

Bilbao, 23 April 2018

To the National Securities Market Commission

Subject: Update of the information on the agreement for the acquisition of the share capital of “Eletropaulo Metropolitana Electricidade de São Paulo, S.A.” by “Neoenergia, S.A.”

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 the communication of significant event dated 17 April 2018 (with number 264,221 of the official records), “Iberdrola, S.A.” (“**Iberdrola**”) informs you that:

On 20 April 2018, the Board of Directors of “Neoenergia, S.A.” (“**Neoenergia**”), in which Iberdrola indirectly holds a 52.45 % stake, resolved: (i) to ratify the investment agreement entered into on 16 April 2018 by and between Neoenergia and “Eletropaulo Metropolitana Electricidade de São Paulo, S.A.” (“**Eletropaulo**”) pursuant to which Neoenergia committed to subscribe 67,735,000 shares which could be issued by Eletropaulo pursuant to a primary public offering of shares; and (ii) to launch a competing takeover bid for the acquisition of 51 % to 100 % of the shares of Eletropaulo held by its shareholders (excluding the treasury stock) at a price of 29.40 Brazilian reais (approximately 6.86 euros¹) per share.

This information is provided to you for the appropriate purposes.

Yours faithfully,

Secretary of the Board of Directors

¹ Considering an exchange rate equal to 4.283 Brazilian reais per euro.





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.

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