



IBERDROLA

Results Presentation First Quarter 2010

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Highlights of the Period

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Highlights of the period



**EBITDA up 11.6%
And Net Profit up 16.2%**

Output rises 15.4% due to emission free technologies

Efficiency improves in all businesses

Approval of Royal Decree detailing the Securitisation of the Tariff Deficit

Maintaining financial strength:
Standard and Poor's reaffirms A- rating

Diversified business portfolio delivers growth

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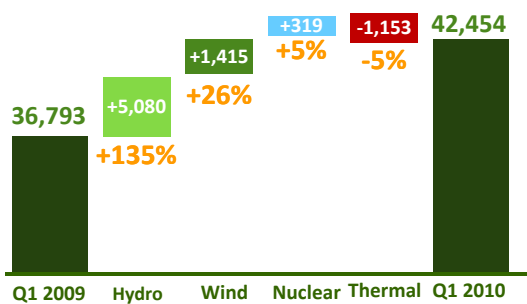
Output - Group



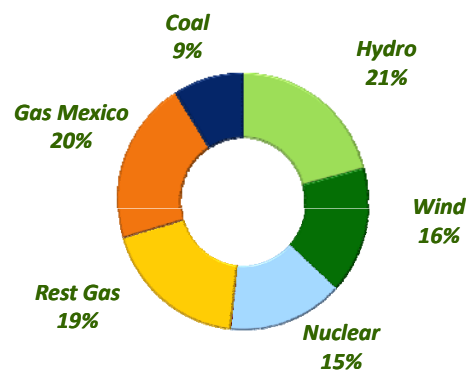
Output up 15.4% due to emission free technologies

Output (GWh)

+15.4%



Output by technology

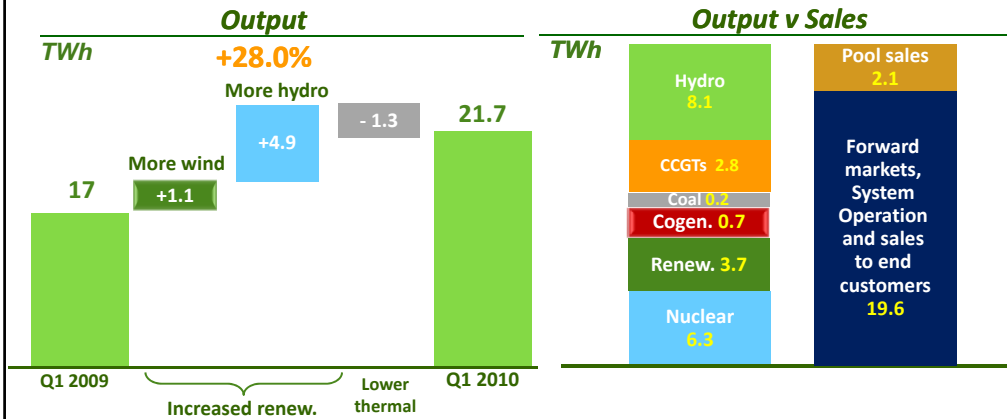


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Output - Spain



Output in Spain up 28%: Higher demand in Spain (+4.7%) and increase in hydro and wind



Hydro reserves at maximum historical level (9,000 GWh)

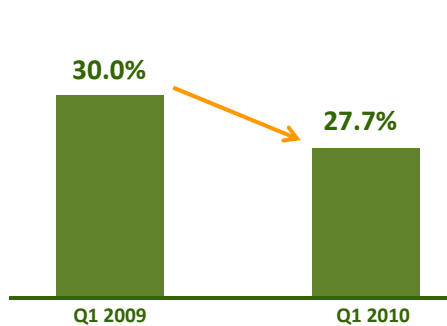
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Efficiency



8% improvement in efficiency

Net Op. Expenses / Gross Margin



Net Operating Expenses

Eur MM	Var.
Net Personnel	+0.1%
Net External Services	+1.2%
Net Operating Expenses	+0.7%

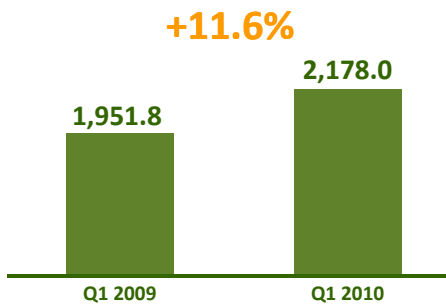
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EBITDA

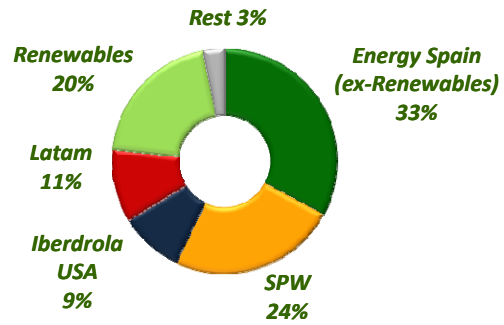


EBITDA up 11.6% due to Group's diversified business portfolio ...

