

**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 24, 2007

**COMISIÓN NACIONAL DEL MERCADO DE VALORES - Significant Event**

Dear Sir,

Pursuant to Article 82 of Law 24/1988, of July 28, 1988, on the Securities Market (*Ley de 24/1988, de 28 de julio, del Mercado de Valores*), and the laws and regulations made thereunder, and in connection with the capital stock increase resolved by the General Shareholders' Meeting of IBERDROLA, S.A. (hereinafter, "**Iberdrola**" or the "**Company**") on March 29, 2007 (reported to this Commission on March 29, 2007 by means of the notice of significant event registered with number 78,634), by virtue of which it was resolved to issue 263,377,413 new ordinary shares of 3 euros of face value each, the execution of which may be carried out in three different dates, we hereby inform you that:

- I. In connection with such capital stock increase and the admission to listing on the Bolsas de Valores and the incorporation to the Continuous Market (*Sistema de Interconexión Bursátil, Mercado Continuo*) of the new shares, the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores, "CNMV"*) registered on April 12, 2007, under reference number 8,706 the Securities Note relating to the new shares (*Nota sobre las Acciones relativas al aumento de capital mediante aportaciones no dinerarias de las acciones ordinarias de Scottish Power plc*), which comprised: (i) a summary of the combination with SCOTTISH POWER PLC; (ii) the risk factors; (iii) the securities note; (iv) and the significant events occurred since the approval and registration by the CNMV of the Registration Statement (*Documento de Registro*) of Iberdrola, dated January 11, 2007; and (v) and the pro-forma financial information (the "**Securities Note**").
- II. On April 23, 2007, the Board of Directors of Iberdrola resolved to formalize the first execution of the capital stock increase, by means of which 245,225,982 ordinary shares of the Company were subscribed for and fully paid-in (the "**Shares**").
- III. Today, April 24, 2007, the public deed formalizing this first execution of the capital stock increase, which has been fully subscribed for and paid-in by the former shareholders of SCOTTISH POWER PLC, has been registered with the Mercantile Registry of Vizcaya.
- IV. Likewise, on the date hereof, the CNMV has included in its official registries a supplement to the Securities Note and has verified compliance of all the legal requirements regarding the admission to listing of the Shares.
- V. It is expected that the Shares will be listed and normally traded on the Bolsas de Valores of Barcelona, Bilbao, Madrid y Valencia as from April 25, 2007.

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

Yours sincerely,

Julián Martínez-Simancas Sánchez

### **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.