



Julián Martínez-Simancas
Secretary of the Board of Directors

Bilbao, 28 May 2020

To the National Securities Market Commission

Subject: Other relevant information / Issuance in the Euromarket of additional equity-linked bonds to the shares of Iberdrola, S.A.

Pursuant to article 227 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 in relation to the communications of significant event of 6 and 23 November 2015 (with official registration numbers 230,680, 230,732 and 231,293, respectively) we hereby inform you that Iberdrola International B.V. (the “**Issuer**”)¹ has launched today an issuance in the Euromarket of additional equity-linked bonds to the shares of Iberdrola, S.A. (“**Iberdrola**”) of up to EUR 150 million (the “**Additional Bonds**”) and guaranteed by Iberdrola, under the same terms and conditions as the bonds issued by the Issuer on 16 November 2015, which bear an annual coupon of 0 % and mature on 11 November 2022 (the “**Original Bonds**”, together with the Additional Bonds, the “**Bonds**”). The Issuer intends to apply for the Additional Bonds to be admitted to trading on the open market of the Frankfurt Stock Exchange (*Freiverkehr*).

The Additional Bonds, as the Original Bonds, will have an embedded option, which can be exercised by their holders from 12 July 2022 to 3 October 2022 (unless there is an event pursuant to the terms and conditions of the Bonds allowing to exercise it before 12 July 2022), 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 Additional Bonds is being managed by Barclays Bank Ireland PLC (“**Barclays**”) as Sole Global Coordinator and Sole Bookrunner of the transaction.

Concurrently with the issuance of the Additional Bonds, Iberdrola Financiación, S.A. (Sociedad Unipersonal)² will purchase from Barclays 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 Additional Bonds. Barclays has informed Iberdrola that Barclays and/or its affiliates anticipate entering into transactions to hedge its exposure under such call options, including transactions to be conducted during the averaging period to determine the price of the Iberdrola shares which shall be taken as reference to set the price of the Additional Bonds. Such entities have undertaken no obligation with Iberdrola or any company of its group in this respect.

The current price of the shares of Iberdrola for the purposes of the Bond option, after the anti-dilution adjustments made since its issuance, is EUR 8.4641, which will be equal to the exercise price of the cash-settled call options that Iberdrola Financiación, S.A. (Sociedad Unipersonal) will acquire from Barclays.

This information is provided to you for the appropriate purposes.

Secretary of the Board of Directors

¹ Company wholly owned by Iberdrola, S.A.

² Company wholly owned by Iberdrola, S.A.

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This announcement has been prepared solely for information purposes and is not an offer (or a solicitation of an offer) to buy or sell the Bonds or any shares.

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Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU, on Markets in Financial Instruments, as amended ("**MIFID II**"); (ii) articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MIFID II; and (iii) local implementing measures (together, the "**MIFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "**Manufacturer**" (for the purposes of the MIFID II Product Governance Requirements) may otherwise have with respect thereto, the Bonds have been subject to a product approval process which has determined that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MIFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**Distributor**") should take into consideration the Manufacturers' target market assessment; however, a Distributor subject to

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MIFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the Manufacturers' target market assessment) and determining appropriate distribution channels.

The target market assessment is without prejudice to the requirements of any contractual or legal selling restrictions in relation to any offering of the Bonds.

For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MIFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Bonds.

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. for these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of MIFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MIFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no Key Information Document required by Regulation (EU) no 1286/2014, as amended (the "**PRIIPS Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Barclays Bank Ireland PLC is regulated by the Central Bank of Ireland. Barclays Bank Ireland PLC is acting for Iberdrola International B.V. and Iberdrola, S.A. only in connection with the offering and will not be responsible to anyone other than Iberdrola International B.V. and Iberdrola, S.A. for providing the protections offered to the clients of Barclays Bank Ireland PLC, nor for providing advice in relation to the offering or any matters referred to in this communication. Barclays Bank Ireland PLC is registered in Ireland. Registered Office: One Molesworth Street, Dublin 2, Ireland, D02 RF29. Registered Number: 396330.

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