EBITDA (Eur MM)



EBITDA by business

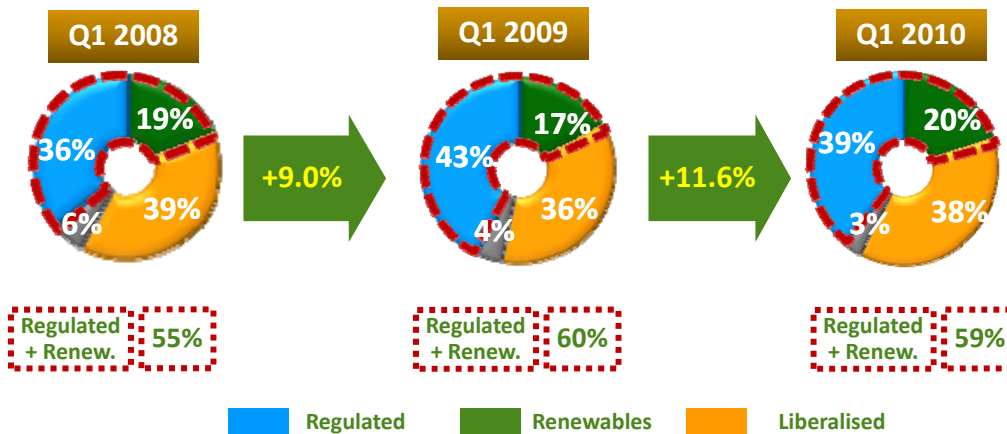


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EBITDA



... that allows growth in different scenarios:
Regulated and Renewables account for 59% of EBITDA



Strong performance of Energy Spain, Renewables and Brazil

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Regulated Businesses

Spain

- Approval of RD detailing the Securitisation of the Tariff Deficit
- Efficiency measures

ScottishPower

- DPCR5 applicable from 1st April
- Measures to increase profitability on track

Iberdrola USA

- Negotiations ongoing over New York remuneration
- Workforce: 6% reduction in the last 12 months

Latam

- 8.5% demand increase in Brazilian subsidiaries

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Liberalised Businesses

Spain

- Taking advantage of the flexibility of our generation portfolio
- 62 TWh of 2010 output already sold
- 2010 gas already placed
- Optimising Procurements: From 2011 sale of 1 bcma for 10 years, extendible to 15

ScottishPower

- Finalists in CO2 Carbon Capture and Sequestration Contest
- Gas tariffs reduction from 31st of March

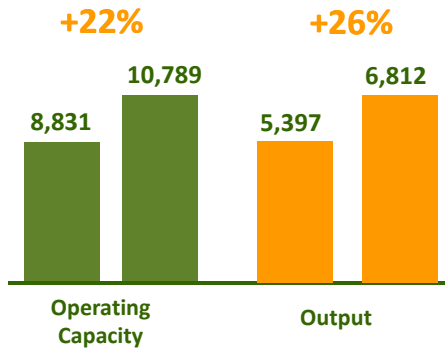
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Business management



Iberdrola Renovables

Operating Capacity & Output (Q1 2010 vs Q1 2009)



Operating Highlights

Efficient growth:
Efficiency improves by 6%

PPA signing in USA continues

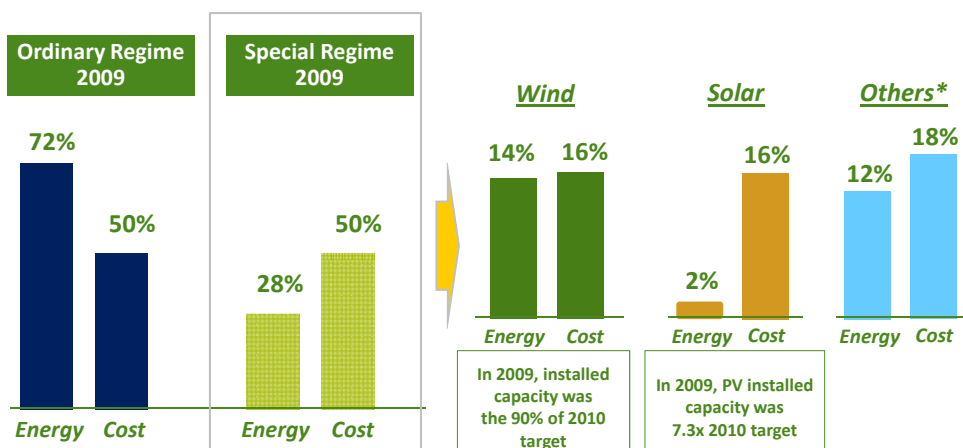
Offshore development

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Business management Iberdrola Renovables: Situation in Spain



The contribution to total system production and costs strongly varies depending on the renewable technology ...



