General Shareholders’ Meeting / 2016

MASTER AND INDIVIDUAL REPORTS REGARDING THE PROPOSED APPOINTMENT AND RE-ELECTION OF DIRECTORS
1. Purpose of the Report

This report is submitted by the Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") pursuant to the provisions of section 529 decies of the Companies Act (Ley de Sociedades de Capital) regarding the proposed re-election of Mr Iñigo Víctor de Oriol Ibarra, Ms Inés Macho Stadler, Mr Braulio Medel Cámara, and Ms Samantha Barber as directors, as well as regarding the proposed appointment as director of Mr Xabier Sagredo Ormaza, as other external director.

Pursuant to the provisions of article 14.2.d) of the Company’s Regulations for the General Shareholders’ Meeting, in the event that the shareholders acting at a General Shareholders’ Meeting must deliberate on the appointment, re-election, or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information:

a) background and professional experience of the director;

b) membership on other boards of directors of listed or unlisted companies;

c) indication of class to which the director belongs;

d) date of their first and subsequent appointments as a director of the Company;

e) shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder;

f) the report prepared by the Board of Directors; and

g) the proposal of the Appointments Committee, in the case of independent directors, and the report of said Committee in the other cases.

In accordance with the provisions of law and the Corporate Governance System, the proposals for re-election as directors of Ms Inés Macho Stadler, Mr Braulio Medel Cámara, and Ms Samantha Barber, who must be assigned to the class of independent directors, is submitted to the shareholders at the General Shareholders’ Meeting upon a proposal of the Appointments Committee.

The proposed re-election as director of Mr Iñigo Víctor de Oriol Ibarra and the proposed appointment of Mr Xabier Sagredo Ormaza, both assigned to the class of other external director, is submitted to the shareholders at the General Shareholders’ Meeting after a report from the Appointments Committee.

This master report assesses competency, experience, and merits of the proposed candidates as a whole to hold the office of director upon the terms of subsection 5 of section 529 decies of the Companies Act.

This is followed by the individual reports for each of the candidates to be re-elected as directors, which include the information referred to in article 14.2.d) of the Regulations for the General Shareholders’ Meeting.
2. **Prior Analysis**

Pursuant to the provisions of the *Director Candidate Selection Policy*, the Board of Directors, with the advice and report of the Appointments Committee, has engaged in a prior analysis of the needs of the Company and the Iberdrola group given that the terms of the five directors indicated above will end during this financial year 2016.

The conclusion of this analysis is that it would be appropriate for the Board of Directors to have members with extensive experience in the industrial and financial sectors, as well as the energy sector, from both the business and the academic fields.

Along these lines, the Board of Directors, with the advice and the report of the Appointments Committee, views quite favourably the profile, aptitudes, and experience of the five directors whose terms expire in 2016, which are conform to the needs delineated in the prior analysis.

3. **Rationale for the Proposals as a Whole**

In preparing the proposals for appointment and re-election, the Board of Directors has taken into account the alignment of the professional profiles of the candidates with the specific characteristics of the business carried out by the Company and the industries in which it does business, the international nature thereof, and especially their level of performance through the date hereof.

In this regard, the Board of Directors is of the opinion that all its members appropriately combine adequate qualifications and skills in the following areas:

- **a)** knowledge of the industries in which the Company does business;
- **b)** experience in and background knowledge of economic and financial matters, management of highly qualified human resources, and legal and regulatory frameworks;
- **c)** international experience and background knowledge of the geographical markets that are most significant for the Company; and
- **d)** experience in and knowledge of management, leadership, and business strategy.

The curriculum vitae and, if applicable, past performance in their positions by the directors whose appointment or re-election is submitted to the shareholders at the General Shareholders’ Meeting shows their competencies as administrators, their merits to hold the position of director, their extensive experience in industries relevant to the Company and the group, and their in-depth knowledge of various business areas, which ensures the contribution of multiple viewpoints to the debate of matters within the Board of Directors.

As a whole, the proposed appointment and re-election of directors submitted to the shareholders at the General Shareholders’ Meeting contributes to maintaining a high percentage of independent directors and entails a strengthening of the high qualitative level existing in the composition thereof.

Finally, the Appointments Committee has verified that Mr Iñigo Víctor de Oriol Ibarra, Ms Inés Macho Stadler, Mr Braulio Medel Cámara, Ms Samantha Barber, and Mr Xabier Sagredo Ormaza meet the requirements of respectability, capability, expertise, competence, experience, qualifications, training, availability, and commitment to the duties of the position of director and that they are not affected, directly or indirectly, by any of the instances of disqualification from or prohibition against holding such office or by having interests that conflict with or are contrary to the corporate interest as set forth in provisions of a general nature or in the Corporate Governance System.
MASTER AND INDIVIDUAL REPORTS REGARDING THE PROPOSED APPOINTMENTS AND RE-ELECTIONS OF DIRECTORS

Bilbao, 23 February 2016
INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RE-ELECTION OF MR IÑIGO VÍCTOR DE ORIOL IBARRA INCLUDED IN SECTION A OF ITEM NINE ON THE AGENDA FOR THE GENERAL SHAREHOLDERS’ MEETING CALLED TO BE HELD ON 8 AND 9 APRIL 2016, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Introduction

This report is submitted by the Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") pursuant to the provisions of section 529 decies of the Companies Act (Ley de Sociedades de Capital) regarding the proposed re-election of Mr Iñigo Víctor de Oriol Ibarra as director.

This proposal in turn forms part of the proposed appointment and re-election of other directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the background and professional experience of the candidate for re-election and other information referred to in article 14.2.d) of the Regulations for the General Shareholders' Meeting.

