IBERDROLA

Results Presentation

9 Months 2010

Legal Notice

IBERDROLA

DISCLAIMER

This document has been prepared by Iberdrola, S.A. exclusively for use during the presentation of financial results of the third quarter of the 2010 fiscal year. As a consequence thereof, this document may not be disclosed or published, nor used by any other person or entity, for any other reason without the express and prior written consent of Iberdrola, S.A.

Iberdrola, S.A. does not assume liability for this document if it is used with a purpose other than the above.

The information and any opinions or statements made in this document have not been verified by independent third parties; therefore, no express or implied warranty is made as to the impartiality, accuracy, completeness or correctness of the information or the opinions or statements expressed herein.

Neither Iberdrola, S.A. nor its subsidiaries or other companies of the Iberdrola Group or its affiliates assume liability of any kind, whether for negligence or any other reason, for any damage or loss arising from any use of this document or its contents.

Neither this document nor any part of it constitutes a contract, nor may it be used for incorporation into or construction of any contract or agreement. Information in this document about the price at which securities issued by Iberdrola, S.A. have been bought or sold in the past or about the yield on securities issued by Iberdrola, S.A. cannot be relied upon as a guide to future performance.

IMPORTANT INFORMATION

This document does not constitute an offer or invitation to purchase or subscribe shares, in accordance with the provisions of the Spanish Securities Market Law (Law 24/1988, of July 28, as amended and restated from time to time), Royal Decree-Law 5/2005, of March 11, and/or Royal Decree 1310/2005, of November 4, and its implementing regulations.

In addition, this document does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, nor a request for any vote or approval in any other jurisdiction.

The shares of Iberdrola, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.

Legal Notice

IBERDROLA

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking information and statements about Iberdrola, S.A., including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates" and similar expressions.

Although Iberdrola, S.A. believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Iberdrola, S.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Iberdrola, S.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the documents sent by Iberdrola, S.A. to the Comisión Nacional del Mercado de Valores, which are accessible to the public.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Iberdrola, S.A. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All subsequent oral or written forward-looking statements attributable to Iberdrola, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements included herein are based on information available to Iberdrola, S.A. on the date hereof. Except as required by applicable law, Iberdrola, S.A. does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Agenda

IBERDROLA

Highlights of the Period

Analysis of Results

Financing

Conclusion

Highlights of the period – Operating

IBERDROLA

EBITDA up 12.4%, to Eur 5,563 MM, with growth in all businesses

Output increases by 10% due to emission free technologies

Gross Margin up 9.2%...

...while operating expenses fall 2.2%:
Efficiency improves over 10%

Iberdrola USA: Regulatory improvements and new growth projects

Operating Cash Flow increases 14.4%

5

Highlights of the period – Financing

IBERDROLA

Increased financial strength...

Improvement of debt profile and credit metrics

Liquidity increases to Eur 10,166 MM

The process for the collection of the tariff deficit continues

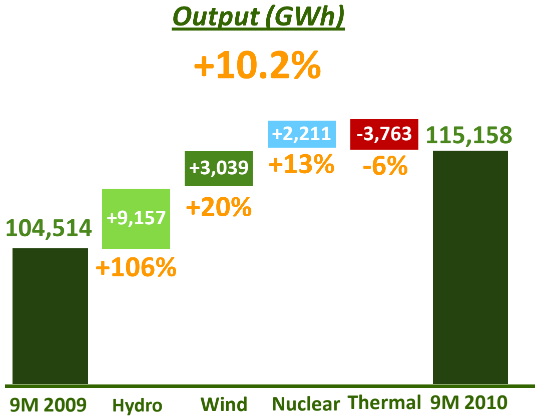
...that will allow the Group to maintain its growth path

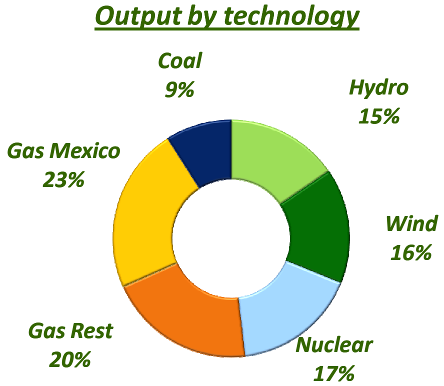
6

Output - Group

IBERDROLA

10.2% output increase driven by emission free technologies





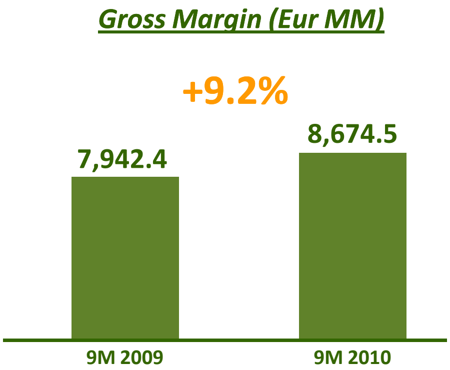
Hydro reserves in Spain rise 45%
to over 6,801 GWh as at 30 September

