

23 April 2007

## Birth of a world leader



IBERDROLA



ScottishPower

Following sanction of the Scheme of Arrangement  
by the Edinburgh Court of Session

### IBERDROLA-SCOTTISHPOWER TRANSACTION TAKES EFFECT

Today Iberdrola's share capital was increased by  
€8,031 million (245 million shares)

- Ignacio Galán, Chairman and CEO of IBERDROLA, said that "today sees the birth of one of the largest energy companies in the world, with a total enterprise value of more than €65 billion"
- IBERDROLA and ScottishPower have a combined installed capacity of around 40,000 MW, are world leaders in renewables (16,500 MW) and reach more than 21 million consumers in Europe and the Americas

IBERDROLA and ScottishPower have completed the transaction signed on November 27 of last year, following sanction as required under UK legislation (Companies Act 1985) at the meeting of the Court of Session held this afternoon in Edinburgh.

With this final step, IBERDROLA has acquired all issued ordinary shares of ScottishPower: approximately 52.3% in exchange for cash or loan notes and the remaining 47.7% (approximately) in IBERDROLA shares.

As a result, and following the corresponding Board approval, IBERDROLA has today increased its share capital by €8,031 million, equivalent to 245,225,982 new shares which are expected to start trading on the Spanish continuous market (symbol: IBE.SM) on Wednesday 25 April.

The new IBERDROLA shares have a nominal value of €3 and a paid-in surplus of €29.75, making up 21.4% of the new share capital of the Company after the capital increase, which amounts to 1,146,775,163 shares.

IBERDROLA



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Ignacio Galán, Chairman and CEO of **IBERDROLA**, expressed his satisfaction at the closing of the transaction, which “marks a major milestone in the 100-year history of the Company with the birth of one of the largest electricity companies in the world, a leader in renewables with an enterprise value of more than €65 billion.”

With the integration of **IBERDROLA** and **ScottishPower** the new Group has a combined installed capacity around 40,000 megawatts (MW) compared with the 30,500 MW of IBERDROLA alone (a rise of 28%). Of this new capacity, 32,500 MW relates to conventional generation, an increase of 25% over IBERDROLA's current level of 26,000 MW.

### **World leader in renewables**

The new integrated group will consolidate **IBERDROLA**'s world leadership in renewable energy – including large-scale hydroelectric power – with an installed capacity of 16,500 MW that in the coming years the Company expects to exceed 20,000 MW.

The combination of **IBERDROLA** and **ScottishPower** will at the same time reinforce world leadership in wind power, adding the almost 2,000 MW of ScottishPower capacity, mostly from its PPM subsidiary in the United States to the nearly 5,000 MW of IBERDROLA, an increase of 40%.

The new Group has a significantly larger consumer base (+18%), with the 3.3 million of **ScottishPower** adding to the 18.4 million of **IBERDROLA** to total 21.7 million in Europe and the Americas.

At present, the Company has 2.7 billion cubic metres of gas storage capacity in the UK and the United States, with significant expansion potential.

The geographical footprint of **IBERDROLA** and **ScottishPower** is now of significant proportions, creating an Atlantic energy platform. It has operations in Spain, the UK, the United States, Mexico, Brazil, Greece, Portugal, France, Germany, Italy, Poland, Guatemala, Bolivia and Chile. The group also has a substantial project pipeline that will enable it to continue growing in the future.

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This announcement does not constitute an offer for sale of securities or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to the announcement or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

The New Iberdrola Shares to be issued to ScottishPower Shareholders pursuant to the Scheme are not and will not be registered pursuant to the U.S. Securities Act or any other U.S. regulations applicable to securities. The New Iberdrola Shares will be issued pursuant to a registration exemption provided by Article 3(a)(10) of the U.S. Securities Act.

Terms defined in the scheme circular dated 26 February 2007 have the same meaning in this announcement.

