



Julián Martínez-Simancas
General Secretary and Secretary to the Board of Directors

Bilbao, 6 November 2015

To the National Securities Market Commission

Subject: Issuance in the Euromarket of equity-linked bonds to the shares of Iberdrola, S.A.

Dear Sirs,

Pursuant to article 82 of *Law 24/1988, of July 28, on the Securities Market (Ley 24/1988, de 28 de julio, del Mercado de Valores)* and related provisions, we hereby inform you that Iberdrola International B.V. (the "**Issuer**")¹ has launched today an issuance in the Euromarket of equity-linked bonds to the shares of Iberdrola, S.A. of up to EUR 500 million (the "**Bonds**" and "**Iberdrola**", respectively).

The maturity of the Bonds is seven years. The payment obligations of the Issuer under the Bonds will be unconditionally and irrevocably guaranteed by Iberdrola.

The Bonds will have an embedded option, which can be exercised by their holders within a period of time close to their maturity, entitling them to receive a cash payment determined by the evolution of the market price of Iberdrola's shares. Neither new shares of Iberdrola nor of any of the companies of its group will be issued in connection with the redemption of the Bonds at maturity.

The issuance of the Bonds is being managed by Barclays Bank PLC (as sole Global Coordinator and Joint Bookrunner) and by Banco Bilbao Vizcaya Argentaria, S.A. and Crédit Agricole Corporate and Investment Bank (as Joint Bookrunners). The Issuer intends to apply for the Bonds to be admitted to trading on the open market of the Frankfurt Stock Exchange (*Freiverkehr*).

Concurrently with the issuance of the Bonds, Iberdrola Financiación, S.A. (Sociedad Unipersonal)² will purchase from Barclays Bank PLC cash-settled call options to hedge the exposure of the Issuer to any cash amounts payable in connection with the exercise of the option by the holders of the Bonds. Barclays Bank PLC has informed Iberdrola that Barclays Bank PLC and/or its affiliates anticipate entering into transactions to hedge their exposure under such call options, including transactions to be conducted during the averaging period for the determination of the reference share price.

This information is provided to you for the appropriate purposes.

Yours faithfully,

General Secretary and Secretary to the Board of Directors

¹ A wholly owned subsidiary of Iberdrola, S.A.

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