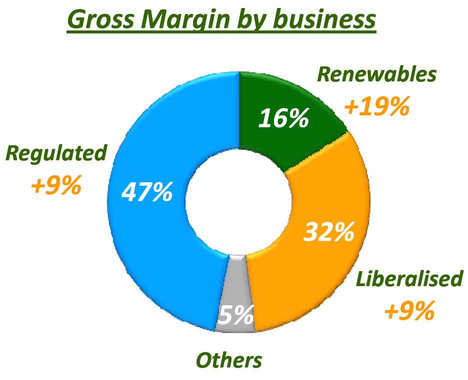
7

Gross Margin

IBERDROLA

Gross Margin up 9.2%...



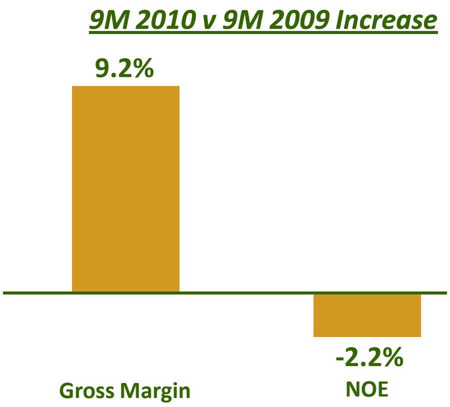


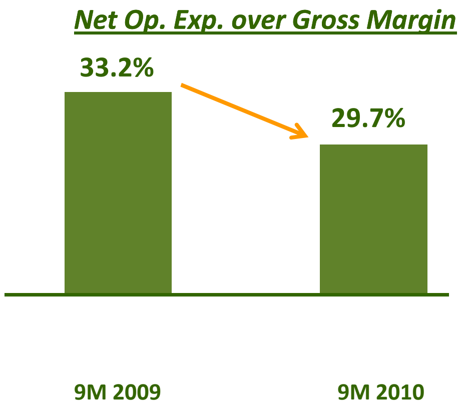
8

Efficiency

IBERDROLA

…and net operating expenses fall 2.2%





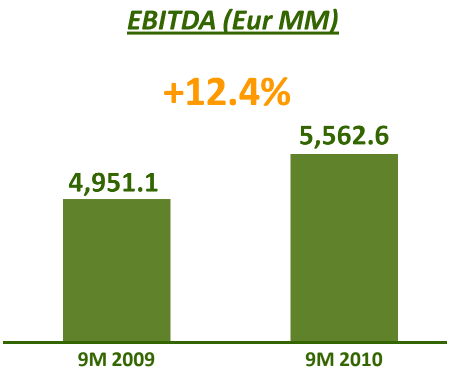
Efficiency improves over 10%

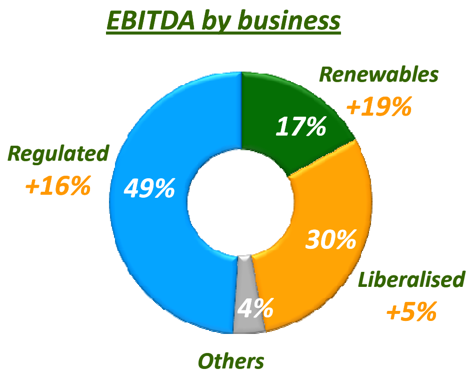
9

EBITDA

IBERDROLA

EBITDA up 12.4% due to the Group's diversified business portfolio





Growth in all businesses

10

US operations

IBERDROLA

Iberdrola USA: Regulatory improvements and new growth projects

NY tariff review

- Stability until 1-1-2014 (same period as in Maine)
- 10% basic ROE, with a 48% “equity ratio”
- Efficiency sharing with growing percentage for the company
- Remuneration not linked to demand evolution or non manageable costs

Commencement of Maine transmission line construction

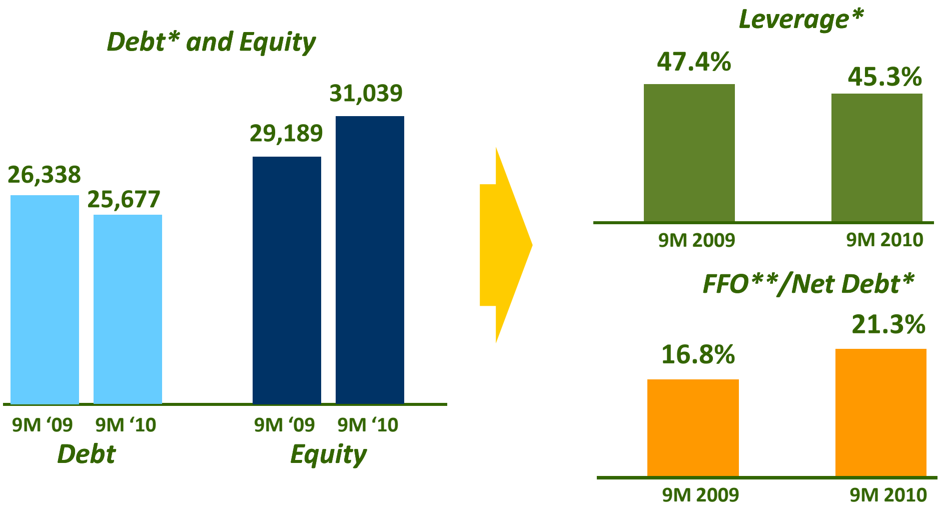
- 800 km line, construction until 2014
- USD 1.4 bn total investment
- 12.89% ROE, with a 50% “equity ratio”
- Remuneration started from 1st July

