

FINAL TERMS

Final Terms dated 20 June 2017

Iberdrola Finanzas, S.A.U.

(incorporated with limited liability in the Kingdom of Spain)

Issue of

EUR 150,000,000 Floating Rate Green Bonds due 20 February 2024 to be consolidated and form a single series with the existing EUR 100,000,000 Floating Rate Green Bonds due 20 February 2024 (the **Original Notes** and together with the Tranche 2 Notes, the **Notes**)

Guaranteed by
Iberdrola, S.A.

Under the EUR 20,000,000,000
Euro Medium Term Note Programme
of Iberdrola Finanzas, S.A.U. and Iberdrola International B.V.

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 22 June 2016 and the supplement to the Base Prospectus dated 10 October 2016 which together constitute 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.

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| 1. | (i) | Series Number: | 115 |
| | (ii) | Tranche Number: | 2 |
| | (iii) | Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the Original Notes with Series Number 1 on exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22(a) below, which is expected to occur not earlier than 40 days after the Issue Date |
| 2. | | Specified Currency or Currencies: | Euro (“€”) |
| 3. | | Aggregate Nominal Amount admitted to trading: | €150,000,000 to be consolidated with the Original Notes not earlier than 40 days after the Issue Date and to form a single series of €250,000,000 in |

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| | | total |
| 4. | Issue Price: | 101.076677 per cent. of the Aggregate Nominal Amount plus €43,787.50 corresponding to the accrued interest for the period commencing on, and including, 20 May 2017 to, but excluding, the Issue Date |
| 5. | (i) Specified Denominations: | €100,000 and integral multiples of €100,000 thereafter |
| | (ii) Calculation Amount | €100,000 |
| 6. | (i) Issue Date: | 22 June 2017 |
| | (ii) Interest Commencement Date: | 20 May 2017 |
| 7. | Maturity Date: | 20 February 2024 |
| 8. | Interest Basis: | 3 Month EURIBOR + 67 bps Floating Rate (see item 12 below) |
| 9. | Change of Interest Basis: | Not Applicable |
| 10. | Put/Call Options: | Change of Control Put Option (see paragraph 14 below) Residual Maturity Call Option (see paragraph 14 below) Substantial Purchase Event (see paragraph 15 below) |
| 11. | Date Board approval for issuance of Notes obtained: | 19 June 2017 |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 12. | Fixed Rate Note Provisions | Not Applicable |
| 13. | Floating Rate Note Provisions | Applicable |
| | (i) Interest Period(s): | 4 per year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below |
| | (ii) Specified Interest Payment Dates: | 20 May, 20 August, 20 November and 20 February in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below, commencing on 20 August 2017 |
| | (iii) Interest Period Date: | Not Applicable |

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| (iv) | Business Day Convention: | Modified Following Business Day Convention |
| (v) | Business Centre(s): | Not Applicable |
| (vi) | Manner in which the Rate(s) of Interest is/are to be determined: | Screen Rate Determination |
| (vii) | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent) | Not Applicable |
| (viii) | Screen Rate Determination: | |
| | – Reference Rate: | 3 Month EURIBOR |
| | – Reference Banks | Not Applicable |
| | – Interest Determination Date(s): | Second day on which the TARGET System is open prior to the start of each Interest Period |
| | – Relevant Screen Page: | Reuters Screen EURIBOR01 page |
| (ix) | ISDA Determination: | Not Applicable |
| | – Floating Rate Option: | Not Applicable |
| | – Designated Maturity: | Not Applicable |
| | – Reset Date: | Not Applicable |
| (x) | Linear Interpolation: | Not Applicable |
| (xi) | Margin(s): | +0.67 per cent. per annum |
| (xii) | Minimum Rate of Interest: | Not Applicable |
| (xiii) | Maximum Rate of Interest: | Not Applicable |
| (xiv) | Day Count Fraction: | Actual/360 |
| (xv) | Notice periods: | As per Conditions |
| 14. | Residual Maturity Call Option | Applicable |
| 15. | Substantial Purchase Event | Applicable |
| 16. | Final Redemption Amount | €100,000 per Calculation Amount |
| 17. | Early Redemption Amount | As per Conditions |

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):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 18. | (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 |
| 19. | | Financial Centre(s) or other special provisions relating to Payment Dates: | TARGET2 Business Days |
| 20. | | Talons for future Coupons to be attached to Definitive Notes: | No |
| 21. | | Consolidation provisions: | 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) 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 22 June 2017.
- (ii) Estimate of total expenses related to admission to trading: €4,100

2. RATINGS

Ratings: The Notes to be issued have been rated:

Standard & Poor's Credit Market Services Europe Limited (**S&P**): BBB+ (stable)

Moody's Investors Service Limited
(**Moody's**): Baa1 (positive)

Fitch Ratings Limited (**Fitch**): BBB+ (stable)

S&P, Moody's and Fitch are established in the European Union and are 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 Market 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. USE OF PROCEEDS

The net proceeds of the issue of the Notes will be on-lent or deposited with another member of the Group (other than the Guarantor) and used to refinance, in whole or in part, an Eligible Green Project.

For the purpose of this section:

Eligible Green Project means a Renewable Energy Project which meet a set of environmental and social criteria.

Renewable Energy Project means the financing of, or investments in the development, the construction, repowering and the installation of the renewable energy production unit of Puertollano, for the production of energy through renewable non-fossil sources.

5. YIELD 3 Month EURIBOR + 0.51 per cent. (annual)

Indication of yield:

6. OPERATIONAL INFORMATION

Temporary ISIN Code: XS1637238160

Temporary Common Code: 163723816

ISIN Code: XS1564443759

Common Code: 156444375

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.

7. DISTRIBUTION

- (a) Method of distribution: Non-syndicated
- (b) Date of Agreement: 19 June 2017
- (c) Stabilisation Manager(s) (if any): Not Applicable
- (d) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D