

COMISIÓN NACIONAL DEL MERCADO DE VALORES

To the attention of Mister Rodrigo Buenaventura
Director del Área de Mercado
Paseo de la Castellana, 19
28046 Madrid

Bilbao, April 23, 2007

COMISIÓN NACIONAL DEL MERCADO DE VALORES - Significant Event

Dear Sir,

We hereby inform you that, as disclosed by an announcement made public today, April 23, 2007, by SCOTTISH POWER PLC, the Court of Session of Edinburgh, Scotland (the “**Court**”) has confirmed the capital reduction of SCOTTISH POWER PLC and the Court orders have been registered with the Registrar of Companies in Scotland.

As a consequence thereof, the Scheme of Arrangement has become effective, and IBERDROLA, S.A. (“**Iberdrola**”) has acquired all of the ordinary shares of SCOTTISH POWER PLC in issue. Pursuant to the Scheme Document (the English and Spanish versions of which were furnished to the COMISIÓN NACIONAL DEL MERCADO DE VALORES on February 26, 2007 and March 12, 2007, respectively), Iberdrola has acquired 52.3% (approximately) of the ordinary shares of SCOTTISH POWER PLC by means of the payment of a cash amount and/or delivery of loan notes.

The remaining 47.7% (approximately) of the ordinary shares in SCOTTISH POWER PLC has been acquired by means of the issue of 245,225,982 ordinary shares (*acciones ordinarias*) of Iberdrola, pursuant to the resolutions of the General Shareholders’ Meeting held on March 29, 2007 and the resolutions of the Board of Directors passed today (the “**New Shares**”). The New Shares are issued with a face value of three euros each and a share premium of 29.75 euros each, being the issue price of each New Share of 32.75 euros. As such, the aggregate face value amounts to 735,677,946 euros and the total share premium to 7,295,472,964.50 euros.

Furthermore, the Board of Directors of Iberdrola resolved, amongst other resolutions which are not contradictory, to: (i) amend the wording of Article 5 of its By-laws to reflect the capital stock increase; (ii) request the admission to listing of the New Shares in the Bolsas de Valores of Madrid, Barcelona, Bilbao and Valencia, through the Continuous Market (*Sistema de Interconexión Bursátil, Mercado Continuo*); and (iii) request the inclusion of the New Shares in the registries of the SOCIEDAD DE GESTIÓN DE LOS SISTEMAS DE REGISTRO, COMPENSACIÓN Y LIQUIDACIÓN DE VALORES, S.A.U. (IBERCLEAR).

We remain at your disposal and at the disposal of that National Commission.

Yours sincerely,

Federico San Sebastian

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 except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.