Reflected in 9M 2010 results: Gross Margin +11% and Op. Exp -18%
EBITDA up 56%

Balance Sheet management

IBERDROLA

Investment control and improvement of Balance Sheet structure



*Excludes tariff deficit & TEI

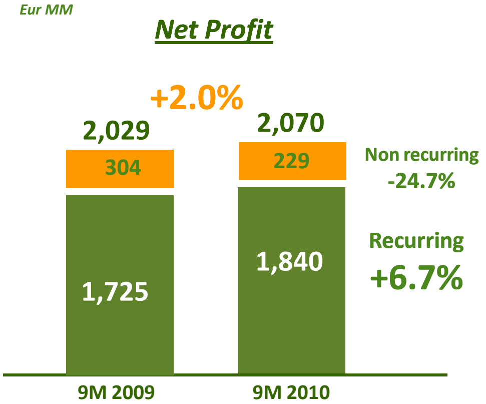
**FFO= Net Profit + Amortisations – Equity method – Non recurring

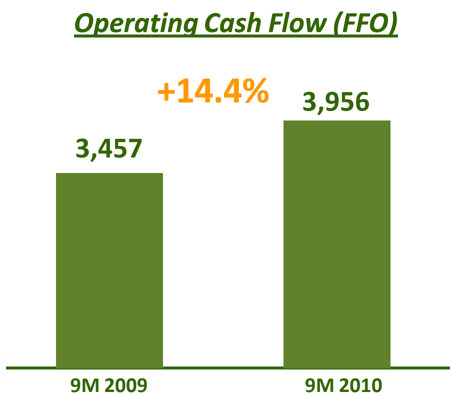
Net Profit and Cash Flow

IBERDROLA

Recurring Net Profit up 6.7%
and Net Profit up 2% despite lower divestments

Eur MM





Operating Cash Flow increases 14% to Eur 3,956 MM

13

Agenda

IBERDROLA

Highlights of the Period

Analysis of Results

Financing

Conclusion

14

Income Statement – Group

IBERDROLA

EBITDA up 12.4% to Eur 5,562.6 MM

Eur MM	9M 2010	9M 2009	Var. %
Net Sales	22,978.5	19,785.7	+16.1
Gross Margin	8,674.5	7,942.4	+9.2
Net Op. Expenses*	-2,578.3	-2,637.2	-2.2
EBITDA	5,562.6	4,951.1	+12.4
Operating Profit (EBIT)	3,568.4	3,269.7	+9.1
Net Finance Cost	-993.9	-862.5	+15.2
Non Recurring	87.4	222.0	-60.6
Recurring Net Profit	1,840.5	1,724.8	+6.7
Reported Net Profit	2,069.6	2,029.0	+2.0
Operating Cash Flow	3,956.4	3,457.0	+14.4

*Excludes Levies

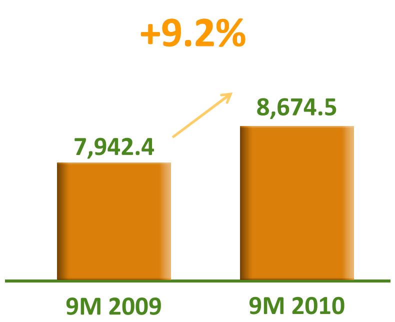
15

Gross Margin - Group

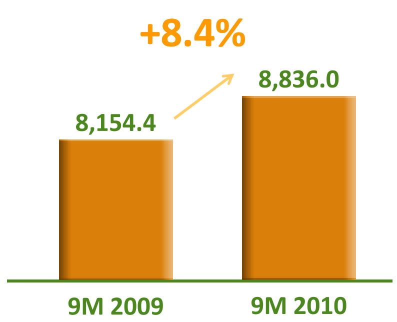
IBERDROLA

Gross Margin up 9.2% to Eur 8,674.5 MM and Basic Margin up 8.4% to Eur 8,836.0 MM

Gross Margin (Eur MM)



Basic Margin (Eur MM)



