General Shareholders’ Meeting / 2016

Announcement of the Call to Meeting
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2016 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, as part of the activities to be held on Shareholder Day, at Palacio Euskalduna in Bilbao (avenida Abandoibarra número 4), on Friday 8 April 2016, at 11:30, on first call, or, if the required quorum is not met, on second call the next day, 9 April 2016, 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 8 April 2016.

Agenda

Items relating to the annual accounts, the management of the company, and the auditor:

1. 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 2015.
2. Approval of the individual management reports of the Company and of the management reports of the Company consolidated with those of its subsidiaries for financial year 2015.
3. Approval of the management and activities of the Board of Directors during financial year 2015.
4. Re-election of Ernst & Young, S.L. as auditor of the Company and of its consolidated group for financial year 2016.

Items relating to shareholder remuneration:

5. Approval of the proposed allocation of profits/losses and distribution of dividends for financial year 2015.
6. Approval of two increases in share capital by means of scrip issues for two new editions of the “Iberdrola Flexible Dividend” system for the free-of-charge allocation of new shares to the shareholders of the Company in the following amounts: (A) a first increase in share capital by means of a scrip issue at a maximum reference market value of 855 million euros, and (B) a second increase in share capital by means of a scrip issue at a maximum reference market value of 985 million euros. Each of the increases provides for: (i) an offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price, and (ii) delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to set the date on which the increases must be implemented and to amend the article of the By-Laws setting the share capital.

Items relating to the express authorisations and delegations being requested:

7. Authorisation to the Board of Directors, with express power of substitution, to increase the share capital upon the terms and within the limits set out in section 297.1.b) of the Companies Act, with the power to exclude pre-emptive rights, limited to a maximum nominal amount of 20 % of the share capital, including such amount as may arise from the approval and implementation of the proposed resolution set forth in item 8 of the agenda.
8. Authorisation to the Board of Directors, with express power of substitution, for a term of five years, to issue debentures or bonds that are exchangeable for and/or convertible into shares of the Company or of other companies and warrants on newly-issued or outstanding shares of the Company or of other companies, with a maximum limit of five billion euros. The authorisation includes the delegation of such powers as may be required to: (i) determine the basis for and terms and conditions applicable to the conversion, exchange, or exercise; and (ii) increase share capital to the extent required to accommodate requests for conversion; and (iii) exclude the pre-emptive rights of the shareholders in connection with the issues, limited to a maximum nominal amount of 20 % of the share capital, including such amount as may arise from the approval and implementation of the proposed resolution set forth in item 7 of the agenda.

Item relating to the composition of the Board of Directors:
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9. Re-election of the following directors: (A) Mr Iñigo Víctor de Oriol Ibarra, as other external director; (B) Ms Inés Macho Stadler, as independent director; (C) Mr Braulio Medel Cámara, as independent director; and (D) Ms Samantha Barber, as independent director; and appointment of (E) Mr Xabier Sagredo Ormaza, as other external director.

Items relating to the update of the Corporate Governance System:

10. Amendment of the following articles of the By-Laws: (A) articles 2, 3, 5, 6, 7, 8, 9, and 32, to formalise the inclusion of the Mission, Vision, and Values of the Iberdrola group within the Corporate Governance System and to stress the Company’s commitment to its corporate values, to social return, and to the engagement of all stakeholders, and creation of a new Preliminary Title; (B) article 12, to refer to the indirect participation of the shareholders of IBERDROLA, S.A. in the other companies of the Iberdrola group, and restructuring of Title I; and (C) articles 34, 37, 38, 39, 40, 41, 42, 43, 44, and 45, to clarify the distribution of the powers of the Appointments Committee and of the Remuneration Committee, and to make other improvements of a technical nature.

11. Amendment of the following articles of the Regulations for the General Shareholders’ Meeting: (A) articles 1, 6, 13, and 14, to formalise the Company’s commitment to the sustainable management of the General Shareholders’ Meeting as an event and to promote environmentally-friendly channels of communication; (B) article 16, to regulate the gift for the General Shareholders’ Meeting; and (C) articles 22 and 32, to make improvements of a technical nature.

Item relating to the reduction in share capital:

12. Approval of a reduction in share capital by means of the retirement of 157,197,000 own shares representing 2.46% of the share capital. Delegation of powers to the Board of Directors, with express power of substitution, to, among other things, amend the article of the By-Laws setting the share capital.

Item relating to general matters:

13. 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, and supplementation thereof, further elaboration thereon, and registration thereof.

Item relating to the resolution submitted to a consultative vote:


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 available on the corporate website (www.iberdrola.com).

