



Julián Martínez-Simancas
Secretary to the Board of Directors

Bilbao, 30 May 2017

To the National Securities Market Commission

Subject: Registration of the public deed of share capital reduction by means of the redemption of own shares approved by the General Shareholders' Meeting of Iberdrola on 31 March 2017

Dear Sirs,

Pursuant to article 17 of Regulation (EU) No. 596/2014 on market abuse and article 228 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, and further to our notice of significant event (*comunicación de hecho relevante*) dated 24 May 2017 (official registry number 252,407), we hereby inform you that the public deed of the share capital reduction (and subsequent amendment of the By-laws) of Iberdrola, S.A. ("**Iberdrola**" or the "**Company**") corresponding to the redemption of 219,990,000 own shares, of 0.75 euros of face value each, representing (approximately) 3.41 % of the Company's share capital, has been recorded with the Commercial Registry of Bizkaia on 29 May 2017.

The share capital resulting from the reduction has been set at 4,680,000,000 euros, corresponding to 6,240,000,000 shares.

The abovementioned share capital reduction was approved by the General Shareholders' Meeting of the Company on 31 March 2017, under item number fourteen of its agenda, and executed by the Executive Committee of the Board of Directors of Iberdrola, in the exercise of the powers delegated to it by the Board of Directors of the Company, in its meeting dated 24 May 2017.

This information is provided to you for the appropriate purposes.

Yours faithfully,

Secretary to the Board of Directors

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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.

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