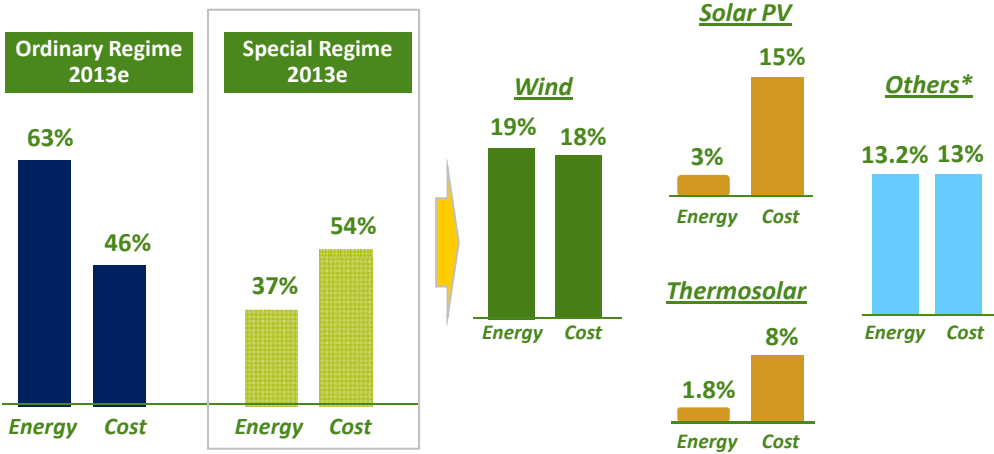
* Cogeneration, biomass and others

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Business management Iberdrola Renovables: Situation in Spain



... and this imbalance is hardly sustainable in the future



* Cogeneration, biomass and others 15

Business management Iberdrola Renovables: Situation in Spain



Solar technology development has widely exceeded planning

The use of immature technologies has increased supply cost



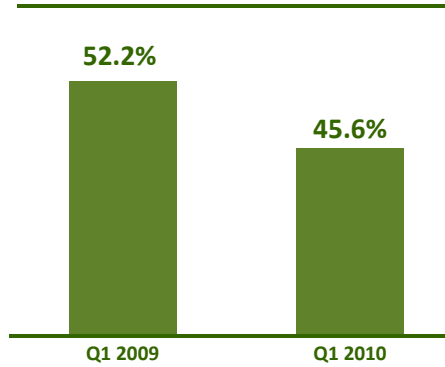
If the aim is to avoid significant increase in electricity tariffs, it will be necessary to postpone the growth of thermosolar and PV, which indeed provide a minor amount of production

Balance Sheet management

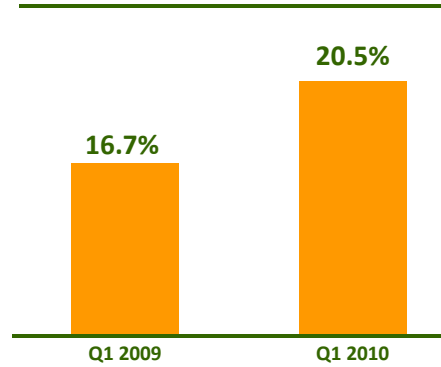


Investment control and improvement
of Balance Sheet structure ...

Leverage*



Operating CF/Net Debt*



... maintaining the A- rating from Standard & Poor's

*Excluding tariff deficit

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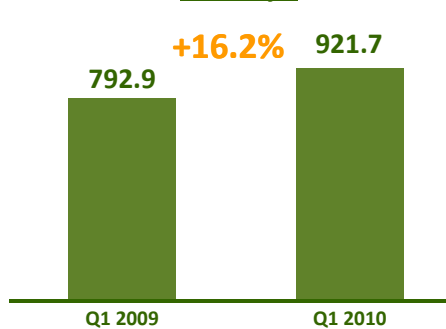
Net Profit and Cash Flow