Attendance Bonus

In compliance with the provisions of the General Corporate Governance Policy and 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, thus including shareholders who cast an absentee vote or who attend by proxy representation granted to any third party.

Participation: Attendance, Proxy Representation, and Absentee Voting

The Company does not require a minimum number of shares in order to be able to participate in the General Shareholders’ Meeting. Therefore, 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 3 April or 4 April 2016, depending on whether the General Shareholders’ Meeting is held on first or second call, respectively, may attend the General Shareholders’ Meeting, vote, and take part in the deliberations thereof.
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The Company wants all of its shareholders to be able to participate in the General Shareholders’ Meeting. To this end, the proceedings will have 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 preferring to use 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, including staff for the care of infants.

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

All 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 by electronic communication using the software application available on the corporate website (www.iberdrola.com), 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), as well as by sending the card to the Company via postal correspondence (to apartado de correos número 1.113, 48008 Bilbao). Proxies and absentee votes cast by electronic communication or postal correspondence must, as a general rule, be received by the Company before 24:00 on 7 April or 8 April 2016, depending on whether the General Shareholders’ Meeting is held on first or second call, respectively.

Available Information and Documentation

Until 3 April 2016, 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 27 March 2015, and the audit reports on the individual annual accounts and management reports of the Company and on the annual accounts and management reports of the Company consolidated with those of its subsidiaries for financial year 2015.

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): (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; (4) the individual annual accounts of the Company and the annual accounts of the Company consolidated with those of its subsidiaries for financial year 2015 and the respective audit reports; (5) the Company’s individual management reports and the management reports of the Company consolidated with those of its subsidiaries for financial year 2015; (6) the directors’ statement of responsibility provided for in section 118 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 2015; (7) the Report on the Independence of the Auditor in Relation to the Audit Report for Financial Year 2015; (8) the Annual Corporate Governance Report for financial year 2015; (9) the Annual Director Remuneration Report for financial year 2015; (10) the Annual Activities Report of the Consultative Committees of the Board of Directors for financial year 2015; (11) the Report on Related-Party Transactions with Directors and Significant Shareholders; (12) the Annual Report on the Application of the Shareholder Engagement Policy and the Policy regarding Communication and Contacts with Shareholders, Institutional Investors, and Proxy Advisors; (13) the Sustainability Report for financial year 2015; (14) 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); (15) the Rules of Implementation for the Management of the General Shareholders’ Meeting; (16) the Shareholder's Guide; and (17) information regarding the total number of shares and voting rights on the date of publication of this announcement of call to meeting. Furthermore, a few days after the publication of the announcement of the call to meeting, there will be made available to the shareholders on the corporate website (18) the Integrated Report, summarising the key operating and financial figures of the annual reports for financial year 2015 –based on the financial statements submitted for approval by the shareholders at the General Shareholders' Meeting– and which reflects future prospects and the strategic positioning of the Company.
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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 of the annual accounts and management reports of the Company consolidated with those of its subsidiaries, together with the respective audit reports, for financial year 2015, 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) that this announcement be sent in Braille.

Finally, information regarding the following is made available to the shareholders on the corporate website (www.iberdrola.com) as from the adoption of the corresponding resolutions: (1) the implementation, on 20 July 2015 and 26 January 2016, of the two 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 27 March 2015 under paragraphs A and B of item six on the agenda, and the respective amendments of the By-Laws; (2) the implementation, on 28 April 2015, of the reduction in capital through the retirement of own 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 Mission, Vision, and Values of the Iberdrola group approved by the Company’s Board of Directors on 23 February 2016; and (4) the amendments of the Regulations of the Board of Directors approved by such body.

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

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 theerefor 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 within the legal deadline, which expires on 2 March 2016.

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 Corporate Governance System, and the Rules of Implementation for the Management of the General Shareholders’ Meeting, available both on the corporate website (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 will be available to the public through the Company’s corporate website (www.iberdrola.com).

Additional Information

Shareholders may obtain additional information through the Investor Relations App, by accessing the On-Line Shareholders (OLS) system, which is continuously available on the corporate website (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).
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Bilbao, 23 February 2016

The secretary of the Board of Directors

**Sustainable Management**

The Basque Government, through its public owned company Ihobe, and AENOR have issued certificates verifying that the Company has complied with the criteria on environmental sustainability of events in the Basque Country and with the UNE-ISO 20121 standard for sustainable event management, respectively, in the management of the General Shareholders’ Meeting. More information is available on the corporate website (www.iberdrola.com) regarding the Company’s Sustainability Policy.

**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.