2. Report of the Appointments Committee

Attached to this report as an annex is the report prepared by the Appointments Committee regarding the proposed re-election of Mr de Oriol Ibarra on February 19, 2016.

3. Background and professional experience

Bachelor of Arts in International Business from Schiller International University (Madrid), a graduate of the Executive Corporate Management Program of IESE Business School, and Certified European Financial Analyst (CEFA) from Instituto Español de Analistas Financieros.

He boasts a long professional career with the Iberdrola Group, which gives him broad and rigorous knowledge of the Company. During his career as a senior officer at Iberdrola, he has chaired the boards of directors of electric companies in which the Group has an interest in various countries (2001-2006). He was chair of Electricidad de La Paz, S.A. (Bolivia), of Empresa de Luz y Fuerza Eléctrica de Oruro, S.A. (Bolivia), and of Iberoamericana de Energía Ibener, S.A. (Chile), as well as a member of the board of Neoenenergía, S.A. (Brazil) and of Empresa Eléctrica de Guatemala, S.A.

Between 2001 and 2006 he was chair of the board of Empresa de Servicios Sanitarios de Los Lagos, S.A. (ESSAL) in Chile.

He has held the position of director of Corporate Governance for the Americas (2001-2006), promoting adherence by subsidiaries and investee companies in such region to the principles and values embodied in Iberdrola’s Corporate Governance System.

He has also served in the positions of director of management control at Amara, S.A. (1989-1992) and financial analyst within the Financial Division (1992-1997) and within the International Division (1997-2001) of Iberdrola, S.A.

4. Membership on Other Boards of Directors

He has been a member of the board of Empresa de Alumbrado Eléctrico de Ceuta, S.A. since 1993.
5. **Category to Which the Director Should Belong**

The relations of what was formerly the company connected to Mr de Oriol, Soil Tratamiento de Aguas Industriales, S.L., with companies belonging to the Iberdrola group, a description of which is set forth in the Company’s *Annual Corporate Governance Report* for financial year 2014, gives him the status of other external.

During financial year 2015, neither Mr Iñigo Víctor de Oriol Ibarra nor any company connected to the director has initiated any new business relationship with companies of the Iberdrola group that could be considered significant.

Nor is it expected that the director -or any company connected thereto- will maintain any significant business relationship with companies of the Iberdrola group during 2016.

Therefore, it can be expected that Mr de Oriol Ibarra will be re-qualified as independent director during financial year 2016 unless any other circumstance occurs that prevents said re-qualification.

6. **Availability**

The effective availability of the candidate for re-election to provide the dedication required to perform the duties of the position has been verified with the candidate.

7. **Date of First Appointment as Director of the Company and Positions Held within the Board of Directors**

Appointed on an interim basis as a director of the Company by its Board of Directors at the meeting held on 26 April 2006, subsequently ratified and re-elected as a director at the General Shareholders’ Meeting on 29 March 2007, and last re-elected at the General Shareholders’ Meeting held on 22 June 2012.

In relation to the foregoing, it should be noted that the sole transitional provision of the *Regulations of the Board of Directors* provides that Mr Iñigo Víctor de Oriol Ibarra will tender his resignation to the Board of Directors at the meeting during which it is resolved to call the Annual General Shareholders’ Meeting to be held in 2018, when he would complete twelve years as a director of the Company.

He is a member of the Appointments Committee and of the Remuneration Committee.

8. **Shares of the Company and Derivative Financial Instruments whose Underlying Assets are Shares of the Company of which the Director is a Holder**

At the date of this report, Mr Iñigo Víctor de Oriol Ibarra is the direct holder of 1,223,862 shares of the Company.

9. **Proposed Resolution**

The Board of Directors has concluded that Mr Iñigo Víctor de Oriol Ibarra’s profound knowledge of the activities carried out by the Company and the Iberdrola group, as well as of the energy (domestic and international) and financial sectors, will allow him to continue contributing quite positively to the operation of the Board of Directors.

After evaluating the proposed appointment and re-election of the directors as a whole upon the terms of the master report set out above, and after individually evaluating the information regarding Mr Iñigo Víctor de Oriol Ibarra set out in this report, the proposed resolution submitted to the shareholders for approval at the General Shareholders’ Meeting reads as follows:

“A.- Re-election of Mr Iñigo Víctor de Oriol Ibarra.”
To re-elect Mr Iñigo Víctor de Oriol Ibarra as director, after a report from the Appointments Committee, for the by-law mandated four-year term, with the status of other external director.

* * *

Bilbao, 23 February 2016
1. Introduction

Pursuant to the provisions of article 5.c) of the Regulations of the Appointments Committee of IBERDROLA, S.A. (“Iberdrola” or the “Company”), it is the responsibility of the Appointments Committee (the “Committee”) to examine, prior to the end of the term for which a director has been appointed, the advisability of the director’s re-election, as well as the director’s continuance, if applicable, on the committees of the Board of Directors of which such director is a member, to verify that the director to be re-elected continues to comply with the general requirements applicable to all directors of the Company pursuant to law and the Company’s Corporate Governance System, as well as to evaluate the quality of work and dedication to office of the director in question during the preceding term of office and, specifically, such director’s respectability, capability, expertise, competence, experience, qualifications, availability, and commitment to the duties entrusted thereto, and to submit to the Board of Directors its proposal (in the case of independent directors) or report (in the case of other directors) regarding the re-election of directors.

Mr Iñigo Víctor de Oriol Ibarra was last re-elected as a director of Iberdrola for the by-law mandated term of four years at the General Shareholders’ Meeting held on 22 June 2012.

Given the fact that the term for which Mr de Oriol was appointed as a director of Iberdrola ends this financial year 2016, the Committee has examined the appropriateness of the re-election thereof and has engaged in the verifications and evaluations referred to in the article of the regulation cited above.