Net Sales increase 16.1% to Eur 22,978.5 MM, and Procurements up 21.9% to Eur 14,032.2 MM

16

Net Operating Expenses - Group

IBERDROLA

Net Operating Expenses* are down 2.2% to Eur 2,578.3 MM

Net Operating Expenses

Eur MM

	9M 2010	% v 9M 2009
Net Personnel Expenses	1,295.1	+1.8%
Net External Services	1,283.2	-6.0%
Total	2,578.3	-2.2%

Levies

- Removal of CO_2 clawback ↓
- Increased payment of nuclear levies and Social Bonus ↑
- Inclusion of new taxes in US since April 2009 ↑

Levies up 22.8% to Eur 695.0 MM as rises in nuclear levies and others more than compensate the removal of CO_2 clawback

**Excludes Levies*

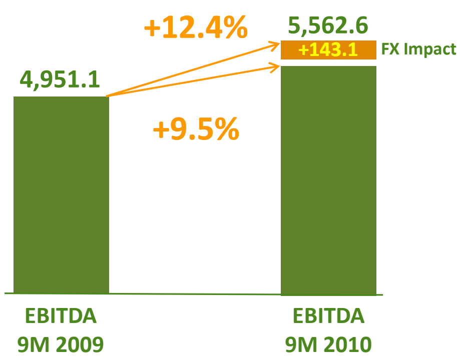
17

EBITDA - Group

IBERDROLA

Higher margin (+9.2%) and cost control (-2.2%) drive EBITDA up +12.4% to Eur 5,562.6 MM ...

Eur MM



	9M 2010	% v 9M 2009
Basic Margin	8,836.0	+8.4%
Net. Op. Exp.	-2,578.3	-2.2%
Levies	-695.0	+22.8%
EBITDA	5,562.6	+12.4%

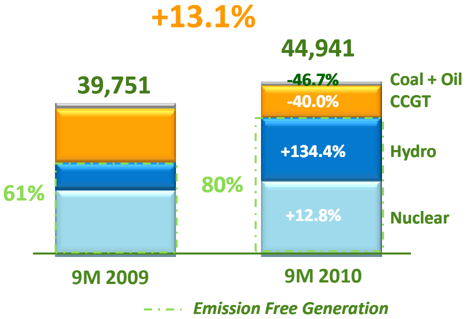
... and up 9.5% excluding FX impact

18

Results by Business
Liberalised Business Spain

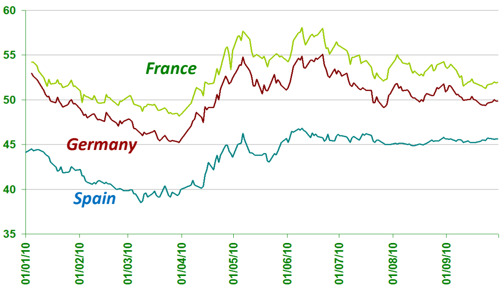
Iberdrola increases its Ordinary Regime output by 13.1% driven by higher demand in Spain (3.4%) and Iberdrola's strong hydro output (+134.4%)

Ordinary Regime Output (GWh)



Achieved Price (Eur/MWh)

IBERDROLA Average Achieved Price [1] :
Eur 57 MWh (based on European & Spanish forward prices)



2010 production and 50 TWh of 2011 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 9M

Results by Business
Liberalised Business Spain

EBITDA increases 23.4% to Eur 1,241.6 MM

Operating Highlights

- ↑ Higher margin due to higher volumes and strong hydro output
- ↑ Lower Net Op. Expenses due to nuclear taxes, now accounted as Levies, partially offset by higher supply activity and LRT* Costs
- ↓ Levies up 45.6% as the removal of CO2 clawback is more than offset by social bonus and nuclear taxes

Financial Highlights (Eur MM)

	9M 2010	% v 9M 2009
Basic Margin	2,087.1	+18.3%
Net. Op. Exp.	-546.6	-1.1%
Levies	-298.9	+45.6%
EBITDA	1,241.6	+23.4%

*Last Resort Tariff

Results By Business
Regulated Business Spain

IBERDROLA

EBITDA up 10.2% to Eur 927.6 MM

Operating Highlights

- Lower regulated revenues: -6.4% v 9M '09
- Positive settlements: Eur +55 MM v 9M '09
- Lower Net Operating Expenses affected by:
  - Transfer out of LRT expenses
  - ICAs treated as Other Revenues

Financial Highlights (Eur MM)

	9M 2010	% v 9M 2009
Gross Margin	1,266.8	-3.6%
Net Op. Exp.	-282.1	-28.9%
EBITDA	927.6	+10.2%

9M 2010 remuneration not yet updated to include 2009 investments, as has been stated in CNE report

21

Results By Business
Renewables

IBERDROLA

EBITDA up 19.4% to Eur 972.0 MM …

Operating Highlights

- Operating Capacity up 16.1% to 11,434 MW
  Installed Capacity up 14.6% to 12,006 MW
- Average price* of Eur 68.4 MWh v Eur 68.2 in 9M '09
- OPEX per average operating MW improves by 3.8%

