

Bilbao, 24 November 2016

To the National Securities Market Commission

Subject: Issuance of notes in the euomarket and buyback of bonds

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, we hereby inform you that, on the date hereof, Iberdrola Finanzas, S.A. (Sociedad Unipersonal)¹ has closed an issuance of notes in the euomarket, guaranteed by Iberdrola, S.A., for an amount of EUR 750 million (the “Notes”).

The Notes mature on 7 March 2024, have an annual coupon of 1 % and are being issued at a price of 99.177 % of their nominal value.

The Notes have been placed by Barclays Bank P.L.C., BNP Paribas, Goldman Sachs International, ING Bank N.V., Lloyds Bank plc, MUFG Securities EMEA plc and Unicredit Bank AG.

Concurrently, Iberdrola Finanzas, S.A. (Sociedad Unipersonal) has launched an offer to buy back a portion of the outstanding bonds issued by itself and Iberdrola International B.V.¹, guaranteed by Iberdrola, S.A. listed below, which terms and conditions are described in the corresponding Tender Offer Memorandum dated 24 November 2016.

Bonds issued by Iberdrola Finanzas, S.A. (Sociedad Unipersonal)

- Outstanding € 692,500,000 5.625 % bonds due 9 May 2018 (ISIN code XS0362224841) (Series 77).
- Outstanding € 472,600,000 4.625 % bonds due 7 April 2017 (ISIN code XS0614190477) (Series 95).

Bonds issued by Iberdrola International B.V.

- Outstanding € 900,000,000 4.25 % bonds due 11 October 2018 (ISIN code XS0767977811) (Series 100).
- Outstanding € 371,300,000 4.50 % bonds due 21 September 2017 (ISIN code XS0829209195) (Series 101).

¹ Company wholly owned by Iberdrola, S.A.





This information is provided to you for the appropriate purposes.

Yours faithfully,

Secretary of 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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