The purpose of this report is to gather the results of the work performed by the Committee relating to the potential re-election of Mr de Oriol and, based on the classification of the director as other external, submit the corresponding report to the Board of Directors.

2. Compliance with the Provisions of the Director Candidate Selection Policy

Pursuant to the provisions of the Director Candidate Selection Policy, in order to advise the Board of Directors on the analysis of the needs of the Company to determine the appropriateness of re-electing Mr Iñigo Víctor de Oriol Ibarra in particular to the position of director, the Committee has taken into consideration the business carried out by the Iberdrola group, the countries and territories in which it is carried out, the management needs of a complex multinational company like Iberdrola and its commitment to social return, and the principles contained in the Mission, Vision, and Values of the Iberdrola group.

The conclusion of this analysis is that the Board of Directors must have members with extensive experience in the energy (domestic and international) and financial sectors, with a deep knowledge of the internal operation of the Iberdrola group—acquired during the exercise of his responsibilities within the companies of the group—such as that provided by Mr de Oriol.

In particular, the Committee quite favourably views the knowledge and experience of the candidate for re-election acquired during his long professional career and as a director of the Company, for which reason it finds the re-election and the continued membership thereof on the Remuneration Committee and Appointments Committee to be appropriate.

3. Verification of Compliance with the Requirements to be a Director of the Company

The Committee has verified that the director proposed as a candidate for re-election continues to meet the general requirements for all directors of the Company as provided by law and the Corporate Governance System.
Specifically, the Committee has verified that the conduct and professional history of the candidate for re-election is fully aligned with the principles contained in the Directors’ Code of Ethics and with the provisions of the Mission, Vision, and Values of the Iberdrola group and has not incurred any grounds for disqualification from or impediment to the holding of the position.

4. Evaluation of the Director’s Quality of Work and Dedication to the Position

The Committee has quite positively assessed the quality of work and dedication to office of the director proposed as a candidate for re-election during the preceding term of office and, specifically, such director’s respectability, capability, expertise, competence, experience, qualifications, availability, and commitment to the duties entrusted thereto.

The results of the evaluation of the director in consultation with an external advisor are outstanding.

This particularly includes the work of the director as a member of the Remuneration Committee and Appointments Committee and the contribution and work thereof on both committees.

5. Conclusion

The Committee has unanimously decided to report favourably on the re-election of Mr. Iñigo Víctor de Oriol Ibarra as a director of the Company, with the classification of other external director, and to propose that he continue to serve on the Remuneration Committee and Appointments Committee.

Pursuant to article 16 of the Regulations of the Appointments Committee, the absence and abstention of Mr. Iñigo Víctor de Oriol Ibarra from the discussion and voting on the re-election thereof is noted for the record for appropriate purposes.
1. **Introduction**

This report is submitted by the Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") pursuant to the provisions of section 529 decies of the Companies Act (Ley de Sociedades de Capital) regarding the proposed re-election of Ms Inés Macho Stadler as director.

This proposal in turn forms part of the proposed appointment and re-election of other directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the background and professional experience of the candidate for re-election and other information referred to in article 14.2.d) of the Regulations for the General Shareholders’ Meeting.

2. **Proposal of the Appointments Committee**

Attached to this report as an annex is the proposal prepared by the Appointments Committee regarding the re-election of Ms Macho Stadler on February 19, 2016.

3. **Background and professional experience**

Degree in Economics from Universidad del País Vasco, Master in Economics from l’École des Hautes études en Sciences Sociales, and a Doctorate in Economics (Ph.D.) from the same academic institution and from l’École Nationale de la Statistique et de l’Administration Économique (ENASE) (Paris, France).

From 2009 to 2014 she was a member of the International Scientific Advisory Committee of the Basque Centre for Climate Change (bc3) (climate change research centre linked to Ikerbasque) and chair of the Scientific Committee of the 2011 Conference of the Asociación Española para la Economía Energética (the Spanish affiliate of the International Association for Energy Economics – IAEE).

In the academic field, she is Professor of Economics in the Economics and Economic History Department of Universidad Autónoma de Barcelona, as well as Professor of the Barcelona Graduate School of Economics, where she has taught post-graduate courses within the “Competition and Market Regulation Programme”. She has been a visiting professor at universities in America, Europe, and Asia.

She is also an honorary member of the European Economic Association and of the Asociación Española de Economía.

She has been president of the Spanish Economics Association, coordinator of the National Agency for Quality Evaluation and Accreditation (Agencia Nacional de Evaluación y Prospectiva), and representative at the European Science Foundation, as well as a member-elect of the Council of the European Economic Association (2006-2010) and a member of the Executive Committee of the European Association for Research in Industrial Economics (2008-2015). She has been a member of the Advisory Board of the Research Service of Caja de Ahorros y Pensiones de Barcelona, “la Caixa” (2008-2011).
She is an expert in scientific research on incentives and contracts, business strategy and industrial organisation, which are areas of specific interest for the positions she holds on the Executive and Remuneration committees and to which she has dedicated various publications (including “Competition for Managers and Market Efficiency” and “Mergers, Investment Decisions and Internal Organization”).

4. Membership on Other Boards of Directors

She has been a member of the Board of the French Economic Observatory (OFCE) since 2013.

5. Category to Which the Director Should Belong

Ms Inés Macho Stadler has been proposed on the basis of her personal and professional qualifications and can discharge her duties without being constrained by relationships with the Company, its significant shareholders, or its directors and officers, which makes her worthy of the status of independent director.

6. Availability

The effective availability of the candidate for re-election to provide the dedication required to perform the duties of the position has been verified with the candidate.

