

FINAL TERMS

Final Terms dated 2 June 2009

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

Issue of €125,000,000 5.50% 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: | 85 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Euro ("€") |
| 4. | | Aggregate Nominal Amount admitted to trading: | €125,000,000 |
| 5. | | Issue Price: | 99.887 per cent. of the Aggregate Nominal Amount |
| 6. | | Specified Denominations: | EUR 50,000 and integral multiples of €50,000 thereafter |

7.	(i)	Issue Date:	4 June 2009
	(ii)	Interest Commencement Date:	4 June 2009
8.		Maturity Date:	4 June 2019
9.		Interest Basis:	5.50 per cent. per annum 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 Joint Administrators approval for issuance of Notes obtained:	28 May 2009
14.		Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.		Fixed Rate Note Provisions	Applicable
	(i)	Rate of Interest:	5.50 per cent. per annum payable annually in arrear.
	(ii)	Interest Payment Date(s):	4 June in each year commencing on 4 June 2010 up to and including the Maturity Date
	(iii)	Fixed Coupon Amount:	€2,750.00 per €50,000 in nominal amount
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	Actual/Actual
	(vi)	Determination Dates:	Not Applicable
	(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

Provisions

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** €50,000 per Note of €50,000 specified denomination
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
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 Not Applicable

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: CALYON
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

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 4 June 2009.
- (iii) Estimate of total expenses related to admission to trading: €7,525.00

2. RATINGS

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

3. YIELD

- Indication of yield: 5.515 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. 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: €24,546,250.00
- (c) Estimated total expenses: Fees Bookrunners: €312,500.00
Listing fees: €7,525.00
Total: €320,025.00

5. OPERATIONAL INFORMATION

- ISIN Code: XS0431821882
Common Code: 43182188

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