



## 2015 GENERAL SHAREHOLDERS' MEETING

### Place, date, and time of meeting

The Board of Directors of IBERDROLA, S.A. has resolved to call a General Shareholders' Meeting, which will be held as part of the activities to be carried out by reason of Shareholder Day, at Palacio Euskalduna in Bilbao (avenida Abandoibarra número 4), on Friday 27 March 2015, at 11:30, on first call, or, if the required quorum is not met, on the next day, 28 March 2015, at the same place and time. Shareholder registration desks will be open as from 08:30. Although two calls are provided for, it is expected the required quorum will be met on first call, for which reason the General Shareholders' Meeting will in all likelihood be held on Friday 27 March 2015.

### Agenda

#### ITEMS RELATING TO THE ANNUAL ACCOUNTS, THE MANAGEMENT OF THE COMPANY, AND THE AUDITOR:

**First.-** Approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its subsidiaries for financial year 2014.

**Second.-** Approval of the individual management report of the Company and of the management report of the Company consolidated with that of its subsidiaries for financial year 2014.

**Third.-** Approval of the management and activities of the Board of Directors during financial year 2014.

**Fourth.-** Re-election of Ernst & Young, S.L. as auditor of the Company and of its consolidated group for financial year 2015.

#### ITEMS RELATING TO SHAREHOLDER COMPENSATION:

**Fifth.-** Approval of the proposed allocation of profits/losses and distribution of dividends for financial year 2014.

**Sixth.-** Increases in share capital by means of scrip issues in order to implement two new editions of the "Iberdrola Flexible Dividend" system.

**A.-** Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 777 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition



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of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading 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 express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

B.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 886 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading 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 express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

#### **ITEM RELATING TO THE COMPOSITION OF THE BOARD OF DIRECTORS:**

**Seventh.-** Renewal of the Board of Directors.

A.- Ratification of the interim appointment and re-election of Mr José Walfredo Fernández as director, with the status of external independent director.

B.- Ratification of the interim appointment and re-election of Ms Denise Mary Holt as director, with the status of external independent director.

C.- Ratification of the interim appointment and re-election of Mr Manuel Moreu Munaiz as director, with the status of other external director.

D.- Re-election of Mr Ángel Jesús Acebes Paniagua as director, with the status of external independent director.

E.- Re-election of Ms María Helena Antolín Raybaud as director, with the status of external independent director.

F.- Re-election of Mr Santiago Martínez Lage

as director, with the status of external independent director.

G.- Re-election of Mr José Luis San Pedro Guerenabarrena as director, with the status of other external director.

H.- Re-election of Mr José Ignacio Sánchez Galán as director, with the status of executive director.

**ITEMS RELATING TO THE UPDATE OF THE CORPORATE GOVERNANCE SYSTEM:**

**Eighth.-** Amendments of the *By-Laws* in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance, to reflect the status of IBERDROLA, S.A. as a holding company, to include other improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof.

A.- Amendment of the current Title I (*The Company, its Share Capital, and its Shareholders*).

B.- Amendment of the current Chapter I of Title II, which now becomes the new Title II (*The General Shareholders' Meeting*).

C.- Amendment of the current Chapter II of Title II, which now becomes the new Title III (*Management of the Company*).

D.- Amendment of the current Titles III and IV, which now become the new Titles IV (*Breakthrough of Restrictions in the Event of Takeover Bids*) and V (*Annual Accounts, Dissolution, and Liquidation*), and elimination of the current Title V (*Final Provisions*).

**Ninth.-** Amendments of the *Regulations for the General Shareholders' Meeting* in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act to improve corporate governance, and to include other improvements in the area of corporate governance and of a technical nature.

A.- Amendment of the Preliminary Title and of Title I (*Function, Types, and Powers*).

B.- Amendment of Titles II (*Call to the General Shareholders' Meeting*), III (*Right to Attend and Proxy Representation*) and IV (*Infrastructure and Equipment*).

C.- Amendment of Title V (*Conduct of the General Shareholders' Meeting*).

D.- Amendment of Titles VI (*Voting and Adoption of Resolutions*), VII (*Closure and Minutes of the Meeting*) and VIII (*Subsequent Acts*).

**ITEM RELATING TO A REDUCTION IN SHARE CAPITAL:**

**Tenth.-** Approval of a reduction in share capital by means of the retirement of 148,483,000 own shares representing 2.324% of the share capital of IBERDROLA, S.A. Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the powers to amend the article of the *By-Laws* governing

share capital and to apply for the removal from trading of the retired shares and for the removal thereof from the book-entry registers.

#### **ITEM RELATING TO GENERAL MATTERS:**

**Eleventh.-** Delegation of powers to formalise and implement all resolutions adopted by the shareholders at the General Shareholders' Meeting, for conversion thereof into a public instrument, and for the interpretation, correction, supplementation thereof, further elaboration thereon, and registration thereof.