7. Date of First Appointment as Director of the Company and Positions Held within the Board of Directors

Appointed on an interim basis as an independent director of the Company by its Board of Directors at the meeting held on 7 June 2006, subsequently ratified and re-elected as a director at the General Shareholders’ Meeting on 29 March 2007, and last re-elected at the General Shareholders’ Meeting held on 22 June 2012.

In relation to the foregoing, it should be noted that the sole transitional provision of the Regulations of the Board of Directors provides that Ms. Inés Macho Stadler will tender her resignation to the Board of Directors at the meeting during which it is resolved to call the Annual General Shareholders’ Meeting to be held in 2018, when she would complete twelve years as a director of the Company.

She is lead independent director, chair of the Remuneration Committee, and a member of the Executive Committee.

8. Shares of the Company and Derivative Financial Instruments whose Underlying Assets are Shares of the Company of which the Director is a Holder

At the date of this report, Ms Inés Macho Stadler is the direct holder of 59,146 shares of the Company.

9. Proposed Resolution

The Board of Directors has concluded that Ms Inés Macho Stadler’s academic experience –as regards the energy sector and the study of climate change– and extensive knowledge in the field of remuneration policy will allow her to continue contributing quite positively to the operation of the Board of Directors.

After evaluating the proposed appointment and re-election of the directors as a whole upon the terms of the master report set out above, and after individually evaluating the information regarding Ms Inés Macho Stadler set out in this report, the proposed resolution submitted to the shareholders for approval at the General Shareholders’ Meeting reads as follows:

*B.- Re-election of Ms Inés Macho Stadler.*
To re-elect Ms Inés Macho Stadler as director, upon the proposal of the Appointments Committee, for the by-law mandated four-year term, with the status of independent director.”

* * *

Bilbao, 23 February 2016
ANNEX

PROPOSAL PREPARED BY THE APPOINTMENTS COMMITTEE REGARDING
THE RE-ELECTION OF MS INÉS MACHO STADLER

1. Introduction

Pursuant to the provisions of article 5.c) of the Regulations of the Appointments Committee of IBERDROLA, S.A. (“Iberdrola” or the “Company”), it is the responsibility of the Appointments Committee (the “Committee”) to examine, prior to the end of the term for which a director has been appointed, the advisability of the director’s re-election, as well as the director’s continuance, if applicable, on the committees of the Board of Directors of which such director is a member, to verify that the director to be re-elected continues to comply with the general requirements applicable to all directors of the Company pursuant to law and the Company’s Corporate Governance System, as well as to evaluate the quality of work and dedication to office of the director in question during the preceding term of office and, specifically, such director’s respectability, capability, expertise, competence, experience, qualifications, availability, and commitment to the duties entrusted thereto, and to submit to the Board of Directors its proposal (in the case of independent directors) or report (in the case of other directors) regarding the re-election of directors.

Ms Inés Macho Stadler was last re-elected as a director of Iberdrola for the by-law mandated term of four years at the General Shareholders’ Meeting held on 22 June 2012.

Given the fact that the term for which Ms Macho was appointed as a director of Iberdrola ends this financial year 2016, the Committee has examined the appropriateness of the re-election thereof and has engaged in the verifications and evaluations referred to in the article of the regulation cited above.

The purpose of this report is to gather the results of the work performed by the Committee relating to the potential re-election of Ms Macho and, based on the classification of the director as independent, submit the corresponding proposal to the Board of Directors.

2. Compliance with the Provisions of the Director Candidate Selection Policy

Pursuant to the provisions of the Director Candidate Selection Policy, in order to advise the Board of Directors on the analysis of the needs of the Company to determine the appropriateness of re-electing Ms Inés Macho Stadler in particular to the position of director, the Committee has taken into consideration the business carried out by the Iberdrola group, the countries and territories in which it is carried out, the management needs of a complex multinational company like Iberdrola and its commitment to social return, and the principles contained in the Mission, Vision, and Values of the Iberdrola group.

The conclusion of this analysis is that the Board of Directors must have members with extensive experience in the area of remuneration policy, with strong links to the academic world.

Furthermore, in line with the provisions of the Director Candidate Selection Policy, the Committee positively values the contribution to the goal of gender diversity on the Board of Directors represented by the re-election of the candidate.

In particular, the Committee quite favourably views the knowledge and experience acquired by the candidate for re-election during her long professional and academic career—in relation to the energy sector, on matters like the study of climate change—and as a director of the Company, for which reason it finds the re-election and the continued membership thereof on the Executive Committee and on the Remuneration Committee to be appropriate.
3. **Verification of Compliance with the Requirements to be a Director of the Company**

The Committee has verified that the director proposed as a candidate for re-election continues to meet the general requirements for all directors of the Company as provided by law and the Corporate Governance System.

Specifically, the Committee has verified that the conduct and professional history of the candidate for re-election is fully aligned with the principles contained in the *Directors’ Code of Ethics* and with the provisions of the *Mission, Vision, and Values of the Iberdrola group* and has not incurred any grounds for disqualification from or impediment to the holding of the position.

The Committee has also verified that Ms Inés Macho Stadler can discharge her duties without being constrained by relationships with the Company, its significant shareholders, or its directors and officers, which makes her worthy of the status of independent director.

4. **Evaluation of the Director’s Quality of Work and Dedication to the Position**

The Committee has quite positively assessed the quality of work and dedication to office of the director proposed as a candidate for re-election during the preceding term of office and, specifically, such director’s respectability, capability, expertise, competence, experience, qualifications, availability, and commitment to the duties entrusted thereto.

The results of the evaluation of the director in consultation with an external advisor are outstanding.

This particularly includes her work as lead independent director, as chair of the Remuneration Committee, and as a member of the Executive Committee, as well as the contribution and work thereof on both committees.

