

To the National Securities Market Commission

Bilbao, 23 November 2010

Re: Partial amendment of the Corporate Governance System of Iberdrola, S.A.

Dear Sirs,

Following the price sensitive information notice delivered on 19 October 2010 by Iberdrola, S.A. (hereinafter, “**Iberdrola**” or the “**Company**”), with entry registry number 2010/131.752, we hereby inform you that, on the date hereof, the Board of Directors of the Company has approved, among others, the following resolutions regarding the partial amendment of the Corporate Governance System of Iberdrola:

- (i) Amendment of the Regulations of the Board of Directors and of the Audit and Compliance Committee (which will from now on be renamed as “Audit and Risk Supervision Committee”) and of the Nominating and Compensation Committee.
- (ii) Approval of the Regulations of the new Corporate Social Responsibility Committee.
- (iii) Amendment of other internal rules and procedures of the Corporate Governance System of Iberdrola and, particularly: the Internal Regulations for Conduct in the Securities Market of Iberdrola, S.A. and its Group of Companies, the Code of Professional Conduct of the Iberdrola Group (which will from now on be renamed as “Code of Ethics of Iberdrola, S.A. and its Group of Companies”), the Code for the Separation of Activities of the Iberdrola Group Companies carrying out Regulated Activities in Spain, the Procedure for Conflicts of Interest and Related-Party Transactions with Directors, Significant Shareholders and Senior Management of Iberdrola, S.A., the Action Protocol for the Management of News and Rumors regarding Iberdrola, S.A. and its Group of Companies, the Internal Rules for the Processing of Non-Public Information of Iberdrola, S.A. and its Group of Companies, the Regulations for the Electronic Shareholders’ Forum of Iberdrola, S.A. and the Internal Rules on composition and duties of the Operating Committee of Iberdrola, S.A.

The purpose of the foregoing amendment is to capture the incorporation of the new Corporate Social Responsibility Committee to the Corporate Governance System of Iberdrola and to implement such additional amendments to the above referred Regulations as are 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. The foregoing amendments will be published shortly in the Company's corporate website (www.iberdrola.com).

Likewise, the Board of Directors intends to submit to the approval of the shareholders acting at the next General Shareholders' Meeting of the Company the amendments of the By-Laws and the Rules for the General Shareholders' Meeting with following the same purpose described above.

Yours faithfully,

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