



**Julián Martínez-Simancas**  
Secretary of the Board of Directors

Bilbao, 18 December, 2018

**To the National Securities Market Commission**

**RE: Payment of the annual variable compensation 2018 in shares of Iberdrola, S.A.**

Dear Sirs,

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, we hereby inform you that, on the date hereof, the Board of Directors of Iberdrola, S.A. (the "**Company**") has resolved to offer to the employees of the Iberdrola group in Spain, as in previous years, the possibility of receiving all or a portion of their variable compensation corresponding to the fiscal year 2018 in shares of the Company.

This delivery of shares to the employees, which is included within the framework of the general compensation policy of the Company, allows the employees electing to do so to receive the shares of the Company as part of their annual variable compensation. The number of shares of Iberdrola to be received by each employee shall be the result of dividing the portion of the annual variable compensation that the employee decides to receive in shares, with a maximum of 12,000 euros<sup>1</sup>, by the arithmetic mean of the volume-weighted average prices of the shares of Iberdrola, S.A. in the Spanish stock market (SIBE), rounded to the closest thousandth of an euro, of the five trading sessions immediately preceding the payment date of the annual variable compensation.

As it is customary, Iberdrola's share delivery plan is addressed to all active employees resident in Spain for tax purposes of the Company and its Spanish subsidiaries in which the Company holds a controlling stake and which have employees –other than the persons responsible for the day-to-day management of the companies carrying out regulated activities in Spain– who, on a voluntary basis, may elect to receive a portion of their annual variable compensation either in cash or in the form of shares of the Company.

The above is notified for the appropriate purposes.

Regards,

The secretary of the Board of Directors

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<sup>1</sup> Such maximum amount will not apply to the employees of Iberdrola and its group who, because of their seniority, must receive in the form of shares a minimum percentage of their annual variable compensation corresponding to 2018 which amount exceeds the aforementioned threshold.





### 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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IBERDROLA, S.A. Domicilio social – Plaza Euskadi, 5 48009 Bilbao (Bizkaia)  
Registro Mercantil de Bizkaia, tomo 17 del Libro de Sociedades, folio 114, hoja 901 (hoy BI-167-A), insc. 1ª. – NIF A-48010615



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