

IBERDROLA INTERNATIONAL B.V.

NOTICE TO HOLDERS OF €500,000,000 ZERO COUPON GUARANTEED EQUITY-LINKED BONDS DUE 2022 (ISIN: XS1321004118) (THE "BONDS") ISSUED BY IBERDROLA INTERNATIONAL B.V. (THE "ISSUER") AND GUARANTEED BY IBERDROLA, S.A. (THE "GUARANTOR")

11 January 2018

Capitalised terms not otherwise defined in this notice shall have the meaning given to them in the terms and conditions of the Bonds (the "Conditions").

The Issuer hereby notifies Bondholders that, as a result of an Ex-Date having occurred on 11 January 2018 in respect of a Cash Distribution of €0.14 per Ordinary Share to Shareholders of record on 9 January, pursuant to the Conditions, effective 11 January 2018:

- the Conversion Price shall be adjusted to EUR 8.6534 (from EUR 8.6751 previously);
- the Conversion Ratio shall be adjusted to 11,556.15134 (from 11,527.24464 previously);
- the Dividend Threshold shall be adjusted to:
 - o €0.1236 for each Relevant Period in respect of which such Dividend Threshold was initially €0.1250; and
 - o €0.1434 for each Relevant Period in respect of which such Dividend Threshold was initially €0.1450.

Yours faithfully

IBERDROLA INTERNATIONAL B.V.



By: Guillermo Colino

Managing Director and Attorney-in-fact