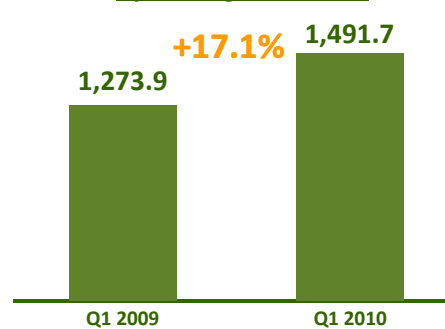
Net Profit totals Eur 922 MM, growth of 16%

Eur MM

Net Profit



Operating Cash Flow



Operating Cash Flow up 17% to Eur 1,492 MM

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Income Statement – Group



EBITDA up 11.6% to Eur 2,178 MM drives ...

Eur MM

	Q1 2010	Q1 2009	Var. %
Gross Margin	3,224.5	2,953.0	+9.2
Net Op. Expenses*	-893.2	-887.4	+0.7
EBITDA	2,178.0	1,951.8	+11.6
Operating Profit (EBIT)	1,535.9	1,424.8	+7.8
Net Finance Cost	-297.6	-326.2	-8.8
Recurring Net Profit	847.6	766.7	+10.6
Reported Net Profit	921.7	792.9	+16.2

... Reported Net Profit up 16.2% to Eur 921.7 MM

*Excludes Levies

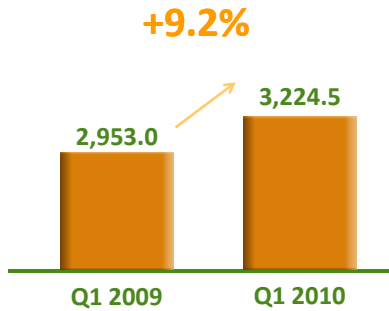
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Gross Margin - Group

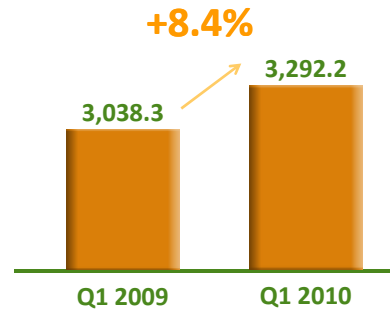


**Gross Margin up 9.2% to Eur 3,224.5 MM
and Basic Margin up 8.4% to Eur 3,292.2 MM**

Gross Margin (Eur MM)



Basic Margin (Eur MM)



**Net Sales increase 0.6% to Eur 7,687.9 MM,
and Procurements decrease 3.8% to Eur 4,363.9 MM**

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Net Operating Expenses - Group



Net Operating Expenses up 0.7% to Eur 893.2 MM ...

Net Operating Expenses

Eur MM	Q1 2010	% v Q1 2009
Net Personnel Expenses	429.7	+0.1%
Net External Services	463.5	+1.2%
Total	893.2	+0.7%

Levies

Removal of CO2 clawback
Inclusion of increased payment to Enresa and Social Bonus
Inclusion of new taxes in US since April 2009

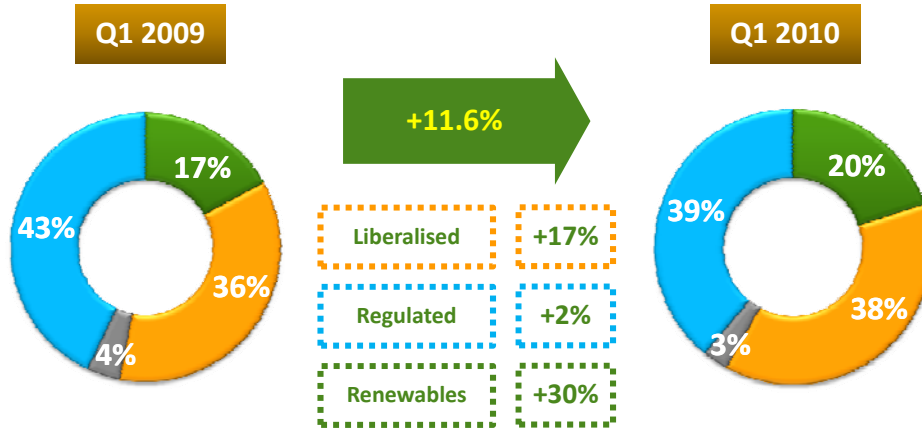
... and Levies up 11.0% to Eur 221.0 MM

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EBITDA- Group



EBITDA up 11.6% to Eur 2,178 MM



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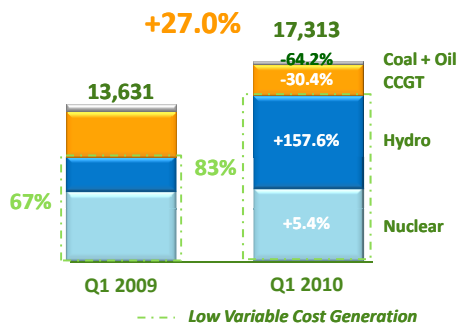
Results by Business Liberalised Business Spain



