

## FINAL TERMS

Final Terms dated 16 November 2011

**Iberdrola Finanzas, S.A.U.**  
(incorporated with limited liability in Spain)

Issue of JPY 10,000,000,000 2.51 per cent. Guaranteed Notes due November 2019 (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 6 July 2011 and the supplement to the Base Prospectus dated 27 July 2011 (the “**Supplement**”), which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) as amended (which includes the amendments made by Directive 2010/73/EU (the “**2010 PD Amending Directive**”) to the extent that such amendments have been implemented in a relevant Member State). 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 as so supplemented. 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 Supplement. The Base Prospectus and the Supplement are available for viewing at the registered office of each of the Issuer at Iberdrola Finanzas, S.A.U., Plaza Euskadi 5, 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 on the Luxembourg Stock Exchange’s website ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained from the Fiscal Agent at its aforementioned registered address.

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|----|------|---|--|
| 1. | (i)  | Issuer:                                       | Iberdrola Finanzas, S.A.U.                       |
|    | (ii) | Guarantor:                                    | Iberdrola, S.A.                                  |
| 2. | (i)  | Series Number:                                | 97   |
|    | (ii) | Tranche Number:                               | 1  |
| 3. |      | Specified Currency or Currencies:             | Japanese yen (“JPY”)                             |
| 4. |      | Aggregate Nominal Amount admitted to trading: | JPY 10,000,000,000                               |
| 5. |      | Issue Price:                                  | 100.00 per cent. of the Aggregate Nominal Amount |

6.	Specified Denominations:	JPY 100,000,000
7.	(i) Issue Date:	18 November 2011
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	18 November 2019
9.	Interest Basis:	2.51 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	(i) Status of the Notes:	Senior
	(ii) Status of the Guarantee:	Senior
	(iii) Date Board of Directors approval for issuance of Notes obtained:	10 November 2011
14.	Method of distribution:	Non-syndicated

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15.	<b>Fixed Rate Note Provisions</b>	Applicable
	(i) Rate of Interest:	2.51 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	18 May and 18 November in each year commencing on 18 May 2012 up to and including the Maturity Date subject to adjustment for payment only in accordance with the Modified Following Business Day Convention, for which the applicable Business Centres are London, Tokyo and TARGET 2.
	(iii) Fixed Coupon Amount:	JPY 1,255,000 per JPY 100,000,000 in nominal amount.
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360, unadjusted
	(vi) Determination Dates:	Not Applicable

	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
16.	<b>Floating Rate Note Provisions</b>	Not Applicable
17.	<b>Zero Coupon Note Provisions</b>	Not Applicable
18.	<b>Index/Formula-linked Note/other variable-linked interest Note Provisions</b>	Not Applicable
19.	<b>Dual Currency Note Provisions</b>	Not Applicable
<b>PROVISIONS RELATING TO REDEMPTION</b>		
20.	<b>Call Option</b>	Not Applicable
21.	<b>Put Option</b>	Not Applicable
22.	<b>Final Redemption Amount</b>	JPY100,000,000 per JPY100,000,000 in nominal amount
23.	<b>Early Redemption Amount</b>	
	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
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>		
24.	(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
25.	Financial Centre(s) or other special provisions relating to Payment Dates:	TARGET 2, London and Tokyo Business Days

- |     |   |                |
|-----|---|----------------|
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):   | No             |
| 27. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 28. | Details relating to Instalment Notes: amount of each instalment date on which each payment is to be made:   | Not Applicable |
| 29. | Redenomination, renominatisation and reconventioning provisions:  | Not Applicable |
| 30. | Consolidation provisions:   | Not Applicable |
| 31. | Other terms:  | Not Applicable |

#### **DISTRIBUTION**

- |     |                                       |   |
|-----|---------------------------------------|---|
| 32. | (i) If syndicated, names of Managers: | Not Applicable.                             |
|     | (ii) Stabilising Manager (if any):    | Not Applicable                              |
| 33. | If non-syndicated, name of Dealer:    | Crédit Agricole Corporate & Investment Bank |
| 34. | Additional selling restrictions:      | Not Applicable                              |

#### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 20,000,000,000 Euro Medium Term Note Programme of Iberdrola International B.V. and Iberdrola Finanzas, S.A.U. guaranteed by Iberdrola, S.A.

#### **RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: .....  
Duly authorised

By: .....  
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
- (iii) Estimate of total expenses related to admission to trading: €4,080

### **2. RATINGS**

- Ratings: The Notes to be issued will be rated:
- S&P: A-
- Moody's: A3
- Fitch: A
- S&P, Moody's and Fitch are established in the European Union and are registered under Regulation (EC) No 1060/2009.

### **3. YIELD**

- Indication of yield: 2.51 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

### **4. 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.

### **5. REASONS FOR THE OFFER**

See "Use of Proceeds" wording in Prospectus.

### **6. OPERATIONAL INFORMATION**

ISIN Code: XS0706674529

Common Code: 70667452

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

Intended to be held in a manner which would allow Eurosystem eligibility: No

## 7. GENERAL

Commissioner of Syndicate of Noteholders: Mr. Juan Carlos de Elejoste y de la Quintana

Applicable TEFRA exemption: D Rules