



Julián Martínez-Simancas
Secretary of the Board of Directors

Bilbao, February 21, 2017

To the National Securities Market Commission

Subject: Call of General Shareholders' Meeting.

Dear Sirs

Pursuant to article 17 of Regulation (EU) No. 596/2014 on market abuse and article 228 of the restated text of the Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) and related provisions, we hereby inform you that on today's date the Board of Directors of Iberdrola, S.A. ("**Iberdrola**" or the "**Company**") has resolved to call the General Shareholders Meeting to be held on March 31 or April 1, 2017, on first and second call, respectively, with the following agenda:

1. Approval of the individual and consolidated annual accounts for financial year 2016.
2. Approval of the individual and consolidated management reports for financial year 2016.
3. Approval of the management and activities of the Board of Directors during financial year 2016.
4. Appointment of KPMG Auditores, S.L. as new auditor of the Company and of its consolidated group for the financial years 2017, 2018 and 2019.
5. Approval of the preamble to the By-Laws.
6. Amendment of articles 7 and 8 of the By-Laws to reflect the Company's commitment to maximisation of the social dividend and to the Mission, Vision, and Values of the Iberdrola group.
7. Amendment of article 14 of the Regulations for the General Shareholders' Meeting to strengthen the right to receive information and to make technical improvements.
8. Amendment of articles 19 and 39 of the Regulations for the General Shareholders' Meeting to expand the channels for participation in the General Shareholders' Meeting.
9. Appointment of Mr Juan Manuel González Serna as independent director.
10. Appointment of Mr Francisco Martínez Córcoles as executive director.
11. Approval of the proposed allocation of profits/losses and distribution of dividends for financial year 2016.
12. Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 1,032 million euros.
13. Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 1,168 million euros.

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As regards each of the increases, which implement Iberdrola's scrip dividend system, it is proposed to: (i) offer that the Company acquire the free-of-charge allocation rights of the shareholders at a guaranteed fixed price; and (ii) delegate powers for the implementation thereof.

14. Approval of a reduction in share capital by means of the retirement of a maximum of 219,990,000 own shares (3.41% of the share capital). Delegation of powers for the implementation thereof.

15. Approval of a strategic bonus for the executive directors and management personnel linked to the Company's performance for the 2017-2019 period, to be paid through the delivery of shares. Delegation of powers for the further development and implementation thereof.

16. Consultative vote regarding the *Annual Director Remuneration Report for financial year 2016*.

17. Authorisation to the Board of Directors to issue simple debentures and other fixed-income securities that are neither exchangeable for nor convertible into shares, as well as to guarantee the issue of securities by the Company's subsidiaries, with a limit of 6,000 million euros for notes and of 20,000 million euros for other fixed-income securities.

18. Delegation of powers for the formalisation and conversion into a public instrument of the resolutions adopted.

The proposals to appoint Mr. Juan Manuel González Serna and Mr. Francisco Martínez Córcoles as directors of the Company has been made taking into account the fact that Mr. Santiago Martínez Lage and Mr. José Luis San Pedro Guerenabarrena have today expressed their decision to resign from their position as directors for personal reasons as of the next General Shareholders Meeting.

The notice of the call of the General Shareholders Meeting will be published in the next few days in the manner prescribed by law and the system of corporate governance.

This information is provided to you for the appropriate purposes.

Yours faithfully,

The Secretary of the Board of Directors

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IMPORTANT INFORMATION

This communication does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities. The shares of Iberdrola, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration

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