Iberdrola increases its Ordinary Regime output by 27.0% driven by higher demand in Spain (4.7%) and Iberdrola strong hydro output (+157.6%)

Ordinary Regime Output (GWh)

IBERDROLA Prices (Eur/MWh)



IBERDROLA Average Achieved Price ⁽¹⁾	55.6
IBERDROLA Average Fuel Cost ⁽²⁾	10.0

62 TWh of 2010 production already sold above Eur 50 MWh

⁽¹⁾ Iberdrola average power price for the Spanish System includes spot and forward sales and retail margin for Q1 ⁽²⁾ Iberdrola Average Fuel Cost for ordinary regime includes: thermal inc. CO₂, nuclear and hydro for Q1

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Results by Business Liberalised Business Spain



EBITDA increases 40.6% to Eur 491.7 MM

Eur MM

Operating Highlights

↑	Higher margin due to higher volumes with low cost technologies
↑	Removal of CO2 clawback v Q1 2009
↓	Introduction of Social Bonus obligation and Enresa payment
↓	Higher Net Op. Expenses due to Supply activity and LRT costs

Financial Highlights

	Q1 2010	% v Q1 2009
Basic Margin	764.9	+28.9%
Net. Op. Exp.	-180.6	+8.2%
EBITDA	491.6	+40.5%

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Results By Business Regulated Business Spain



EBITDA up 1.7% to Eur 253.6 MM

Operating Highlights

Lower regulated revenues -6.5% v Q1 '09 and -2.8% compared to '09 average due to Eur -61 MM change in Q4 '09
Lower Costs due to efficiency measures and transfer out of LRT expenses

Financial Highlights

Eur MM

	Q1 2010	% v Q1 2009
Gross Margin	388.4	-7.5%
Net Op. Exp.	-115.3	-18.2%
EBITDA	253.6	+1.7%

Q1 2010 remuneration still provisional

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Results By Business Renewables



**EBITDA increases 30.4% to Eur 441.0 MM,
due to 26% higher output of 6,812 GWh**

Operating Highlights

Operating Capacity up 22.1% to 10,789 MW
Installed Capacity up 17.4% to 11,294 MW

Average price* of Eur 73.53 MWh
v Eur 73.51 in Q1'09

OPEX per average operating MW improves by 6%

Gas business Gross Margin up 45.5% to Eur 59.8 MM

Financial Highlights

Eur MM

	Q1 2010	% v Q1 2009
Gross Margin	574.4	+27.6%
Net Op. Exp.	-117.5	+18.6%
EBITDA	441.0	+30.4%

*Excludes US Grants effect

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Results By Business ScottishPower



**EBITDA down 2.7% in Sterling to GBP 464.9 MM,
and down 0.5% in Euros, to Eur 526.6 MM ...**

Fin. Highlights (GBP MM)

	Q1 2010	% v Q1 '09
Basic Margin	622.5	-2.1%
Net Op. Expenses	-138.9	-0.5%
EBITDA	464.9	-2.7%

Results by business (Eur MM)

	Q1 2010	% v Q1 '09	
Wholesale & Retail	Basic Margin	465.3	-8.5%
	EBITDA	323.9	-10.9%
Networks	Gross Margin	226.9	+7.3%
	EBITDA	184.5	+8.5%

... due to lower performance in EW&R partially offset by Networks

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Results By Business Iberdrola USA



EBITDA under US GAAP down 3.1% to USD 278.6 MM ...

Operating Highlights (USD & US GAAP)

Gross Margin up 0.7%

Net Operating Expenses improve 3%
Total workforce has been reduced by 6%

Levies increase by 28%, applicable since April '09

EBITDA fx impact of Eur -14.9 MM (-6.5%)

Financial Highlights

Eur MM

	Q1 2010	% v Q1 2009
Gross Margin	430.1	-8.2%
Net Op. Exp.	-159.9	-13.3%
EBITDA	202.4	-11.3%

... and in Euros under IFRS down 11.3% to Eur 202.4 MM

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Results By Business Latin America



Latam EBITDA increases 20.2% to Eur 225.8 MM ...