Financial Highlights (Eur MM)

	9M 2010	% v 9M 2009
Gross Margin	1,411.6	+18.6%
Net Op. Exp.	-389.4	+14.2%
EBITDA	972.0	+19.4%

… 20.2% higher output (18,091 GWh) and cost control drive renewable division EBITDA up 24.8%, partially offset by lower contribution of gas business

*Homogeneous, net of PTCs

22

Results By Business
ScottishPower

IBERDROLA

EBITDA down 12.6% to GBP 849.9 MM, and 9.9% in Euros, to Eur 989.0 MM …

Fin. Highlights (GBP MM)

	9M 2010	% v 9M '09
Basic Margin	1,290.4	-8.9%
Net Op. Expenses	-370.7	-4.7%
EBITDA	849.9	-12.6%

Results by business (Eur MM)

		9M 2010	% v 9M '09
Wholesale & Retail	Basic Margin	815.5	-16.1%
	EBITDA	438.2	-21.2%
Networks	Gross Margin	691.9	10.1%
	EBITDA	546.7	7.1%

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

23

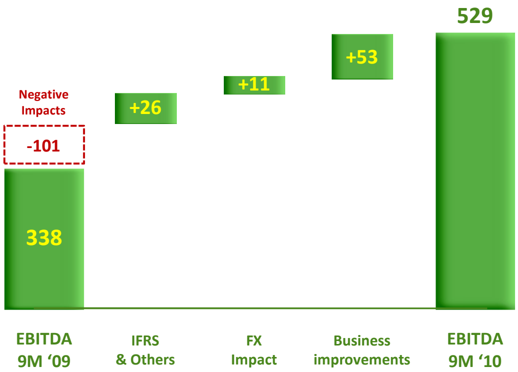
Results By Business
Iberdrola USA

IBERDROLA

EBITDA in Euros under IFRS up 56.4% to Eur 528.8 MM …

Eur MM

EBITDA Impacts



Financial Highlights

	9M 2010	% v 9M 2009
Gross Margin	1,173.6	+10.8%
Net Op. Exp.	-448.0	-17.8%
EBITDA	528.8	+56.4%

… due to the improvement in Net Operating Expenses driven by efficiency measures

24

Results By Business
Latin America

IBERDROLA

Latam EBITDA increases 14.4% to Eur 738.1 MM due to improved operating conditions …

Highlights of the Period

Operating Highlights	↑ Brazil Demand: +9.6%
	↑ New hydro capacity
	↓ Asset Sales
FX Impact	↑ Brz Real: +17.8%
	↑ USD: +3.0%

Financial Highlights (Eur MM)

	9M 2010	% v 9M 2009
Gross Margin	960.9	+23.7%
Net Op. Exp.	-219.7	+68.1%
EBITDA	738.1	+14.4%
Brazil	419.4	
Mexico	318.7	

… with Net Operating Expenses up +68.1% due to Eur 36 MM of positive non recurring impact accounted in 9M 2009

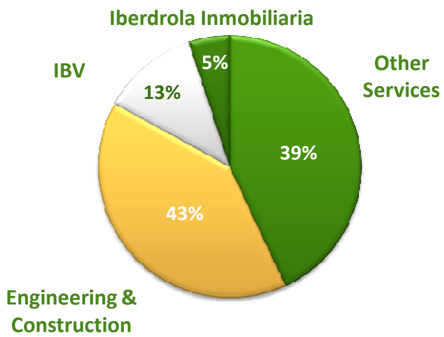
25

Results By Business
Non Energy & Engineering

IBERDROLA

EBITDA falls 4.0% to Eur 197.0 MM

Gross Margin Breakdown



Financial Highlights (Eur MM)

	9M 2010	% v 9M 2009
Gross Margin	445.1	-6.4%
Net Op. Exp.	-243.9	-7.3%
EBITDA	197.0	-4.0%

Cost control partially mitigates Gross Margin fall

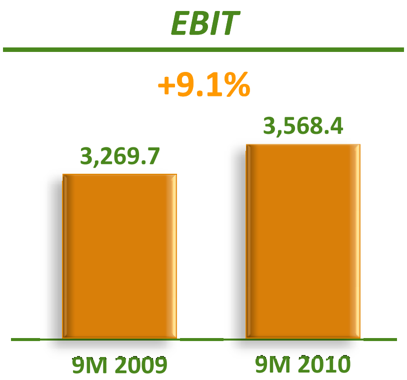
26

EBIT - Group

IBERDROLA

Group EBIT up 9.1% to Eur 3,568.4 MM

Eur MM



	9M 2010	% v 9M 2009
D&A	-1,900.2	+17.1%
Provisions	-94.1	+59.9%
Total	-1,994.3	+18.6%

