

FINAL TERMS

Final Terms dated 11 May 2009

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

Issue of €50,000,000 Inflation Linked Guaranteed Notes due 2019 (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 and the supplemental prospectus dated 24 February 2009 (the "**Supplement**"), which together constitute 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 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 and 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., 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: | 84 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Euro ("€") |
| 4. | | Aggregate Nominal Amount admitted to trading: | €50,000,000 |
| 5. | | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | | Specified Denominations: | €100,000 |
| 7. | (i) | Issue Date: | 11 May 2009 |

	(ii) Interest Commencement Date:	11 May 2009
8.	Maturity Date:	11 May 2019
9.	Interest Basis:	Inflation Linked Interest
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 Joint Administrators approval for issuance of Notes obtained:	29 April 2009
14.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable
18.	Index-linked Note interest Note Provisions	Applicable
	(i) Index:	EUR-Excluding Tobacco-Non-revised Consumer Price Index
	(ii) Calculation Agent responsible for calculating the interest due:	JPMorgan Chase Bank, N.A 125 London Wall London EC2Y 5AJ.
	(iii) Provisions for determining Coupon where calculated by reference to Index:	The Rate of Interest will be Inflation (as defined below) plus Margin (as defined below) expressed as a percentage and subject to a minimum of zero and a maximum of 10.5 per cent. per annum. Margin means 3.2 per cent Inflation (j) means the Percentage Increment (as defined below) in the EUR-Excluding Tobacco-Non-revised Consumer Price Index between the months of February (j-2) and February (j-1).

Where, for any Interest Period j, the EUR-Excluding Tobacco-Non-revised Consumer Price Index for February (j-1) shall be the Index determined for the month of February, being the month that is three months prior to the beginning of that Interest Period and the EUR-Excluding Tobacco-Non-revised Consumer Price Index for February (j-2) shall be the Index determined for the month of February, being the month that is fifteen months prior to the beginning of that Interest Period.

Percentage Increment means the rate of Inflation defined as the relative percentage increment of the EUR-Excluding Tobacco-Non-revised Consumer Price Index as first published by Eurostat as shown on Bloomberg Screen CPTFEMU and Agence France Tresor maintains the index history on their internet website

http://www.aft.gouv.fr/article_776.html.

(iv) Interest Determination Dates:

Five TARGET 2 Business Days prior to the Interest Payment Date.

(v) Provisions for determining Coupon where calculation by reference to Index is impossible or impracticable or otherwise disrupted:

If at any time a level for the Index has not been published or the Index sponsor announces that it will no longer continue to publish the Index, then the Calculation Agent shall determine (acting in its sole and absolute discretion) an alternative index for the affected Interest Payment Date and such index will be deemed the Index for the calculation of the Coupon for the affected Interest Payment Date.

(vi) Interest Periods:

The initial Interest Period will be the period from and including the Issue Date to but excluding the first Interest Payment Date. Subsequent Interest Periods will be the periods from and including one Interest Payment Date to but excluding the next succeeding Interest Payment Date.

(vii) Specified Interest Payment Dates:

11 May in each year commencing on 11 May 2010 up to and including the Maturity Date.

(viii) Business Day Convention

Following Business Day Convention.

(ix) Business Centre:	Not Applicable
(x) Minimum Rate of Interest:	0.00 per cent.
(xi) Maximum Rate of Interest:	10.50 per cent.
(xii) Day Count Fraction:	30/360, unadjusted
19. Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. Call Option	Not Applicable
21. Put Option	Not Applicable
22. Final Redemption Amount	€100,000 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:	TARGET 2 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	Not Applicable

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: 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: J.P. Morgan Securities Ltd.
- 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:

Signed on behalf of the Guarantor:

By:
Duly authorised

By:
Duly authorised

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 11 May 2009.
- (iii) Estimate of total expenses related to admission to trading: €1,485.00

2. RATINGS

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

3. YIELD

- Indication of yield: Not Applicable

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (a) Reasons for the offer: See "*Use of Proceeds*" wording in *Prospectus*.
- (b) Estimated net proceeds: €49,800,000
- (c) Estimated total expenses: Listing Fees: €1,485

5. OPERATIONAL INFORMATION

- ISIN Code: XS0426981055

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Common Code: 42698105

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: 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.

6. GENERAL

Commissioner of Syndicate of Noteholders: Mr. Roberto Orjales

Applicable TEFRA exemption: D Rules