Highlights of the Period

Operating Highlights	↑ Brazil Demand: 8.5%
	↓ Asset Sales
FX Impact	↑ Brz Real: +16.6%
	↓ USD: -7.3%

Financial Highlights

Eur MM

	Q1 2010	% v Q1 2009
Gross Margin	292.3	+20.7%
Net Op. Exp.	-65.1	+21.7%
EBITDA	225.8	+20.2%
	Brazil	134.9
	Mexico	90.9

... as higher demand in Brazil and Real compensates asset sales and lower US dollar

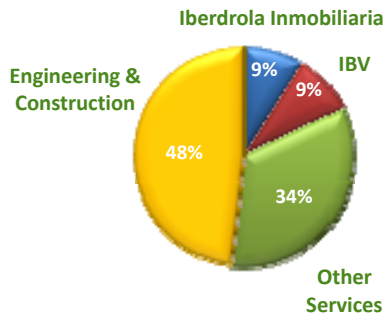
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Results By Business Non Energy & Engineering



**EBITDA falls 16.5% to Eur 66.3 MM
due to lower contribution from Real Estate**

Gross Margin Breakdown



Financial Highlights

Eur MM

	Q1 2010	% v Q1 2009
Gross Margin	144.1	-12.5%
Net Op. Exp.	-76.2	-10.0%
EBITDA	66.3	-16.5%

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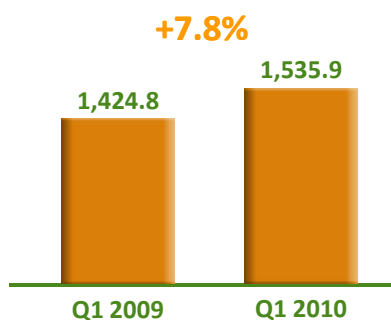
EBIT - Group



Group EBIT up 7.8% to Eur 1,535.9 MM

Eur MM

EBIT



	Q1 2010	% v Q1 2009
D&A	-604.5	+17.6%
Provisions	-37.6	+193.2%
Total	-642.1	+21.8%

D&A and Provisions up 21.8% to Eur 642.1 MM

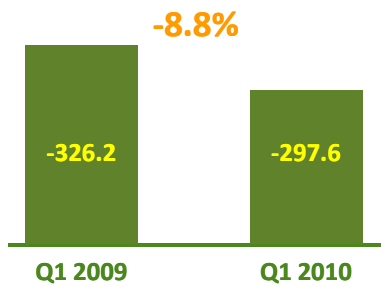
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Net Finance Costs - Group

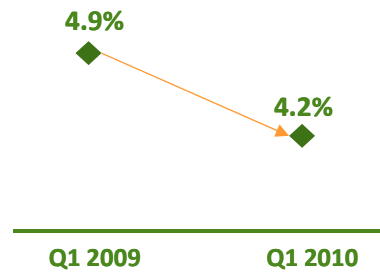


Net Finance Cost: Eur -297.6 MM (-8.8%)

Net Finance Cost (Eur MM)



Average Net Cost of Debt



Average Net Cost of Debt improves from 4.9% to 4.2%

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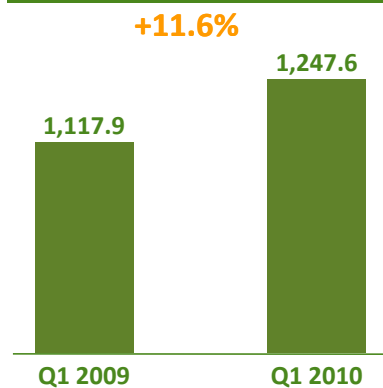
PBT - Group



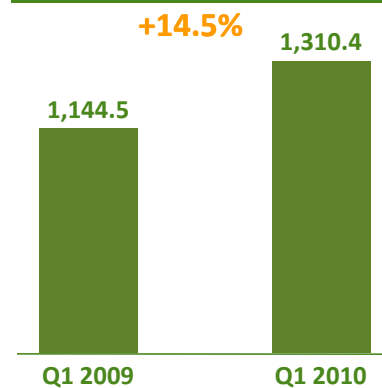
**PBT up 14.5% to Eur 1,310.4 MM
due to higher Recurring Gross Profit ...**

Eur MM

Recurring PBT



PBT



... and Non Recurring (Eur +36.2 MM) due to the sale of EdP, that more than offsets the fall in Companies Consolidated by Equity Accounting (-51.8%), ...