D&A and Provisions up 18.6% to Eur 1,994.3 MM driven by environmental investments, renewables and IFRIC 18

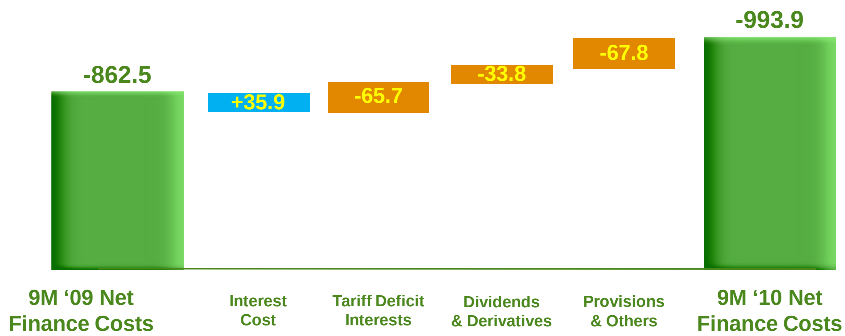
27

Net Finance Costs - Group

IBERDROLA

Average Net Cost of Debt improves to 4.2% in 9M '10 v 4.5% in 9M '09, but ...

Eur MM

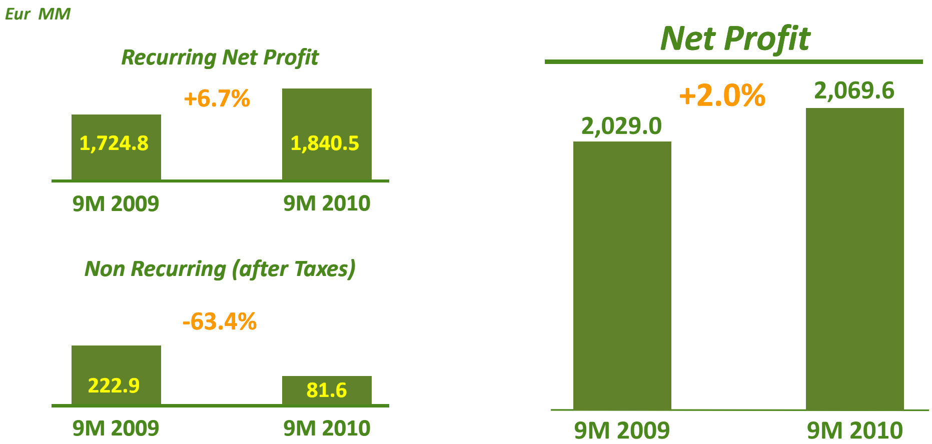


... lower tariff deficit remuneration, derivatives and other expenses non related to debt drive Net Finance Costs up to Eur –993.9 MM (15.2%)

28

Reported Net Profit - Group

Operating Cash Flow up 14.4% to Eur 3,956.4 MM …



… and Recurring Net Profit is up 6.7% to Eur 1,840.5 MM, while Reported Net Profit is up 2.0% to Eur 2,069.6 MM

Agenda

Highlights of the Period

Analysis of Results

Financing

Conclusion

Tariff deficit

IBERDROLA

In the first nine months of 2010 the net tariff deficit generated in the case of Iberdrola adds up Eur 803 MM (Eur 1,016 MM generated in the first 9M less Eur 213 MM already collected), resulting in an accrued tariff deficit of Eur 4,421 MM

The only pending issue is the approval of the Prospectus by the CNMV, after what it is expected the issue of the first tranche

31

Scrip Dividend

IBERDROLA

Iberdrola Board approved on the 19th of October the implementation of a scrip scheme in place of the interim dividend of 2010

The price at which IBE will purchase the rights will be at least Eur 0.143/share

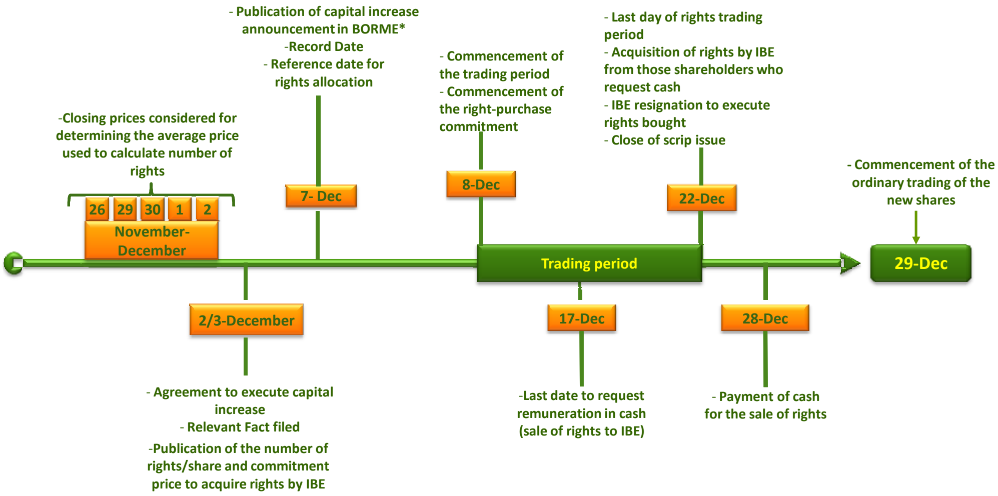
Mathematical Expectation = Eur 0.146/share
(+2.1% v 2009 interim dividend of Eur 0.143/share)

