



Julián Martínez-Simancas  
Secretary of the Board of Directors

Bilbao, 2 June 2020

**To the National Securities Market Commission**

**Subject: Other relevant information / Pricing of the 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 other relevant information dated 28 and 29 May 2020 (with official registration number 2,470 and 2,476, respectively) we hereby inform you that Iberdrola International B.V. (the “**Issuer**”)<sup>1</sup> has fixed today the issuance price of an issuance in the Euromarket of EUR 200 million principal amount equity-linked bonds to the shares of Iberdrola, S.A. (“**Iberdrola**”), guaranteed by Iberdrola (the “**Additional Bonds**”), 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 final issuance price of the Additional Bonds has amounted to 125.9697 % of their nominal value and thus the total amount of the issuance will be EUR 251,939,400. The Issuer intends to apply for the Bonds to be admitted to trading on the open market of the Frankfurt Stock Exchange (*Freiverkehr*).

The issuance of the Additional Bonds has been managed by Barclays Bank Ireland PLC (“**Barclays**”) as Sole Global Coordinator and Sole Bookrunner of the transaction.

The Bonds 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.

Concurrently with the issuance of the Additional Bonds, Iberdrola Financiación, S.A. (Sociedad Unipersonal)<sup>2</sup> has purchased 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. 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 is the same as the exercise price of the cash-settled call options that Iberdrola Financiación, S.A. (Sociedad Unipersonal) subscribed with Barclays.

This information is provided to you for the appropriate purposes.

Secretary of the Board of Directors

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<sup>1</sup> Company wholly owned by Iberdrola, S.A.

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In the United Kingdom, this announcement is only being distributed to and is only directed at: (i) persons who have professional experience in matters relating to investments falling within article 19(5) of the *Financial Services and Markets Act 2000 (Financial Promotion) Order 2005*, as amended; and (ii) any other persons at or to whom it can otherwise lawfully be distributed or directed (all such persons together being referred to as "**Relevant Persons**"). The securities referred to herein are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this notification or any of its contents.

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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.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "expects", "intends", "may" or "will", in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Iberdrola International B.V. and Iberdrola, S.A.'s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to its business. These risks, uncertainties and assumptions include those discussed or identified in the public documents sent by Iberdrola, S.A. to the *Comisión Nacional del Mercado de Valores*. Iberdrola International B.V. and Iberdrola, S.A. and their respective affiliates expressly disclaim any obligation or undertaking to update, review or revise any forward looking statement contained in this document whether as a result of new information, future developments or otherwise.

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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