



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

Bilbao, January 26 2010

To the National Securities Market Commission

Re: Amendment of the Regulations of the Nominating and Compensation Committee and of the Code for the Separation of Activities

Dear Sirs,

We hereby advise you that, on the date hereof, the Board of Directors of IBERDROLA, S.A. (“**IBERDROLA**” or the “**Company**”) has agreed to endorse the amendment of the Regulations of the Nominating and Compensation Committee approved by such Committee in order to move forward with the creation and improvement of the Corporate Governance System of IBERDROLA, which is organised and structured on the basis of the By-laws of the Company, the Corporate Policies, the Internal Governance Rules (which include these Regulations) and other internal Codes and Procedures approved by the relevant Company bodies.

Likewise, the Board of Directors has agreed to modify the Code for the Separation of Activities of Companies of the Iberdrola Group carrying out Regulated Activities in Spain in order to update its content in accordance with the legislative changes occurred since the last amendment of this Code, which took place on 27 January 2009, adapt the definition of Persons Responsible for the Management of Regulated Companies, and complete and improve both the consistency and drafting of the Code, in order to facilitate its comprehension by those subject to it.

The new restated texts of the Regulations of the Nominating and Compensation Committee and of the Code for the Separation of Activities will be available on the Company’s website www.iberdrola.es in both Spanish and English.

Yours truly,

General Secretary and Secretary of the Board of Directors

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