IBERDROLA

Julián Martínez-Simancas
Secretary of the Board of Directors

Bilbao, 5 February 2019

To the National Securities Market Commission

Subject: Issue of a hybrid bond by Iberdrola International B.V. guaranteed on a subordinated basis by Iberdrola, S.A.

Dear Sirs,

Pursuant to article 17 of Regulation (EU) No. 596/2014 on market abuse and article 226 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 Iberdrola International B.V.[1] (the "**Issuer**") has finalised today the terms and conditions of an issue of its Undated Deeply Subordinated Reset Rate Guaranteed Securities (the "**Securities**"), and its pricing, for an amount of EUR 800 million (the "**Issue**"), guaranteed on a subordinated basis by Iberdrola, S.A. (the "**Guarantor**").

The Securities will be issued at a price of 100 % of their nominal value. The Securities will bear interest based on an annual fixed coupon of 3.25 % from (and including) the issue date to (but excluding) 12 February 2025 (the "**First Reset Date**").

From (and including) the First Reset Date, they will bear an interest equal to the relevant 5 year Swap Rate plus a margin of:

(i) 2.973 % per annum in respect of the five-year reset period commencing on the First Reset Date;

(ii) 3.223 % per annum in respect of the five-year reset periods commencing on 12 February 2030, 12 February 2035 and 12 February 2040; and

(iii) 3.973 % per annum in respect of any subsequent five-year reset period.

The Issuer may, at its sole discretion, elect to defer any payment of interest on the Securities, without constituting an event of default. Any interests so deferred will be cumulative and arrears of interest will be payable in certain events set out in the terms and conditions of the Securities.

Likewise, the Issuer may redeem the Securities in certain specific dates or upon the occurrence of certain events described in the terms and conditions of the Securities.

The closing and payment of the Issue is expected to take place on 12 February 2019, subject to compliance with certain conditions precedent customary for transactions of this type, as set out in the subscription agreement governed by English law that is expected to be entered into by the Issuer, the Guarantor and the joint bookrunners in connection with the Issue.

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[1] A subsidiary wholly owned directly by Iberdrola, S.A.

The Issue will be placed among institutional investors by “Banco Bilbao Vizcaya Argentaria”, “Barclays”, “Commerzbank”, “Crédit Agricole CIB”, “Credit Suisse”, “ING Bank N.V.”, “J.P. Morgan”, “MUFG”, “Natixis” y “Banco Santander”.

The notes are expected to be admitted to trading on the Luxembourg EuroMTF market.

This information is provided to you for the appropriate purposes.

Yours faithfully,

Secretary of the Board of Directors

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.