

FINAL TERMS

Final Terms dated 22 April 2014

Iberdrola International B.V.

(incorporated with limited liability in The Netherlands and having its corporate seat in Amsterdam)

Issue of €750,000,000 2.50 per cent. Guaranteed Notes due October 2022 (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 International B.V. set forth in the Base Prospectus dated 12 June 2013 and the supplements to the Base Prospectus dated 6 August 2013 and 28 February 2014 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 Prospectus Directive and must be read in conjunction with such Base Prospectus as so supplemented and the drawdown prospectus dated on or about 30 April 2014 (the “**Drawdown 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, the Base Prospectus and the Drawdown Prospectus. The Base Prospectus, the Final Terms and the Drawdown Prospectus have been published on the web site of the Luxembourg Stock Exchange at www.bourse.lu and are available for viewing at the registered office of the Issuer at Rapenburgerstraat 179D, 1011 VM Amsterdam, The Netherlands, 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: | 106 |
| | (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: | 99.720 per cent. of the Aggregate Nominal Amount |
| 5. | | Specified Denominations: | €100,000 and integral multiples of €100,000 |

- thereafter
6. (i) Issue Date: 24 April 2014
- (ii) Interest Commencement Date: 24 April 2014
7. Maturity Date: 24 October 2022
8. Interest Basis: 2.50 per cent. Fixed Rate
(see paragraph 13 below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent, of their nominal amount
10. Change of Interest Basis: Not Applicable
11. Put/Call Options: Change of Control Put Option
(see paragraph 18 below)
12. Date Board of Directors approval for issuance of Notes obtained: 7 April 2014

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** Applicable
- (i) Rate of Interest: 2.50 per cent. per annum payable annually in arrear
- (ii) Interest Payment Date(s): 24 October in each year commencing on 24 October 2014 up to and including the Maturity Date. There will be a short first interest period from and including the Interest Commencement Date, up to but excluding 24 October 2014 (the “**Short First Interest Period**”).
- (iii) Fixed Coupon Amount: €2,500.00 per €100,000 in nominal amount, except in respect of the Short First Interest Period which shall be the Broken Amount.
- (iv) Broken Amount(s): €1,253.42 per €100,000 in nominal amount in

		respect of the Short First Interest Period
(v)	Day Count Fraction:	Actual/Actual (ICMA)
(vi)	Determination Dates:	24 October in each year
14.	Floating Rate Note Provisions	Not Applicable
15.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

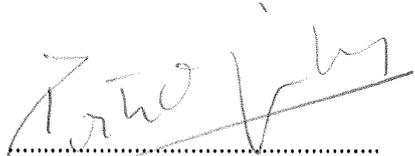
16.	Call Option	Not Applicable
17.	Put Option	Not Applicable
18.	Change of Control Put:	Applicable
19.	Final Redemption Amount	€100,000 per €100,000 in nominal amount
20.	Early Redemption Amount	
	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in Condition 6):	As per Conditions

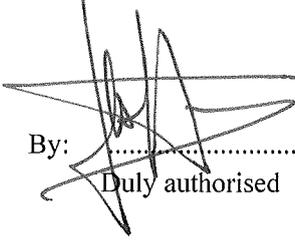
GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	(i)	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.
	(ii)	New Global Note	Yes
22.		Financial Centre(s) or other special provisions relating to Payment Dates:	TARGET2 Business Days
23.		Talons for future Coupons to be attached to Definitive Notes :	No
24.		Consolidation provisions:	Not Applicable

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: 
.....
Duly authorised
Roberto Orjales

By:  
.....
Duly authorised

Jesús Martínez Pérez

Javier Julio Pastor Zuazaga

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 24 April 2014
- (ii) Estimate of total expenses related to admission to trading: €4,960

2. RATINGS

Ratings: The Notes to be issued have been rated:

S & P: BBB

Moody's: Baa1

Fitch: BBB+

S&P, Moody's and Fitch are established in the European Union and are registered under Regulation (EC) No. 1060/2009.

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

Certain of 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 services to the Issuer, the Guarantor and/or their affiliates in the ordinary course of business. Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. For the purpose of this paragraph the term "affiliates" includes also parent companies.

4. YIELD

Indication of yield: 2.538 per cent. (annual)

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. REASONS FOR THE OFFER

Use of Proceeds:

The net proceeds of the Notes will be used to finance and/or refinance, in whole or in part, Eligible Green Projects (as defined below).

“**Eligible Green Projects**” include Renewable Energy Projects (as defined below) and Transmission, Distribution and Smart Grid Projects (as defined below) which meet a set of environmental and social criteria approved both by the Guarantor and by Vigeo, and available on the Guarantor's website (www.iberdrola.es) in the Investors Relations section.

“**Renewable Energy Projects**” include the financing of, or investments in the development, the construction and the installation of renewable energy production units for the production of energy through: (i) renewable non-fossil sources and (ii) hydro, geothermal, wind, solar, waves and other renewable energy sources.

“**Transmission, Distribution and Smart Grid Projects**” means the financing of, or investments in the building, the operation and the maintenance of electric power distribution and transmission networks, that contribute to: (i) connecting renewable energy production units to the general network and (ii) improving networks in terms of demand-size management, energy efficiency and access to electricity.

In case of project divestment, the Guarantor will use the net proceeds to finance other Eligible Green Projects in compliance with the above.

6. OPERATIONAL INFORMATION

ISIN Code: XS1057055060

Common Code: 105705506

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable

Delivery: Delivery against payment

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Deemed delivery of clearing Any notice delivered to Noteholders through the

system notices for the purposes of Condition 14: clearing systems will be deemed to have been given on the second business day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

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: Syndicated
- (b) If syndicated, names of Managers: Banco Santander, S.A.
Goldman Sachs International
HSBC Bank plc
J.P. Morgan Securities plc
Lloyds Bank plc
Merrill Lynch International
- (c) Date of Subscription Agreement: 22 April 2014
- (d) Stabilising Manager (if any): HSBC Bank plc
- (e) If non-syndicated, name of Dealer: Not Applicable
- (f) U.S. Selling Restrictions: Reg S Compliance Category 2; TEFRA D

