

To the National Securities Market Commission

Bilbao, 19 October 2010

Re: Resolutions approved by the Board of Directors in connection with its committees and with the 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 of the following significant event.

Resolutions relating to the committees of the Board of Directors

On the date hereof, the Board of Directors of Iberdrola, S.A. (“**Iberdrola**” or the “**Company**”) has approved, among others, the following resolutions:

- (i) Approval of the creation of the “Corporate Social Responsibility Committee of the Board of Directors of Iberdrola, S.A.” (hereinafter, the “**Corporate Social Responsibility Committee**”), as an internal informative and consultative body permanently in charge of promoting the Company’s policies on corporate social responsibility and corporate governance, as well as of monitoring the compliance with the Corporate Governance System of Iberdrola.
- (ii) Pursuant to the foregoing resolution, and following the proposal of the Nominating and Compensation Committee, appointment of the independent external Directors Ms. María Helena Antolín Raybaud, Ms. Samantha Barber, Mr. Ricardo Álvarez Isasi and Mr. Braulio Medel Cámara as members of the Corporate Social Responsibility Committee, as well as the appointment of Mr. Ricardo Álvarez Isasi as Chairman and Mr. Manuel María Zorrilla Suárez as Non-Executive Secretary of such Committee.
- (iii) Appointment of the independent external Directors Mr. Santiago Martínez Lage and Mr. Julio de Miguel Aynat, respectively, as member and Secretary of the Audit and Compliance Committee of the Board of Directors of Iberdrola, following the proposal of the Nominating and Compensation Committee, replacing Mr. Ricardo Álvarez Isasi, who submitted his resignation at the meeting.
- (iv) Appointment of the external independent Director Mr. Inigo Víctor de Oriol Ibarra as member of the Nominating and Compensation Committee of the Board of Directors of

Iberdrola, replacing Mr. Santiago Martínez Lage, who submitted his resignation at the meeting.

- (v) Appointment of the external independent Director Ms. Inés Macho Stadler as member of the Executive Committee of the Board of Directors of Iberdrola, following the proposal of the Nominating and Compensation Committee.

Over the next weeks, proposals for the amendment of the Regulations of the Board of Directors, of the Audit and Compliance Committee and of the Nominating and Compensation Committee of the Company and of the Regulations of the Corporate Social Responsibility Committee will be drafted, in order to capture the incorporation of such Committee to the Corporate Governance System of Iberdrola and introduce those additional amendments to the above referred Regulations which may be necessary or desirable to incorporate the provisions of the restated text of the Corporate Companies Law, approved by the Royal Legislative Decree 1/2010, of 2 July (*texto refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*) and other recent legislation, as well as to continue with the process of improving the rules comprising the Corporate Governance System of the Company by means of their adaptation to the most prevalent market trends and practices.

The foregoing amendments will be submitted to the vote of the Board of Directors, all of which will be timely disclosed through the appropriate notice of significant event and the publication of the relevant regulations in the Company's corporate website (www.iberdrola.com).

Resolutions relating to the system “Iberdrola Flexible Dividend” (“*Iberdrola Dividendo Flexible*”)

Likewise, on the date hereof, the Board of Directors has resolved to carry out the second execution 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. Such second execution shall take place in the framework of the remuneration system “Iberdrola Flexible Dividend” (“*Iberdrola Dividendo Flexible*”) in connection with what would otherwise have been the interim dividend payment for the fiscal year 2010.

As soon as the details and the definitive timetable for the second execution are defined, we will notify you by means of the corresponding notice of significant event.

Yours faithfully,

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