#### **ITEM RELATING TO THE RESOLUTION SUBMITTED TO A CONSULTATIVE VOTE:**

**Twelfth.-** Consultative vote regarding the *Annual Director Remuneration Report* for financial year 2014.

#### ***Shareholder's Guide***

In order to encourage the informed participation of the shareholders during Shareholder Day, and particularly in the General Shareholders' Meeting, the Board of Directors has prepared a *Shareholder's Guide*, conceived as an efficient and user-friendly tool, available on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) and at the Office of the Shareholder.

#### **Attendance Bonus**

In order to promote the participation of the shareholders at the General Shareholders' Meeting, the Company will pay an **attendance bonus in the gross amount of 0.005 euro per share** for shares duly represented thereat in person or by proxy.

#### **Participation: Attendance, Proxy Representation, and Absentee Voting**

All holders of voting shares who have caused such shares to be registered in their name in the corresponding book-entry register not later than 22 March or 23 March 2015, depending on whether the General Shareholders' Meeting is held on first or second call, respectively, may attend and participate in the General Shareholders' Meeting, with the rights to be heard and to vote.

In order to facilitate the participation of all shareholders, the Company will make available the equipment required for the simultaneous interpretation of presentations made in Spanish into Euskera (Basque), English, and Portuguese, as well as for the

consecutive interpretation into Spanish of the presentations of shareholders wishing to use the floor in Euskera, English, or Portuguese during the General Shareholders' Meeting. The Company will also adopt the measures necessary for shareholders with mobility, auditory, or visual limitations to participate in the General Shareholders' Meeting, and will provide a children's playroom supervised by qualified professionals for those attending the General Shareholders' Meeting with infants or children less than seven years old.

All shareholders having the right to attend may be represented at the General Shareholders' Meeting by another person, even though not a shareholder.

Shareholders having the right to attend may grant a proxy or cast an absentee vote on the proposals relating to items included in the agenda of the call to meeting, which they may do in writing by sending a duly completed attendance, proxy, and absentee voting card to the offices of the Company or the premises made available for such purpose to be announced on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) by sending the card to the Company via postal correspondence (to apartado de correos número 1.113, 48008 Bilbao), or by electronic correspondence using the software application available on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)).

Proxies and absentee votes cast by postal or electronic correspondence must, as a general rule, be received by the Company before 24:00 on 26 March or 27 March 2015, depending on whether the General Shareholders' Meeting is held on first or second call, respectively.

### **Available Information and Documentation**

Until 22 March 2015, inclusive, shareholders may request in writing the information or clarifications that they deem are required, or ask the written questions they deem relevant, regarding the matters included in the agenda of the call to meeting, the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, i.e. since 28 March 2014, and the audit reports on the individual annual accounts and management report of the Company and on the annual accounts and management report of the Company consolidated with those of its subsidiaries for financial year 2014.

As from the date of publication of this announcement of the call to meeting, the following documents and information are made continuously available to the shareholders on the Company's corporate website ([www.iberdrola.com](http://www.iberdrola.com)): (1) this announcement of the call to meeting; (2) the form of attendance, proxy, and absentee voting card; (3) the full text of the proposed resolutions corresponding to the items included in the agenda of the call to meeting, together with the respective reports of the Board of Directors required by law or otherwise deemed appropriate, including those

regarding the proposed ratification and/or re-election of directors submitted to the shareholders at the General Shareholders' Meetings, and that contain the professional profile and biographical data of the candidates; (4) the reports prepared by PricewaterhouseCoopers Asesores de Negocios, S.L. with respect to the proposed ratification and/or re-election of directors; (5) the individual annual accounts of the Company and the annual accounts of the Company consolidated with those of its subsidiaries for financial year 2014 and the respective audit reports; (6) the Company's individual management report and the management report of the Company consolidated with that of its subsidiaries for financial year 2014; (7) the directors' statement of responsibility provided for in section 35 of the Securities Market Act (*Ley del Mercado de Valores*), which, together with the documents set forth in the two preceding items, constitute the *Annual Financial Report* for financial year 2014; (8) the *Annual Corporate Governance Report* for financial year 2014; (9) the *Annual Director Remuneration Report* for financial year 2014; (10) the *Annual Activities Report of the Consultative Committees of the Board of Directors* for financial year 2014; (11) the *Sustainability Report* for financial year 2014; (12) the *Integrated Report* summarising the key operating and financial figures of the annual reports for financial year 2014 – based on the financial statements submitted for approval by the shareholders acting at the General Shareholders' Meeting – and which reflects future prospects and the strategic positioning of the Company; (13) the current restated texts of the *By-Laws*, the *Corporate Policies*, the *Regulations for the General Shareholders' Meeting*, the *Regulations of the Board of Directors*, and the other documents making up the Corporate Governance System (in a full-text or summarised version); (14) information regarding the total number of shares and voting rights on the date of publication of this announcement of call to meeting; and (15) the *Shareholder's Guide* and the *Rules of Implementation for the Management of the General Shareholders' Meeting*.