5. **Conclusion**

The Committee has unanimously decided to propose the re-election of Ms Inés Macho Stadler as a director of the Company, with the classification of independent, which would entail, if it occurs, her continuing in the position of lead independent director pursuant to the provisions of article 15.3 of the Regulations of the Board of Directors, to favourably report on her continuing to serve on the Executive Committee, and to propose her continuing as a member of the Remuneration Committee.
1. **Introduction**

This report is submitted by the Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") pursuant to the provisions of section 529 decies of the Companies Act (Ley de Sociedades de Capital) regarding the proposed re-election of Mr Braulio Medel Cámara as director.

This proposal in turn forms part of the proposed appointment and re-election of other directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the background and professional experience of the candidate for re-election and other information referred to in article 14.2.d) of the Regulations for the General Shareholders’ Meeting.

2. **Proposal of the Appointments Committee**

Attached to this report as an annex is the proposal prepared by the Appointments Committee regarding the re-election of Mr Medel Cámara on February 19, 2016.

3. **Background and professional experience**

Degree in Economics and Business Administration from Universidad Complutense de Madrid and Doctorate in Economics and Business Administration from Universidad de Málaga.

He was a member of the board of Compañía Sevillana de Electricidad, S.A. from 1997 through 2001, and of Retevisión from 1997 through 2004. He was a member of the board of Abertis Infraestructuras, S.A. from 2005 through 2010.

He has been executive chair of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja) since 1991, and led the process of transformation of the Bank and its adaptation to the new regulatory framework until its transformation into Fundación Bancaria Unicaja, of which he is the chair. He is also currently the executive chair of Unicaja Banco, S.A., as well as the chair of Hidralia, S.A., of Alteria Corporación Unicaja, and of Federación de Cajas de Ahorros de Andalucía. He is vice-chair of Confederación Española de Cajas de Ahorros (CECA), of which he was CEO until 1998. He has been chair of Ahorro Corporación, S.A. and a member of the board of Centros Comerciales Carrefour, S.A., and has been a member of the governance bodies of the World Savings and Retail Banking Institute and of the European Savings and Retail Banking Group, of which he was vice-chair between 1992 and 1998.

He also has experience in areas connected to his position as a member of the Corporate Social Responsibility Committee. He is an active member of various boards of trustees and foundations for social and cultural purposes and has been vice chairman of Fundación CIEDES (Centro de Investigaciones Estratégicas y Desarrollo Económico y Social), and a member of Fundación Tres Culturas del Mediterráneo, Fundación El Legado Andalusí, and Fundación Doñana 21.

Professor of Public Finance at the Universidad de Málaga and has published over a hundred scientific works, including many books and articles in specialised publications.

4. **Membership on Other Boards of Directors**

He has been a member of the board of the listed company Acerinox, S.A. since 2008 and a member of the board of Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A.

5. **Category to Which the Director Should Belong**

Mr Braulio Medel Cámara has been proposed on the basis of his personal and professional qualifications and can discharge his duties without being constrained by relationships with the Company, its significant shareholders, or its directors and officers, which makes him worthy of the status of independent director.

6. **Availability**

The effective availability of the candidate for re-election to provide the dedication required to perform the duties of the position has been verified with the candidate.

7. **Date of First Appointment as Director of the Company and Positions Held within the Board of Directors**

Appointed on an interim basis as an independent director of the Company by its Board of Directors at the meeting held on 7 June 2006, subsequently ratified and re-elected as a director at the General Shareholders’ Meeting on 29 March 2007, and last re-elected at the General Shareholders’ Meeting held on 22 June 2012.

In relation to the foregoing, it should be noted that the sole transitional provision of the Regulations of the Board of Directors provides that Mr Braulio Medel Cámara will tender his resignation to the Board of Directors at the first meeting it holds after reaching the age of seventy years, in August 2017.

He is a member of the Corporate Social Responsibility Committee.

8. **Shares of the Company and Derivative Financial Instruments whose Underlying Assets are Shares of the Company of which the Director is a Holder**

At the date of this report, Mr Braulio Medel Cámara is the direct holder of 26,633 shares of the Company.

9. **Proposed Resolution**

The Board of Directors has concluded that Mr Braulio Medel Cámara’s knowledge of the industrial and banking sectors, as well as his experience in the design and management of the social responsibility strategy of the entity he presides, will allow him to provide a complete view of this key area for Iberdrola.

After evaluating the proposed appointment and re-election of the directors as a whole upon the terms of the master report set out above, and after individually evaluating the information regarding Mr Braulio Medel Cámara set out in this report, the proposed resolution submitted to the shareholders for approval at the General Shareholders’ Meeting reads as follows:

“C.- Re-election of Mr Braulio Medel Cámara.

To re-elect Mr Braulio Medel Cámara as director, upon the proposal of the Appointments Committee, for the by-law mandated four-year term, with the status of independent director.”
MASTER AND INDIVIDUAL REPORTS REGARDING THE PROPOSED APPOINTMENTS AND RE-ELECTIONS OF DIRECTORS

Bilbao, 23 February 2016
ANNEX

PROPOSAL PREPARED BY THE APPOINTMENTS COMMITTEE REGARDING
THE RE-ELECTION OF MR BRAULIO MEDEL CÁMARA

1. Introduction

Pursuant to the provisions of article 5.c) of the Regulations of the Appointments Committee of IBERDROLA, S.A. ("Iberdrola" or the "Company"), it is the responsibility of the Appointments Committee (the "Committee") to examine, prior to the end of the term for which a director has been appointed, the advisability of the director’s re-election, as well as the director’s continuance, if applicable, on the committees of the Board of Directors of which such director is a member, to verify that the director to be re-elected continues to comply with the general requirements applicable to all directors of the Company pursuant to law and the Company’s Corporate Governance System, as well as to evaluate the quality of work and dedication to office of the director in question during the preceding term of office and, specifically, such director’s respectability, capability, expertise, competence, experience, qualifications, availability, and commitment to the duties entrusted thereto, and to submit to the Board of Directors its proposal (in the case of independent directors) or report (in the case of other directors) regarding the re-election of directors.

