

FINAL TERMS

Final Terms dated 28 January 2009

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

Issue of £500,000,000 7.375% Guaranteed Notes due 2024 (the "Notes")

Guaranteed by Iberdrola, S.A.

Under the EUR20,000,000,000
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 4 September 2008 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). 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 is available for viewing at the registered office of each of the Issuer at Iberdrola Finanzas, S.A.U., Cardenal Gardoqui 8, 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) 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: | 81 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Pounds sterling ("£") |
| 4. | Aggregate Nominal Amount admitted to trading: | £500,000,000 |
| 5. | Issue Price: | 99.064 per cent. of the Aggregate Nominal Amount. |
| 6. | Specified Denominations: | £50,000 |
| 7. | (i) Issue Date: | 29 January 2009 |

	(ii)	Interest Commencement Date:	29 January 2009
8.		Maturity Date:	29 January 2024
9.		Interest Basis:	7.375 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:	Investor Put (further particulars specified below)
13.	(i)	Status of the Notes:	Senior
	(ii)	Status of the Guarantee:	Senior
	(iii)	Date Joint Administrators approval for issuance of Notes obtained:	22 January 2009
14.		Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.		Fixed Rate Note Provisions	Applicable
	(i)	Rate of Interest:	7.375 per cent. per annum payable annually in arrears
	(ii)	Interest Payment Date(s):	29 January in each year commencing on 29 January 2010 up to and including the Maturity Date.
	(iii)	Fixed Coupon Amount:	£3,687.50 per £50,000 in nominal amount
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	Actual/Actual(ICMA)
	(vi)	Determination Dates:	29 January in each year
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
16.		Floating Rate Note Provisions	Not Applicable
17.		Zero Coupon Note Provisions	Not Applicable
18.		Index/Formula-linked Note/other variable-linked interest Note	Not Applicable

variable-linked interest Note
Provisions

19. Dual Currency Note Provisions Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. Call Option Not Applicable
21. Put Option Applicable
(further particulars specified in the Schedule to these Final Terms)
- (i) Optional Redemption Date(s): See Schedule
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): See Schedule
- (iii) Notice period (if other than as set out the Conditions): See Schedule
22. Final Redemption Amount £50,000 per Note
23. 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

24. (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
25. Financial Centre(s) or other special provisions relating to Payment Dates: London and TARGET 2 Business Days
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and No

dates on which such Talons mature):

27. Details relating to Partly Paid Notes: Not Applicable
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:
28. Details relating to Instalment Notes: Not Applicable
amount of each instalment date on which each payment is to be made:
29. Redenomination, renominalisation and reconventioning provisions: Not Applicable
30. Consolidation provisions: Not Applicable
31. Other terms: The text of condition 6(f) shall be deleted and replaced with the text set out in the Schedule attached to these Final Terms

DISTRIBUTION

32. (i) If syndicated, names of Managers: HSBC Bank plc,
Lloyds TSB Bank plc, and
The Royal Bank of Scotland plc
- (ii) Stabilising Manager (if any): Not Applicable
33. If non-syndicated, name of Dealer: Not Applicable
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 EUR20,000,000,000 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

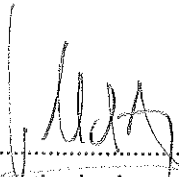
Terms.

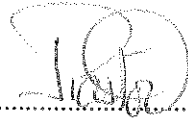
Signed on behalf of the Issuer:

By: 
Duly authorised

By: 
Duly authorised

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 Luxembourg Stock Exchange's regulated market with effect from 29 January 2009.
- (iii) Estimate of total expenses related to admission to trading: €8,425.00

2. RATINGS

- Ratings: S & P: A-
Moody's: A3
Fitch: A+

3. YIELD

- Indication of yield: 7.481 per cent.

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

4. OPERATIONAL INFORMATION

- ISIN Code: XS0410370919
Common Code: 41037091

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

number(s):

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: 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 satisfaction of the Eurosystem eligibility criteria.

9. GENERAL

Commissioner of Syndicate of Noteholders: Mr. Roberto Orjales

Applicable TEFRA exemption: D Rules

SCHEDULE

For the purposes of the Final Terms dated 28 January 2009 (to which this Schedule is attached), Condition 6(f) shall be deleted and replaced with the following:

"Redemption at the option of the Noteholders upon a Change of Control"

At any time while any Note remains outstanding, each holder of Notes will have the option (the "Put Option") to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of such Notes on the Optional Redemption Date at the Optional Redemption Amount (both terms as defined below) if a Change of Control occurs and, during the Change of Control Period, a Rating Downgrade occurs (together, a "Put Event").

A "Change of Control" shall be deemed to have occurred at each time that any person or persons acting in concert ("Relevant Persons") or any person or persons acting on behalf of such Relevant Persons, acquire(s) control, directly or indirectly, of the Guarantor.

"control" means: (a) the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor; or (b) the right to appoint and/or remove all or the majority of the members of the Guarantor's Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

"Change of Control Period" means the period commencing on the date that is the earlier of: (1) the date of the occurrence of the relevant Change of Control; and (2) the date of the earliest Potential Change of Control Announcement (if any), and ending on the date which is 270 days after the date of the occurrence of the relevant Change of Control.

"Potential Change of Control Announcement" means any public announcement or public statement by the Issuer, the Guarantor, any actual or potential bidder or any advisor thereto relating to any potential Change of Control.

"Rating Agency" means any of the following: (a) Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"); (b) Moody's Investors Service Limited ("Moody's"); (c) Fitch Ratings Ltd ("Fitch Ratings"); or (d) any other credit rating agency of equivalent international standing specified from time to time by the Issuer and, in each case, their respective successors or affiliates.

A "Rating Downgrade" shall be deemed to have occurred in respect of a Change of Control if: (A) within the Change of Control Period the rating previously assigned to the Guarantor by any Rating Agency is: (x) withdrawn; (y) ceases to be an Investment Grade Rating; or (z) if the rating assigned to the Guarantor by any Rating Agency which is current at the time the Change of Control Period begins is below an Investment Grade Rating, that rating is lowered one full rating notch by any Rating Agency (for example BB+ to BB by S&P), provided that a Rating Downgrade shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing or lowering the rating does not publicly announce or otherwise confirms in writing to the Issuer that the reduction or withdrawal was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the

applicable Change of Control; or (B) at the time of the Change of Control there is no rating assigned to the Guarantor.

"Investment Grade Rating" means: (1) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); (2) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories); and (3) with respect to Fitch Ratings, any of the categories from and including AAA to and including BBB- (or equivalent successor categories).

"Optional Redemption Amount" means an amount equal to par plus interest accrued to but excluding the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "Put Event Notice") to the Fiscal Agent, the Paying Agents and the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option, as well as the date upon which the Put Period (as defined below) will end and the Optional Redemption Date (as defined below).

To exercise the Put Option to require redemption or, as the case may be, purchase of a Note under this section, the holder of that Note must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice for the account of the Issuer within the period (the "Put Period") of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "Put Option Notice") and in which the holder may specify a bank account to which payment is to be made under this section.

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of the Notes in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth Business Day following the end of the Put Period (the "Optional Redemption Date"). Payment in respect of any Note so transferred will be made in pounds sterling to the holder to the specified pound sterling denominated bank account in the Put Option Notice on the Optional Redemption Date via the relevant account holders."