To the National Securities Market Commission

Subject: Implementation of the first edition of the “Iberdrola Retribución Flexible” optional dividend system corresponding to the fiscal year 2019

Dear Sirs,

Pursuant to article 227 of the restated text of the Securities Market Law approved by 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, and further to the notices of significant event (hecho relevante) filed with this National Commission on 24 April 2019 (with official registry number 277,344) and 2 July 2019 (with official registry number 279,788) regarding: (i) the implementation of the paid-up capital increase approved by the General Shareholders’ Meeting of Iberdrola, S.A. (“Iberdrola” or the “Company”) held on 29 March 2019 under item number eight on the agenda and under the section titled «Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seven, eight and nine on the agenda, by virtue of which the “Iberdrola Flexible Remuneration” optional dividend system is implemented» (the “Capital Increase” and the “Common Terms”, respectively); and (ii) the supplementary payment to the dividend corresponding to the fiscal year 2018, which was approved by the referred General Shareholders’ Meeting under item number seven of its agenda and under the Common Terms (the “Supplementary Dividend”), both in the context of the first edition of the “Iberdrola Retribución Flexible” optional dividend system corresponding to the fiscal year 2019, we hereby inform you that:

• The period for trading the free-of-charge allocation rights corresponding to the Capital Increase ended on 18 July 2019.

• During the period established for such purpose, the holders of 990,903,983 shares of the Company have chosen to receive the Supplementary Dividend. As a consequence, the total gross amount of the Supplementary Dividend that will be distributed on 1 August 2019 is 198,180,796.60 euros, which results from multiplying the gross amount of the Supplementary Dividend per share (0.200 euros) by the number of shares whose holders have chosen to receive the Supplementary Dividend (990,903,983).

As a result of the foregoing, these shareholders have expressly waived 990,903,983 free-of-charge allocation rights and, thus, 23,044,278.6744186 new shares corresponding to the referred rights. Furthermore, the payment of the Supplementary Dividend has been rendered without effect in respect of the amount which has not been distributed to those shareholders who have chosen
Likewise, given that the maximum number of Iberdrola shares to be issued—after deducting the shares which holders have chosen to receive the Supplementary Dividend (waiving the free-of-charge allocation rights to which they were entitled)—was a fraction, Iberdrola has waived 14 free-of-charge allocation rights that it holds in order for the number of new shares ultimately issued in the Capital Increase to be a whole number and not a fraction.

Therefore, the final number of ordinary shares with a unitary par value of 0.75 euros that will be issued in the Capital Increase is 122,072,000 with the nominal amount of the Capital Increase being 91,554,000.00 euros, which entails an increase of 1.956% over the share capital of Iberdrola prior to the implementation of the Capital Increase.

As a consequence, the share capital of Iberdrola after the Capital Increase will amount to 4,771,554,000.00 euros, represented by 6,362,072,000 ordinary shares having a nominal value of 0.75 euros each, fully subscribed for and paid up.

It is expected that, subject to compliance with all legal requirements (particularly, the verification of such compliance by the National Securities Market Commission), the new shares will be admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Electronic Market), on Thursday, 1 August 2019. In this respect, the ordinary trading of the new shares is expected to commence on Friday, 2 August 2019.

Likewise, upon the determination of the total gross amount of the Supplementary Dividend, the proposed allocation of profits/losses and distribution of dividends corresponding to the fiscal year 2018 has been fixed. Therefore, the amounts to be allocated to dividend and to remainder have been determined. Accordingly, the basis for distribution and the resulting proposed distribution (expressed in euros) to which item number seven on the agenda of the General Shareholders’ Meeting refers are as follows:

**BASIS FOR DISTRIBUTION:**

<table>
<thead>
<tr>
<th>Basis</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance from prior financial years</td>
<td>8,070,225,096.52</td>
</tr>
<tr>
<td>Profits for financial year 2018</td>
<td>991,767,992.38</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>9,061,993,088.90</strong></td>
</tr>
</tbody>
</table>

**DISTRIBUTION:**

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Dividend</td>
<td>329,606,511.52</td>
</tr>
<tr>
<td>To remainder</td>
<td>8,732,386,577.38</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>9,061,993,088.90</strong></td>
</tr>
</tbody>
</table>
Finally, and for the purposes of article 26.1.e) of Royal Decree 1310/2005, of 4 November, which partially elaborates upon the provisions of Law 24/1988 of 28 July, on the Securities Market, in connection with the admission of securities to trading on official secondary markets, public offers for the sale or subscription of securities and the prospectus required for such purposes (Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos) (the "Royal Decree 1310/2005"), it is hereby stated that this information supplements the content of the information memorandum that was filed by virtue of the notice of significant event (hecho relevante) on 24 April 2019 (with official registry number 277,344), relating to the first edition of the "Iberdrola Retribución Flexible" optional dividend system corresponding to 2019 (the "Information Memorandum"), as supplemented by virtue of the notice of significant event (hecho relevante) filed on 2 July 2019 (with official registry number 279,788).

In this respect, it is stated that, as from 21 July 2019, Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Regulation") is directly applicable in the Member States of the European Union. However, article 1.5.(g) of the Regulation provides for the same legal regime as the one set out in article 26.1.e) of Royal Decree 1310/2005. Thus, pursuant to article 1.5.(g) of the Regulation, the admission to trading of the new Iberdrola’s shares issued within the context of the optional dividend system "Iberdrola Retribución Flexible" shall not entail the obligation to publish the prospectus established in the Regulation, "provided that the said shares are of the same class as the shares already admitted to trading on the same regulated market and that a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer or allotment".

Likewise, it is stated that the Information Memorandum (documento informativo), together with its referred supplement, constitutes the document referred to in article 26.1.e) of Royal Decree 1310/2005 and article 1.5.(g) of the Regulation, and renders the preparation and publication of a prospectus (folleto informativo) with respect to the Capital Increase unnecessary.

As a consequence, this notice is a part of the Information Memorandum, and should therefore be read in conjunction with such document.

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.

This communication contains forward-looking information and statements about Iberdrola, S.A., including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions.

Although Iberdrola, S.A. believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Iberdrola, S.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Iberdrola, S.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public documents sent by Iberdrola, S.A. to the Comisión Nacional del Mercado de Valores.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Iberdrola, S.A. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All oral or written forward-looking statements hereby made or otherwise attributable to Iberdrola, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified on its entirety by the cautionary statement above. All the forward-looking statements included herein are based on information available to Iberdrola, S.A. on the date hereof. Except as required by applicable law, Iberdrola, S.A. does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.