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Reported Net Profit - Group

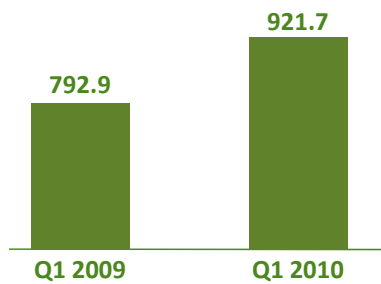


... drives Operating Cash Flow up 17.1% to Eur 1,491.7 MM ...

Eur MM

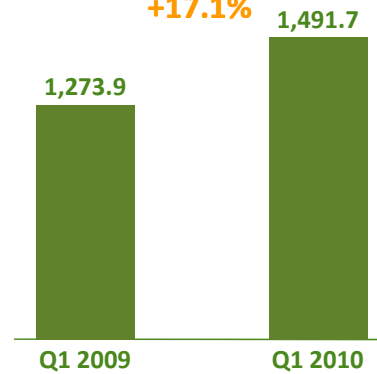
Reported Net Profit

+16.2%



Operating Cash Flow

+17.1%



... and Reported Net Profit up 16.2% to Eur 921.7 MM

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Financing – Tariff Deficit



April '10 RD 437/2010 detailing the securitisation of the tariff deficit published, with the key points already advanced previously:

Face value of tariff deficit recognized	
2006 & 2008: Up to Eur 10 bn Tariff Deficit recognised: 2009: Up to Eur 3.5 bn 2010-2012: To be determined each year according to RD calculations	
Differences between estimated and real tariff deficits are settled through next year's tariffs	
Securitisation Fund is obliged to acquire the rights from Utilities before 12 months	
Carry cost of tariff deficit:	2006-2008: EURIBOR 3 months 2009: EURIBOR 3 months + 0.2% spread

With this step, the regulatory procedure is completed.
Securitisation is now pending of CNMV filing and subsequent placement

As of March 2010, Iberdrola's tariff deficit has increased Eur 166 MM v FY '09 figure, to a total of Eur 3,784 MM

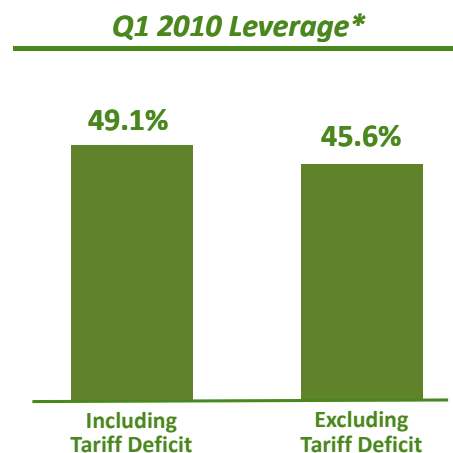
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Financing – Adjusted Leverage



Leverage of 45.6% ex tariff deficit impact, almost 700 basis points better than Q1'09 (52.5%) ...

Q1 2010 Net Debt and Equity*		
Eur MM	Q1 '10	Q1 '09
Adjusted Net Debt	29,094	31,175
Tariff deficit	3,784	2,635
Adjusted Net Debt Ex deficit	25,310	28,541
Equity	30,184	26,104



... due to reduction in Net Debt of Eur 2.1 bn and an improvement in Equity of Eur 4.1 bn

*Excluding TEI

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Financing – Financial Ratios



Credit metrics improving strongly compared to Q1'09 ...

	Excluding Tariff Deficit		Including Tariff Deficit	
	Q1 '10	Q1 '09	Q1 '10	Q1 '09
FFO* / Net Debt	20.5%	16.7%	17.8%	15.3%
FFO* / Interest	5.0	4.4	4.9	4.2
RCF** / Net Debt	14.0%	11.6%	12.1%	10.6%

... and above targets

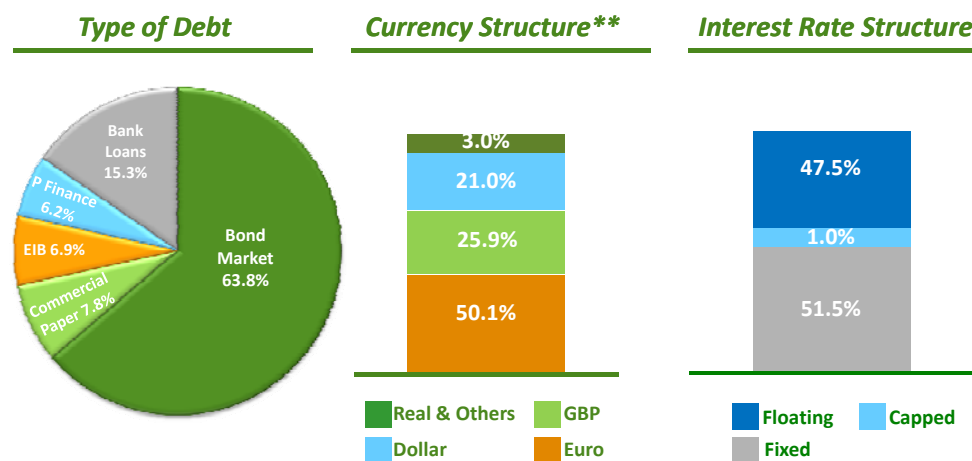
NOTE: Excluding TEI and Rating Agencies Adjustments
 * FFO = Net Profit + Amortizations – Equity Income – Non Recurring Results
 ** RCF = FFO – Dividends

