

FINAL TERMS

Final Terms dated 16 May 2017

Iberdrola Finanzas, S.A.U.
(incorporated with limited liability in the Kingdom of Spain)

Issue of

NOK 1,000,000,000 2.70 per cent. Guaranteed Notes due 18 May 2027

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 22 June 2016 and the supplements to the Base Prospectus dated 10 October 2016 and 28 February 2017, 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: | 119 |
| | (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: | Norwegian Krone (“ NOK ”) |
| 3. | | Aggregate Nominal Amount admitted to trading: | NOK 1,000,000,000 |
| 4. | | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 5. | (i) | Specified Denominations: | NOK 1,000,000 |
| | (ii) | Calculation Amount | NOK 1,000,000 |

6.	(i)	Issue Date:	18 May 2017
	(ii)	Interest Commencement Date:	Issue Date
7.		Maturity Date:	18 May 2027
8.		Interest Basis:	2.70 per cent. (see item 12 below)
9.		Change of Interest Basis:	Not Applicable
10.		Put/Call Options:	Not Applicable
11.		Date Board approval for issuance of Notes obtained:	11 May 2017

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.	Fixed Rate Note Provisions		Applicable
	(i)	Rate of Interest:	2.70 per cent. per annum payable annually in arrear
	(ii)	Interest Payment Date(s):	18 May in each year commencing on 18 May 2018 up to and including the Maturity Date, subject to adjustment in accordance with the Following Business Day Convention (payment date only)
	(iii)	Fixed Coupon Amount(s):	NOK 27,000.00 per Calculation Amount
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	30/360, unadjusted
	(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		NOK 1,000,000 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): 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: TARGET, Oslo and Madrid
24. Talons for future Coupons to be attached to Definitive Notes: No
25. 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 18 May 2017
- (ii) Estimate of total expenses related to admission to trading: €5,600

2. RATINGS

Ratings: The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally:

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, 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. For the purpose of this paragraph the term "affiliates" includes also parent companies.

4. YIELD

Indication of yield: 2.70% per. cent (annual)

5. OPERATIONAL INFORMATION

ISIN Code: XS1615677108

Common Code:	161567710
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:	Non-syndicated
(b) If syndicated, names of Managers:	Not Applicable
(c) Date of Agreement:	16 May 2017
(d) Stabilisation Manager(s) (if any):	Not Applicable
(e) If non-syndicated, name of relevant Dealer:	Merrill Lynch International
(f) U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D