Furthermore, the shareholders have the right to examine at the registered office and to request the immediate delivery or shipping without charge (which may be carried out by e-mail, with confirmation of receipt, if the shareholder accepts this form of delivery) of a copy of the individual annual accounts and management reports of the Company and those consolidated with its subsidiaries, together with the respective audit reports, for financial year 2014, of the proposed resolutions, including the proposed amendments to the By-Laws, of the mandatory director reports, and of the other documents that must be made available to the shareholders in connection with the holding of this General Shareholders' Meeting. Shareholders with visual limitations may request through the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) that this announcement be sent in Braille.

Finally, as from the adoption of the corresponding resolutions, shareholders will have access on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) to information regarding: (1) the implementation, on 18 July and 16 December 2014, of the increases in capital by means of scrip issues for the free-of-charge allocation of ordinary shares to the shareholders of the Company, approved by the shareholders at the General Shareholders' Meeting of 28 March 2014 under paragraphs A and B of item six on the agenda, and the respective amendments of the *By-Laws*; (2) the implementation, on 29 April 2014, of the reduction

in capital through the retirement of treasury shares of the Company approved by the shareholders at the same General Shareholders' Meeting under item eleven on the agenda and the resulting amendment of the *By-Laws*; (3) the amendments of the *Regulations of the Board of Directors* approved by such body; and (4) the approval of the *Shareholder Engagement Policy* and other amendments of the *Corporate Policies*, the regulations of the committees of the Board of Directors, and the other documents making up the Company's Corporate Governance System since the last General Shareholders' Meeting.

### **Supplement to the Call to Meeting and Well-founded Proposed Resolutions**

Until 25 February 2015, inclusive, shareholders representing at least 3% of the share capital may request the publication of a supplement to the call to the General Shareholders' Meeting including one or more items in the agenda, provided such new items are accompanied by the rationale therefor or, if appropriate, by a duly substantiated proposal for a resolution, and submit well-founded proposed resolutions on matters already included or that must be included in the agenda of the call to meeting. Such rights must be exercised by duly authenticated notice that must be received at the registered office of the Company.

### **Common Provisions Applicable to the Rights of the Shareholders**

The rights to receive information, to attend, to proxy representation, to absentee voting, to request the publication of a supplement to the call to meeting, and to submit well-founded proposals for resolutions shall be exercised as provided by law, the Company's Corporate Governance System, the *Shareholder's Guide*, and the *Rules of Implementation for the Management of the General Shareholders' Meeting*, available both on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) and at the Office of the Shareholder.

### **Other Significant Aspects relating to the Meeting**

The Board of Directors has resolved to request the presence of a notary public to draw up the minutes of the General Shareholders' Meeting.

To facilitate the viewing and appropriate dissemination thereof, all or part of the proceedings of the General Shareholders' Meeting may be subject to audiovisual recording and broadcast and availability to the public through the Company's corporate website ([www.iberdrola.com](http://www.iberdrola.com)). In addition, the Company intends to broadcast the General Shareholders' Meeting and to provide information on the proceedings on the

social media in which it participates. By entering the premises where the General Shareholders' Meeting is to be held, attendees consent to the capture and reproduction of images of their person and to the processing of their personal data through such media.

### **Additional Information**

Shareholders may obtain additional information by accessing the On-Line Shareholders (OLS) system, which is continuously available on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) or by contacting the Office of the Shareholder (address: Plaza Euskadi número 5, 48009 Bilbao and calle Tomás Redondo número 1, 28033 Madrid / phone: + (34) 900 100 019 (hours: Monday to Friday, from 09:00 to 19:00) / e-mail: [accionistas@iberdrola.com](mailto:accionistas@iberdrola.com)).

Bilbao, 17 February 2015

The general secretary and secretary of the Board of Directors

### **Personal Data Protection**

The personal data that shareholders provide to the Company (upon the exercise or delegation of their rights to receive information, to attend, to proxy representation, and to vote) or that are provided by the financial institutions and by the investment services companies that are depositaries or custodians of the shares held by such shareholders, as well as by the entities in charge of the book-entry registers pursuant to law, will be processed by the Company in order to manage the shareholding relationship (including, but not limited to, the call to and holding of the Shareholder Day and the General Shareholders' Meeting and the dissemination thereof). To such end, the data will be kept in computer files for which the Company is responsible. Such data will be provided to the notary public solely in connection with the drawing-up of the notarial minutes of the General Shareholders' Meeting.

The owner of the data will be entitled to exercise the rights of access, rectification, objection, or erasure of the data collected by the Company. Such rights may be exercised in accordance with the provisions of law by means of a letter addressed to IBERDROLA, S.A. (address: Plaza Euskadi número 5, 48009 Bilbao).

If the shareholder includes personal data of other individuals on the attendance, proxy, and absentee voting card, such shareholder must advise them of the details set forth in the preceding paragraphs and comply with any other requirements that may apply for

the provision of the personal data to the Company, without the Company having to take any additional action.