

MiFID II product governance / Professional investors and ECPs only target market – solely for the purposes of the manufacturer’s 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 Directive 2014/65/EU (as amended, **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 manufacturer’s 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 manufacturer’s target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes 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 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 MiFID II; or (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 (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.

Final Terms dated 19 December 2018

Iberdrola Finanzas, S.A.U.
(incorporated with limited liability in the Kingdom of Spain)
Legal Entity Identifier (LEI): 5493004PZNNZWWBOUV388

Issue of

USD 50,000,000 3.724 per cent. Green Bonds due 2025 (the “Notes”)

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 1 August 2018 which constitutes a base prospectus for the purposes of the Prospectus Directive (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.

1.	(i)	Series Number:	126
	(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:	United States Dollars (“USD”)
3.		Aggregate Nominal Amount admitted to trading:	USD 50,000,000
	(i)	Series:	USD 50,000,000
	(ii)	Tranche:	USD 50,000,000
4.		Issue Price:	100 per cent. of the Aggregate Nominal Amount
5.	(i)	Specified Denominations:	USD 250,000 and integral multiples of USD 250,000 thereafter
	(ii)	Calculation Amount:	USD 250,000
6.	(i)	Issue Date:	21 December 2018
	(ii)	Interest Commencement Date:	Issue Date
7.		Maturity Date:	8 December 2025
8.		Interest Basis:	3.724 per cent. Fixed Rate (see item 12 debajo de)
9.		Change of Interest Basis:	Not Applicable
10.		Put/Call Options:	Not Applicable
11.		Date Board approval for issuance of Notes and Guarantee obtained:	14 December 2018

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.	Fixed Rate Note Provisions	Applicable
	(i)	Rate of Interest: 3.724 per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s): 8 June and 8 December in each year commencing 8 June 2019 up to and including the Maturity Date.
	(iii)	Fixed Coupon Amount: USD 4,655 per Calculation Amount
	(iv)	Broken Amount(s): USD 4,318.81 per Calculation Amount, payable on the Interest Payment Date falling on 8 June

		2019
	(v) Day Count Fraction:	30/360
	(vi) Determination Dates:	Not Applicable
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:	Not Applicable
18.	Residual Maturity Call Option	Not Applicable
19.	Substantial Purchase Event	Not Applicable
20.	Final Redemption Amount	USD 250,000 per Calculation 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):	USD 250,000 per Calculation Amount
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:	No
23.	Financial Centre(s) or other special provisions relating to Payment Dates:	London, New York and TARGET2 Business Days
24.	Talons for future Coupons to be attached to Definitive Notes:	No
25.	Consolidation provisions:	Not Applicable

THIRD PARTY INFORMATION

Not Applicable

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By:

By:

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Official List of the Luxembourg Stock Exchange
- (ii) 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 the Issue Date. The Issuer expects to admit the Notes to the Luxembourg Green Exchange (LGX).
- (iii) Estimate of total expenses related to admission to trading: EUR 2,100

2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- Standard & Poor's Credit Market Services Europe Limited (**Standard & Poor's**): BBB+
- Moody's Investors Service Limited (**Moody's**): Baa1
- Each of Standard and Poor's and Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such each of Standard and Poor's and Moody's is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

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

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Dealer and its 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.

4. FIXED RATE NOTES ONLY – YIELD

Indication of yield: 3.724 per cent. (annual)

5. OPERATIONAL INFORMATION

ISIN: XS1924319301

Common Code: 192431930

FISN:	IBERDROLA FINAN/1EMTN 20251208
CFI Code:	DTFXFB
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:	No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time 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:	Non-syndicated
(b) If syndicated, names of Managers:	Not Applicable
(c) Date of [Subscription] Agreement:	Not Applicable
(d) Stabilisation Manager(s) (if any):	Not Applicable
(e) If non-syndicated, name of relevant Dealer:	NatWest Markets Plc
(f) U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D