Mr Braulio Medel Cámara was last re-elected as a director of Iberdrola for the by-law mandated term of four years at the General Shareholders’ Meeting held on 22 June 2012.

Given the fact that the term for which Mr Medel was appointed as a director of Iberdrola ends this financial year 2016, the Committee has examined the appropriateness of the re-election thereof and has engaged in the verifications and evaluations referred to in the article of the regulation cited above.

The purpose of this report is to gather the results of the work performed by the Committee relating to the potential re-election of Mr Medel and, based on the classification of the director as independent, submit the corresponding proposal to the Board of Directors.

2. Compliance with the Provisions of the Director Candidate Selection Policy

Pursuant to the provisions of the Director Candidate Selection Policy, in order to advise the Board of Directors on the analysis of the needs of the Company to determine the appropriateness of re-electing Mr. Braulio Medel Cámara in particular to the position of director, the Committee has taken into consideration the business carried out by the Iberdrola group, the countries and territories in which it is carried out, the management needs of a complex multinational company like Iberdrola and its commitment to social return, and the principles contained in the Mission, Vision, and Values of the Iberdrola group.

The conclusion of this analysis is that the Board of Directors must have members with extensive experience in the industrial and financial sectors, and particularly in the banking area, such as that provided by Mr Medel.

In particular, the Committee quite favourably views the knowledge and experience acquired by the candidate for re-election during his long professional career –especially in relation to the design and management of the social responsibility strategy of the entity he presides– and as a director of the Company, for which reason it finds the re-election and the continued membership thereof on the Corporate Social Responsibility Committee to be appropriate.

3. Verification of Compliance with the Requirements to be a Director of the Company

The Committee has verified that the director proposed as a candidate for re-election continues to meet the general requirements for all directors of the Company as provided by law and the Corporate Governance System.

Specifically, the Committee has verified that the conduct and professional history of the candidate for re-election is fully aligned with the principles contained in the Directors’ Code of Ethics and with the provisions of the Mission,
Vision, and Values of the Iberdrola group and has not incurred any grounds for disqualification from or impediment to the holding of the position.

The Committee has also verified that Mr. Braulio Medel Cámara can discharge his duties without being constrained by relationships with the Company, its significant shareholders, or its directors and officers, which makes him worthy of the status of independent director.

4. Evaluation of the Director’s Quality of Work and Dedication to the Position

The Committee has quite positively assessed the quality of work and dedication to office of the director proposed as a candidate for re-election during the preceding term of office and, specifically, such director’s respectability, capability, expertise, experience, qualifications, availability, and commitment to the duties entrusted thereto.

The results of the evaluation of the director in consultation with an external advisor are outstanding.

This particularly includes the work of the director as a member of the Corporate Social Responsibility Committee and the contribution and work thereof on this committee.

5. Conclusion

The Committee has unanimously decided to propose the re-election of Mr. Braulio Medel Cámara as a director of the Company, with the classification of independent, and for him to remain on the Corporate Social Responsibility Committee.
INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RE-ELECTION OF MS SAMANTHA BARBER INCLUDED IN SECTION D OF ITEM NINE ON THE AGENDA FOR THE GENERAL SHAREHOLDERS’ MEETING CALLED TO BE HELD ON 8 AND 9 APRIL 2016, ON FIRST AND SECOND CALL, RESPECTIVELY

1. **Introduction**

   This report is submitted by the Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") pursuant to the provisions of section 529 decies of the Companies Act (Ley de Sociedades de Capital) regarding the proposed re-election of Ms Samantha Barber as director.

   This proposal in turn forms part of the proposed appointment and re-election of other directors of the Company, which has been evaluated collectively in a master report.

   This report individually assesses the background and professional experience of the candidate for re-election and other information referred to in article 14.2.d) of the Regulations for the General Shareholders’ Meeting.

2. **Proposal of the Appointments Committee**

   Attached to this report as an annex is the proposal prepared by the Appointments Committee regarding the re-election of Ms Barber on February 19, 2016.

3. **Background and professional experience**

   Bachelor of Arts in Applied Foreign Languages and European Politics from the University of Northumbria, Newcastle (England, United Kingdom). She has also studied for three years at various French universities, obtaining degrees that include a Post-Graduate Degree in EU Law from the University of Nancy (France).

   In 2014 and 2013, she was selected as one of the "Top 100 Women to Watch" according to the FTSE list and Cranfield University. In addition, she was a finalist and earned second place in the annual Director of the Year Awards 2012 of IoD Scotland NED.

   She possesses management experience at business organisations that promote corporate social responsibility. She began her professional career as a consultant within the European Parliament, providing support to the Economic and Monetary Affairs Committee, a position she held for four years. She was subsequently appointed as a board member of Business for Scotland (1998-2000), and was also the chief executive of Scottish Business in the Community (2000-2009), an organisation chaired by HRH The Prince of Wales.

   Between 2007 and 2008 she was a member of the Advisory Council of Scottish Power Ltd. following the integration of the Scottish company into the Iberdrola Group.

   For nine years, she was a member of the Board of Directors of Right Track Scotland, an organisation dedicated to advancing educational, training, and employment opportunities for youths at risk of social exclusion, which has given her broad experience in the area of corporate social responsibility.

   She is the chair of Scottish Ensemble, vice-chair of Scotland’s 2020 Climate Group, and performs advisory and business coaching work.
4. **Membership on Other Boards of Directors**

She is a member of the Advisory Board of Breakthrough Breast Cancer.

