

FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (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 Directive 2014/65/EU (as amended, MiFID II); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), 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 Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / Professional investors and ECPs only target market – Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Final Terms dated 26 June 2018

Iberdrola Finanzas, S.A.U.

(incorporated with limited liability in the Kingdom of Spain)

Issue of

EUR 750,000,000 1.250 per cent. Green Bonds due 28 October 2026

Guaranteed by

Iberdrola, S.A.

Under the EUR 20,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of Notes issued by Iberdrola Finanzas, S.A.U. set forth in the Base Prospectus dated 28 July 2017, as supplemented on 16 March 2018 (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and the Final Terms have been published on the website of the Luxembourg Stock Exchange at www.bourse.lu and are available for viewing at the registered office of the Issuer at Plaza Euskadi 5, 48009 Bilbao, Spain, and of the Fiscal Agent at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom and copies may be obtained from the Fiscal Agent at its aforementioned registered address.

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| 1. | (i) Series Number: | 125 |
| | (ii) Tranche Number: | 1 |
| | (iii) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 2. | Specified Currency or Currencies: | Euro (€) |
| 3. | Aggregate Nominal Amount admitted to trading: | €750,000,000 |
| 4. | Issue Price: | 99.055 per cent. of the Aggregate Nominal Amount. |
| 5. | Specified Denominations: | €100,000 and integral multiples of €100,000 thereafter |
| 6. | (i) Issue Date: | 28 June 2018 |
| | (ii) Interest Commencement Date: | Issue Date |
| 7. | Maturity Date: | 28 October 2026 |
| 8. | Interest Basis: | 1.250 per cent. (see item 12 below) |
| 9. | Change of Interest Basis: | Not Applicable |
| 10. | Put/Call Options: | Change of Control Put Option

(see paragraph 17 below)

Residual Maturity Call Option

(see paragraph 18 below)

Substantial Purchase Event

(see paragraph 19 below) |
| 11. | Date Board approval for issuance of Notes obtained: | 21 June 2018 |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 12. | Fixed Rate Note Provisions | Applicable |
| | (i) Rate of Interest: | 1.250 per cent. per annum payable in arrear on each Interest Payment Date |
| | (ii) Interest Payment Date(s): | 28 October in each year commencing on 28 October 2018 up to and including the Maturity Date. There will be a short first coupon. |

(iii)	Fixed Coupon Amount(s):	€1,250 per Specified Denomination
(iv)	Broken Amount(s): (Applicable to Notes in definitive form)	€417.81 per Calculation Amount, payable on the Interest Payment Date falling on 28 October 2018 in respect of the period from and including the Issue Date to, but excluding, 28 October 2018.
(v)	Day Count Fraction:	Actual/Actual(ICMA)
(vi)	Determination Dates:	28 October in each year
13.	Floating Rate Note Provisions	Not Applicable
14.	Zero Coupon Note Provisions	Not Applicable
PROVISIONS RELATING TO REDEMPTION		
15.	Call Option	Not Applicable
16.	Put Option	Not Applicable
17.	Change of Control Put:	Applicable
(i)	Optional Redemption Amount:	As per Conditions
(ii)	Notice periods:	As per Conditions
18.	Residual Maturity Call Option	Applicable
19.	Substantial Purchase Event	Applicable
20.	Final Redemption Amount	€100,000 per €100,000 in nominal amount
21.	Early Redemption Amount	
	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in Condition 6):	As per Conditions
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
22.	(a) Form of Notes:	Bearer Notes:
		Temporary Global Note exchangeable for a Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.
	(b) New Global Note:	Yes
23.	Financial Centre(s) or other special provisions relating to Payment Dates:	TARGET2 Business Days

24. Talons for future Coupons to be attached to Definitive Notes: No

25. Consolidation provisions: Not Applicable

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the Guarantor:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: Application has been made for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange with effect from 28 June 2018.
- (ii) Estimate of total expenses related to admission to trading: €10,000

2. RATINGS

Ratings: The Notes to be issued have been rated:

Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. (**S&P**): BBB+ (stable)

Moody's Investor Service Limited (**Moody's**): Baa1 (stable)

Fitch Ratings Limited (**Fitch**): A- (stable)

Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such, each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>).

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

So far as the Issuer is aware and save for the fees paid to the Managers, no person involved in the offer of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business. For the purpose of this paragraph the term "affiliates" includes also parent companies.

4. YIELD

Indication of yield: 1.371 per cent. (annual)

5. OPERATIONAL INFORMATION

ISIN Code:	XS1847692636
Common Code:	184769263
Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s):	Not Applicable
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
Intended to be held in a manner which would allow Eurosystem eligibility:	Yes Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (ICSDs), being Euroclear and Clearstream, Luxembourg, as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

6. DISTRIBUTION

(a)	Method of distribution:	Syndicated
(b)	If syndicated, names of Managers:	Banco de Sabadell, S.A. Banco Santander, S.A. HSBC Bank plc Morgan Stanley & Co. International plc NatWest Markets Plc SMBC Nikko Capital Markets Limited UBS Limited UniCredit Bank AG
(c)	Date of Subscription Agreement:	26 June 2018
(d)	Stabilisation Manager(s) (if any):	Not Applicable
(e)	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D