32

Scrip Dividend - Calendar

IBERDROLA

According to the following provisional calendar the new shares would start trading on the 29th of December



*Official Bulletin of the Mercantile Register

33

Financing – Adjusted Leverage

IBERDROLA

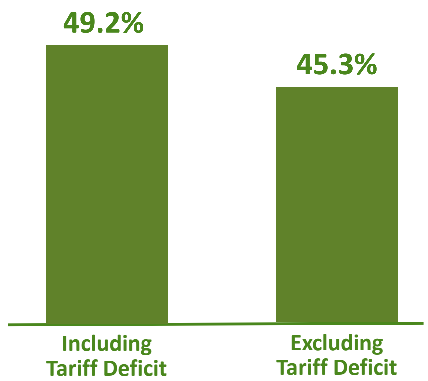
Leverage improves to 45.3% in 9M ’10 v 47.4% in 9M ’09 excluding tariff deficit …

9M 2010 Net Debt and Equity*

Eur MM

	9M ‘10	9M ‘09
Adjusted Net Debt	30,098	29,648
Tariff deficit	4,421	3,310
Adjusted Net Debt Ex deficit	25,677	26,338
Equity	31,039	29,189

*9M 2010 Leverage**



… and to 49.2% in 9M ’10 v 50.4% in 9M ’09 including tariff deficit

*Excludes TEI

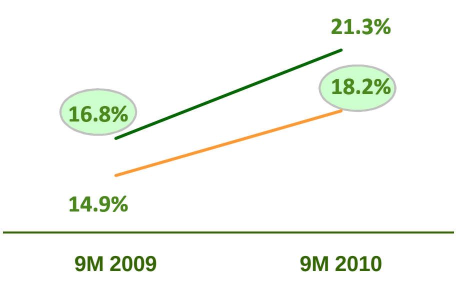
34

Financing – Financial Ratios

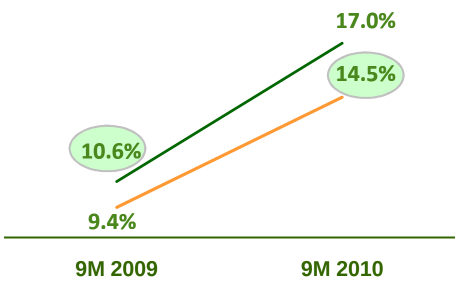
IBERDROLA

Credit metrics improve strongly compared to 9M '09 ...

FFO(2)/Net Debt(1) (%)



RCF(3)/Net Debt (%)



Including Tariff Deficit — Excluding Tariff Deficit

... even including the tariff deficit impact

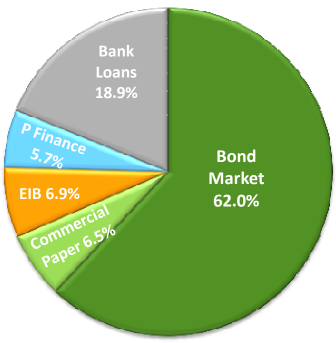
(1) Excluding TEI and Rating Agencies Adjustments / (2) FFO = Net Profit + Amortizations – Equity Income – Non Recurring Results / (3) RCF = FFO – Dividends

Financing – Debt Profile

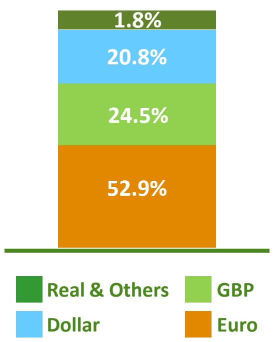
IBERDROLA

Financial Breakdown Summary

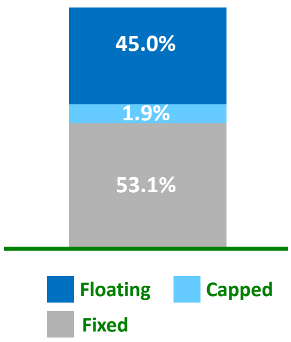
*Type of Debt**



*Currency Structure***



*Interest Rate Structure**



Interest rate hedging will allow a 60% fixed, 40% floating structure in '11

* Gross Debt, excludes TEI / ** Net Debt (excluding TEI and tariff deficit), includes hedging through derivatives

Liability management - Bond exchange transaction

IBERDROLA

Amount of Eur 600 MM obtained through the exchange of 2011 and 2013 bonds by 2020 ones

Average maturity of debt increased due to the exchange of bonds with longer maturity

Liquidity position improved as 2011 and 2013 maturities will be reduced

Allowed to obtain 10 years financing with a cost of 4.12%, v and average cost of bonds exchanged of 5.63%

In addition, in October were issued Eur 750 MM, 3.50% coupon, what will allow to amortise more expensive debt

37

Financing – Liquidity
(After October's Eur 750 MM issue)

IBERDROLA

Strong liquidity profile ...