5. **Category to Which the Director Should Belong**

Ms Samantha Barber has been proposed on the basis of her personal and professional qualifications and can discharge her duties without being constrained by relationships with the Company, its significant shareholders, or its directors and officers, which makes her worthy of the status of independent director.

6. **Availability**

The effective availability of the candidate for re-election to provide the dedication required to perform the duties of the position has been verified with the candidate.

7. **Date of First Appointment as Director of the Company and Positions Held within the Board of Directors**

Appointed on an interim basis as an independent director of the Company by its Board of Directors at the meeting held on 31 July 2008, subsequently ratified and re-elected as a director at the General Shareholders’ Meeting on 19 March 2009, and last re-elected at the General Shareholders’ Meeting held on 22 June 2012.

She is chair of the Corporate Social Responsibility Committee.

8. **Shares of the Company and Derivative Financial Instruments whose Underlying Assets are Shares of the Company of which the Director is a Holder**

At the date of this report, Ms Samantha Barber is the direct holder of 1,697 shares of the Company.

9. **Proposed Resolution**

The Board of Directors has concluded that Ms Samantha Barber’s knowledge of the Scottish market and in the area of corporate social responsibility will allow her to provide a complete view of this key area for Iberdrola.

After evaluating the proposed appointment and re-election of the directors as a whole upon the terms of the master report set out above, and after individually evaluating the information regarding Ms Samantha Barber set out in this report, the proposed resolution submitted to the shareholders for approval at the General Shareholders’ Meeting reads as follows:

“D.- Re-election of Ms Samantha Barber.

To re-elect Ms Samantha Barber as director, upon the proposal of the Appointments Committee, for the by-law mandated four-year term, with the status of independent director.”

* * *

Bilbao, 23 February 2016
ANNEX

PROPOSAL PREPARED BY THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MS SAMANTHA BARBER

1. Introduction

Pursuant to the provisions of article 5.c) of the Regulations of the Appointments Committee of IBERDROLA, S.A. (“Iberdrola” or the “Company”), it is the responsibility of the Appointments Committee (the “Committee”) to examine, prior to the end of the term for which a director has been appointed, the advisability of the director’s re-election, as well as the director’s continuance, if applicable, on the committees of the Board of Directors of which such director is a member, to verify that the director to be re-elected continues to comply with the general requirements applicable to all directors of the Company pursuant to law and the Company’s Corporate Governance System, as well as to evaluate the quality of work and dedication to office of the director in question during the preceding term of office and, specifically, such director’s respectability, capability, expertise, competence, experience, qualifications, availability, and commitment to the duties entrusted thereto, and to submit to the Board of Directors its proposal (in the case of independent directors) or report (in the case of other directors) regarding the re-election of directors.

Ms Samantha Barber was last re-elected as a director of Iberdrola for the by-law mandated term of four years at the General Shareholders’ Meeting held on 22 June 2012.

Given the fact that the term for which Ms Barber was appointed as a director of Iberdrola ends this financial year 2016, the Committee has examined the appropriateness of the re-election thereof and has engaged in the verifications and evaluations referred to in the article of the regulation cited above.

The purpose of this report is to gather the results of the work performed by the Committee relating to the potential re-election of Ms Barber and, based on the classification of the director as independent, submit the corresponding proposal to the Board of Directors.

2. Compliance with the Provisions of the Director Candidate Selection Policy

Pursuant to the provisions of the Director Candidate Selection Policy, in order to advise the Board of Directors on the analysis of the needs of the Company and of the Iberdrola group to determine the appropriateness of re-electing Ms Samantha Barber in particular to the position of director, the Committee has taken into consideration the business carried out by the Iberdrola group, the countries and territories in which it is carried out, the management needs of a complex multinational company like Iberdrola and its commitment to social return, and the principles contained in the Mission, Vision, and Values of the Iberdrola group.

The conclusion of this analysis is that the Board of Directors must have members with extensive experience in the Scottish market and in the area of corporate social responsibility, with strong links to the academic world.

Furthermore, in line with the provisions of the Director Candidate Selection Policy, the Committee positively values the contribution to the goal of diversity of gender, origin, and nationality on the Board of Directors represented by the re-election of the candidate.

In particular, the Committee quite favourably views the knowledge and experience of the candidate acquired during her long professional career and as a director of the Company, for which reason it finds the re-election and the continued membership thereof on the Corporate Social Responsibility Committee to be appropriate.

3. Verification of Compliance with the Requirements to be a Director of the Company

The Committee has verified that the director proposed as a candidate for re-election continues to meet the general requirements for all directors of the Company as provided by law and the Corporate Governance System.
Specifically, the Committee has verified that the conduct and professional history of the candidate for re-election is fully aligned with the principles contained in the Directors’ Code of Ethics and with the provisions of the Mission, Vision, and Values of the Iberdrola group and has not incurred any grounds for disqualification from or impediment to the holding of the position.

The Committee has also verified that Ms Samantha Barber can discharge her duties without being constrained by relationships with the Company, its significant shareholders, or its directors and officers, which makes her worthy of the status of independent director.

4. Evaluation of the Director’s Quality of Work and Dedication to the Position

The Committee has quite positively assessed the quality of work and dedication to office of the director proposed as a candidate for re-election during the preceding term of office and, specifically, such director’s respectability, capability, expertise, competence, experience, qualifications, availability, and commitment to the duties entrusted thereto.

The results of the evaluation of the director in consultation with an external advisor are outstanding.

This particularly includes the work of the director as chair of the Corporate Social Responsibility Committee and the contribution and work thereof on this committee.

