To the National Securities Market Commission

Subject: Implementation of the second 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 30 October 2019 (with official registry number 283,007), 18 December 2019 (with official registry number 284,809) and 7 January 2020 (with official registry number 285,629) 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 nine on the agenda1 (the “Capital Increase”); and (ii) the distribution of an interim dividend corresponding to the fiscal year 2019 approved by the Board of Directors on 29 October 20192 (the “Interim Dividend”), both in the context of the second 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 23 January 2020.

• During the period established for such purpose, the holders of 1,419,991,945 shares of the Company have chosen to receive the Interim Dividend. As a consequence, the total gross amount of the Interim Dividend that will be distributed on 5 February 2020 is 238,558,646.76 euros, which

1 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 “Common Terms”)

2 The referred distribution was ratified by the Board of Directors of the Company by means of the resolution approved on 17 December 2019, as supplemented by the decisions of the chairman and chief executive officer of the Company adopted on 18 December 2019, after attesting the compliance of the requirements set forth in article 277 of the Spanish Companies Act (Ley de Sociedades de Capital).
results from multiplying the gross amount of the Interim Dividend per share (0.168 euros) by the number of shares whose holders have chosen to receive the Interim Dividend (1,419,991,945).

As a result of the foregoing, these shareholders have expressly waived 1,419,991,945 free-of-charge allocation rights and, thus, 26,296,147.13 new shares corresponding to the referred rights. Furthermore, the payment of the Interim Dividend has been rendered without effect in respect of the amount which has not been distributed to those shareholders who have chosen (expressly or tacitly) any of the remaining options under the “Iberdrola Retribución Flexible” optional dividend system.

• Likewise, given that the maximum number of Iberdrola shares to be issued –after deducting the shares which holders have chosen to receive the Interim Dividend (waiving the free-of-charge allocation rights to which they were entitled)– was a fraction, Iberdrola has waived 47 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 91,520,000 with the nominal amount of the Capital Increase being 68,640,000.00 euros, which entails an increase of 1.44% 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 4,840,194,000.00 euros, represented by 6,453,592,000 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, 6 February 2020. In this respect, the ordinary trading of the new shares is expected to commence on Friday, 7 February 2020.

Finally, and for the purposes of article 1.5.(g) of the 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”), which as from 21 July 2019 is directly applicable in the Member States of the European Union, 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 30 October 2019 (with official registry number 283,007), relating to the second 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 7 January 2020 (with official registry number 285,629).

Likewise, it is stated that the Information Memorandum (documento informativo), together with its referred supplement, constitutes the document referred to in 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.