Eur MM

Credit Line Maturities	Limit	Withdrawn	Available
2010	521	240	281
2011	1,012	125	887
2012	4,738	524	4,214
2013 +	2,684	150	2,534
Total Credit Lines	**8,955**	**1,039**	**7,916**
Cash & Short Term Fin. Invest.			1,500
EMTN Oct´10			750
Total Liquidity			**10,166**

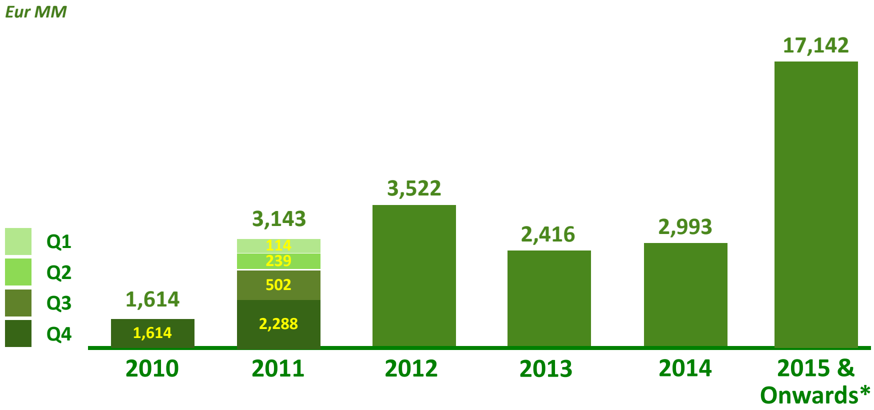
... amounting to Eur 10.2 bn at 30 September 2010

38

Financing – Debt Maturity Profile
(After October's Eur 750 MM issue)

IBERDROLA

Average maturity of Debt: 6.2 years



Due to the strong liquidity position of Eur 10.2 bn Iberdrola has its financial needs covered up to mid 2012

** Includes outstanding commercial paper*

Agenda

IBERDROLA

Highlights of the Period

Analysis of Results

Financing

Conclusion

Conclusion

Efficiency improvements

Output increase

Balance Sheet strenghtening

EBITDA up 12.4%
Recurring Net Profit up 6.7%

2010 Outlook

Improving EBITDA and maintaining Recurring Net Profit outlook

Business evolution

- *Regulated Businesses: improvement in all areas, especially US, Latam and UK*
- *Renewables: Strong growth continues*
- *Liberalised businesses: Good evolution in Spain*

Operating expenses

- *Efficiency improvements: in all businesses, especially US and UK*

Financial expenses

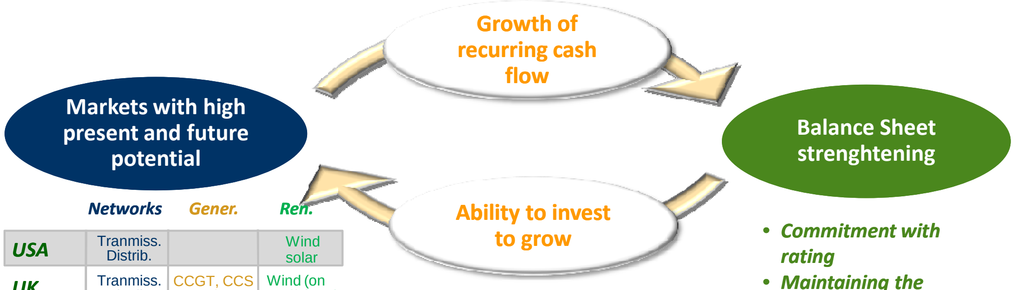
- *Deficit collection*
- *Reduction and improvement in Debt profile*

Maintaining or improving the dividend

Medium and long term outlook

IBERDROLA

A business model that reaffirms 2012 growth outlook…



	Networks	*Gener.*	*Ren.*
USA	Tranmiss. Distrib.		Wind solar
UK	Tranmiss. Distrib.	CCGT, CCS Nuclear	Wind (on & offshore)
Brazil	Distrib.	Hydro	Wind
Mexico		CCGT	Wind
Rest			Wind (on & offshore)
Spain		Hydro	Wind

- *Commitment with rating*
- *Maintaining the dividend policy*

…with additional growth opportunities in the medium and long term

43