5. Conclusion

The Committee has unanimously decided to propose the re-election of Ms Samantha Barber as a director of the Company, with the classification of independent, and for her to remain on the Corporate Social Responsibility Committee.
1. **Introduction**

This report is submitted by the Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") pursuant to the provisions of section 529 decies of the Companies Act (Ley de Sociedades de Capital) regarding the proposed appointment of Mr Xabier Sagredo Ormaza as director.

This proposal in turn forms part of the proposed appointment and re-election of other directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the background and professional experience of the candidate to be appointed as director and other information referred to in article 14.2.d) of the Regulations for the General Shareholders’ Meeting.

2. **Report of the Appointments Committee**

Attached to this report as an annex is the report prepared by the Appointments Committee regarding the proposed appointment of Mr Sagredo Ormaza on February 19, 2016.

3. **Background and professional experience**

Degree in Economic Sciences from Universidad del País Vasco, at the Faculty of Sarriko, specialising in the financial area.

He has obtained various post-graduate degrees, including Master’s degrees in taxation and finance and an advanced degree in Occupational Risk Prevention.

He began his professional career at the credit institution Ipar Kutxa, where he headed the Expansion Area until 2007.

He participated in the creation and organisation of the concession company Transitia, where he held the position of General Manager until 2012.

He has been a member of the board of the Port Authority of Bilba, as well as of other boards and associations.

Throughout his professional career he has harmonised his work with teaching in various fields.

In November 2013 he was appointed president of the Board of Trustees of Bilbao Bizkaia Kutxa Fundación Bancaria.

He has been a member of the board of Iberdrola Generación, S.A. and of Iberdrola Distribución Eléctrica, S.A., within the latter holding the position of chair of its Audit and Compliance Committee.
4. **Membership on Other Boards of Directors**

   He is chair of the Board of Trustees of Bilbao Bizkaia Kutxa Fundación Bancaria.

5. **Category to Which the Director Should Belong**

   Mr Xabier Sagredo Ormaza is classified as other external director since he does not fulfil the requisites set forth in the law and in the corporate governance System to be classified as independent nor proprietary director.

6. **Availability**

   The effective availability of the candidate for appointment as director to provide the dedication required to perform the duties of the position has been verified with the candidate.

7. **Shares of the Company and Derivative Financial Instruments whose Underlying Assets are Shares of the Company of which the Director is a Holder**

   At the date of this report, Mr Xabier Sagredo Ormaza does not hold any shares of the Company.

8. **Proposed Resolution**

   The Board of Directors has concluded that Mr Xabier Sagredo Ormaza knowledge in the financial sector and in the area of corporate social responsibility generally, and in the banking sector and the social work of bank foundations in particular, will allow him to provide a complete view of this key sector for Iberdrola.

   After evaluating the proposed appointment and re-election of the directors as a whole upon the terms of the master report set out above, and after individually evaluating the information regarding Mr Xabier Sagredo Ormaza set out in this report, the proposed resolution submitted to the shareholders for approval at the General Shareholders’ Meeting reads as follows:

   “E.- Appointment of Mr Xabier Sagredo Ormaza.

   To appoint Mr Xabier Sagredo Ormaza as director, after a report from the Appointments Committee, for the by-law mandated four-year term, with the status of other external director.”

   * * *

   Bilbao, 23 February 2016
ANNEX

REPORT PREPARED BY THE APPOINTMENTS COMMITTEE REGARDING THE PROPOSED RE-ELECTION OF MR XABIER SAGREDO ORMAZA

1. Introduction

Pursuant to the provisions of article 4.g of the Regulations of the Appointments Committee of IBERDROLA, S.A. ("Iberdrola" or the "Company"), the Appointments Committee (the "Committee"), at the request of the chairman of the Board of Directors, is to report on the proposed appointment of directors for submission to the shareholders at a General Shareholders' Meeting.

The purpose of this report is to report on the proposal of the chairman of the Board of Directors to appoint Mr Xabier Sagredo Ormaza as a director of the Company, with the classification of other external, for submission to the shareholders at the General Shareholders' Meeting, in order to fulfil the vacant caused by the resignation of Mr Xabier de Irala Estévez to this charge of director of the Company, that is foreseen to occur with the celebration of such meeting.

2. Compliance with the Provisions of the Director Candidate Selection Policy

Pursuant to the provisions of the Director Candidate Selection Policy, in order to advise the Board of Directors on the analysis of the needs of the Company and of the Iberdrola group to determine the appropriateness of appointing Mr Sagredo Ormaza in particular to the position of director, the Committee has taken into consideration the business carried out by the Iberdrola group, the countries and territories in which it is carried out, the management needs of a complex multinational company like Iberdrola and its commitment to social return, and the principles contained in the Mission, Vision, and Values of the Iberdrola group.

The conclusion of this analysis is that the Board of Directors must have members with extensive experience in the financial sector, and particularly in the banking area.

Additionally, the commission values positively the knowledge by Mr Sagredo Ormaza of the businesses of energy generation and distribution of the Iberdrola group acquired during the discharge of his positions of director of Iberdrola Generación, S.A. first and of director and chairman of the audit and compliance committee of Iberdrola Distribución Eléctrica, S.A.

3. Verification of Compliance with the Requirements to be a Director of the Company

The Committee has verified that the director to be appointed as a director meets the general requirements for all directors of the Company as provided by law and the Corporate Governance System.

Specifically, the Committee has verified that the conduct and professional history of the candidate to be appointed director fully aligned with the principles contained in the Directors’ Code of Ethics and with the provisions of the Mission, Vision, and Values of the Iberdrola group and has not incurred any grounds for disqualification from or impediment to the holding of the position.

4. Conclusion

The Committee has unanimously decided to report favourably on the proposed appointment of Mr Xabier Sagredo Ormaza as a director of the Company, with the classification of other external director.