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Financing – Debt Profile



Financial Breakdown Summary*



* Excludes TEI
 ** Includes hedging through derivatives

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Financing – Liquidity (As at 31 March 2010)



Liquidity position remains strong ...

(Eur MM)

	Limit	Withdrawn	Available
Cash & Short Term Fin. Invest.	1,479	-	1,479
2010	585	84	501
2011	702	-	702
2012	4,920	43	4,877
2013 +	286	63	223
Total	7,972	190	7,782

... amounting to Eur 7.8 bn at 31 March 2010,
covering 15 months of financial needs

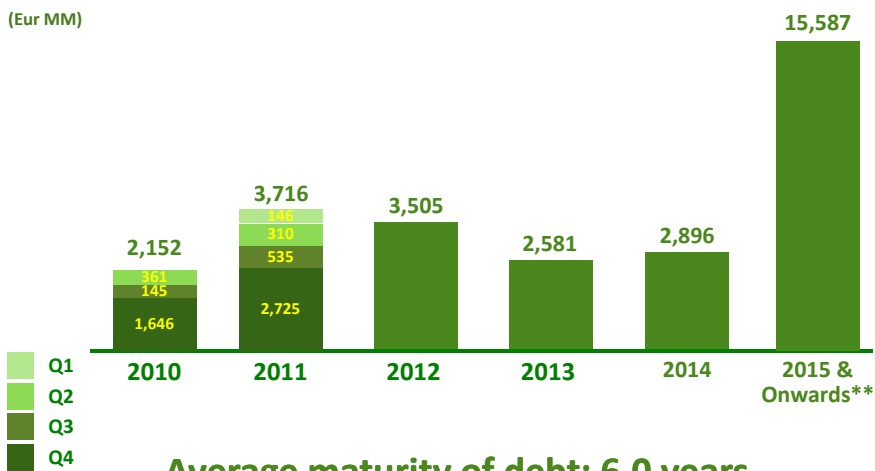
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Financing – Debt Maturity Profile (As at 31 March 2010)



Debt maturity schedule*

(Eur MM)



* Excludes credit lines drawn down

** Includes commercial paper outstanding balance

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Financing – Estimated Scrip Dividend Calendar



14 May	Relevant fact including information related to scrip dividend and scrip issue
20 May	Initiation of communication to shareholders'
3-9 June	Closing prices considered for calculating the average price used to determine the number of rights
10-11 June	Determination and publication of the number of rights per share and the final price of the right-purchase commitment by Iberdrola
12-28 June	Rights trading period
28 June	Acquisition of rights by Iberdrola from those shareholders who have requested cash and closing of scrip issue
1 July	Payment of cash to shareholders who have so requested
2 July	Commencement of the ordinary trading of the new shares

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Conclusion 10 IBERDROLA

Output increase

Efficiency improvements

Balance Sheet Strengthening

EBITDA +11.6% and Net Profit +16.2%

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2010 Outlook 10 IBERDROLA

**Maintaining previously announced outlook:
Improving EBITDA and growth in Net Recurring Profit**

<div style="border: 1px solid black; border-radius: 50%; padding: 5px; background-color: #003366; color: white; width: 150px; height: 40px; margin: 5px auto; display: flex; align-items: center; justify-content: center;">Business performance</div>	<i>Regulated Businesses</i>	<i>Spain</i>	= +	
		<i>UK</i>	+	
		<i>USA</i>	+	
		<i>Latam</i>	=	
	<i>Renewables</i>	<i>Spain</i>	+	
		<i>USA</i>	+	
		<i>UK/Rest</i>	+	
	<i>Liberalised</i>	<i>Spain</i>	+	
		<i>UK</i>	-	
	<i>Op. Expenses</i>	<i>Efficiency improvements in all businesses</i>		
	<i>Fin. Expenses</i>	<i>Deficit securitisation, investment control and debt improvement</i>		

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