBERDROLA, S.A.

General Secretary and Secretary of the Board of Directors