



IBERDROLA

Investor Day

London. 24th February, 2010

Ignacio S. Galán

Chairman and CEO





LEGAL NOTICE:

DISCLAIMER

This document has been prepared by Iberdrola, S.A. exclusively for use during the presentations of the Investor Day 2010. 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 any of its subsidiaries or other companies of the Iberdrola Group or its affiliates, nor any of its advisors or representatives 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.



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.



Iberdrola in 2000-2009: A decade of growth

The electricity sector in 2010-2020

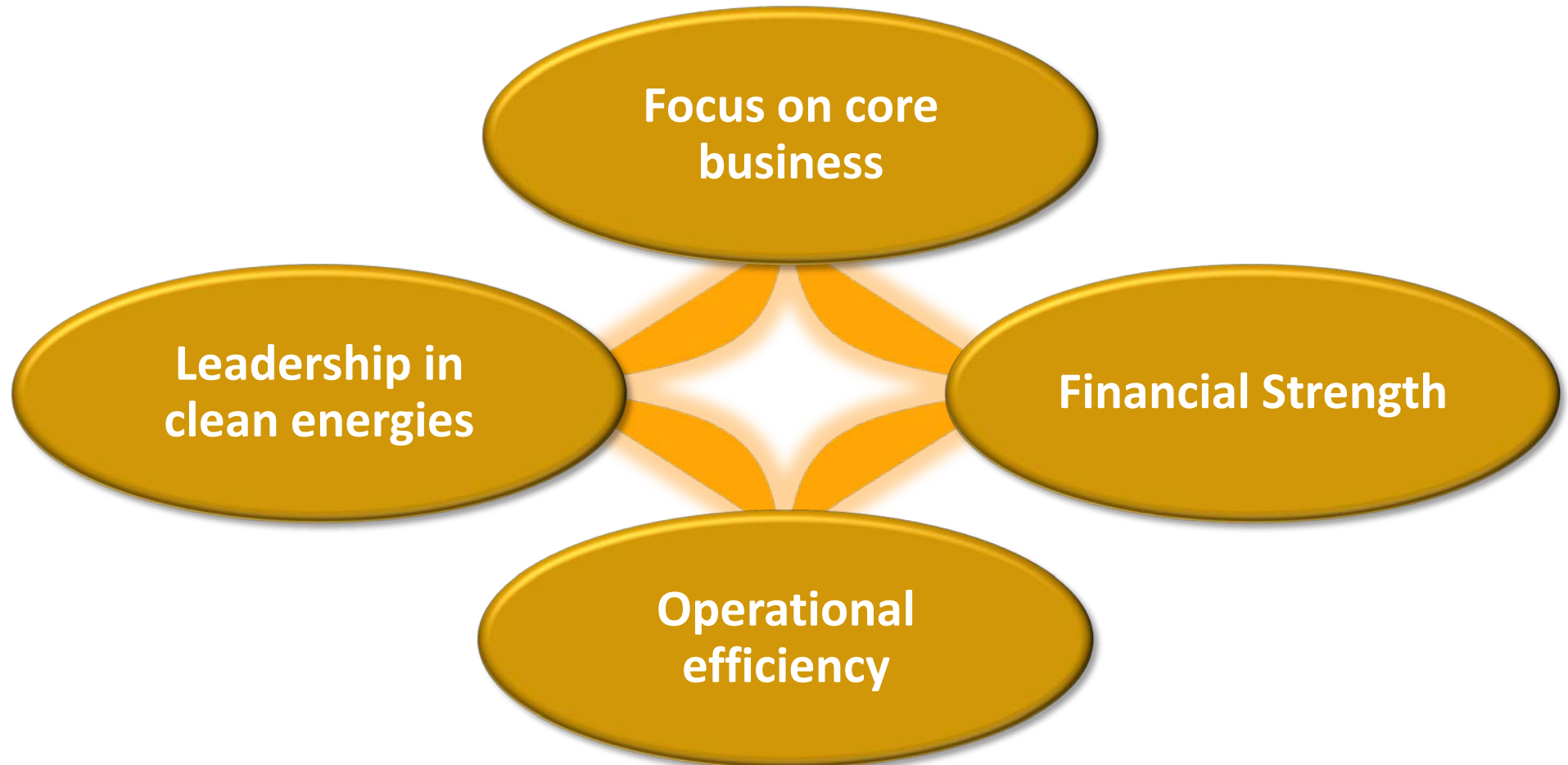
Iberdrola's strategic focus

Financial review 2010-2012

Conclusions



A deep transformation based on four key drivers





A story of growth and anticipation

2001-2006

- Focus on Spain, Mexico and Brazil
- Growth in Renewable Energies
- Cost-cutting program successfully executed

2007-2009

- Consolidation of an international platform
- World leadership in Renewables
- Maintaining financial strength

- Growth of demand
- Increase in liberalisation
- Kyoto: Environmental Concern
- Beginning of Renewables activities

- Slow-down of demand growth
- Full liberalisation
- Consolidation of climate change issues
- Renewables: international growth

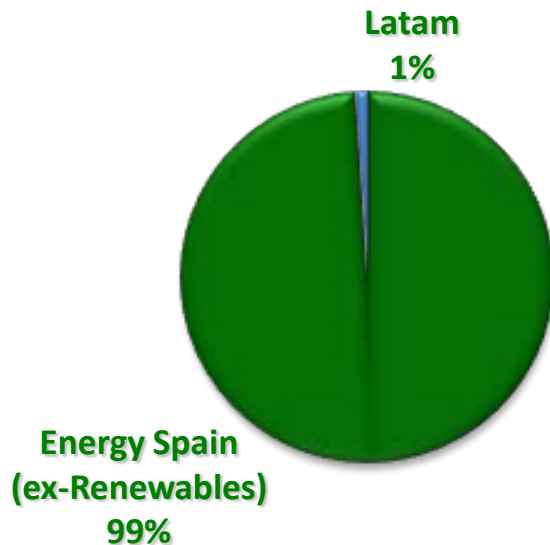


General trends

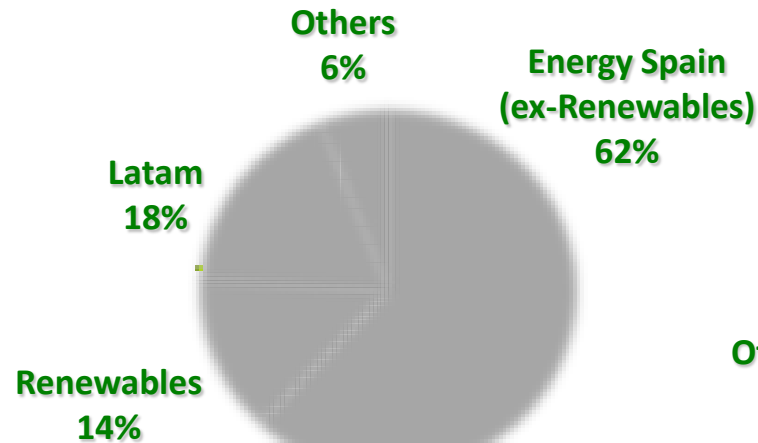


From a local leader to a global leader: Increasing international diversification

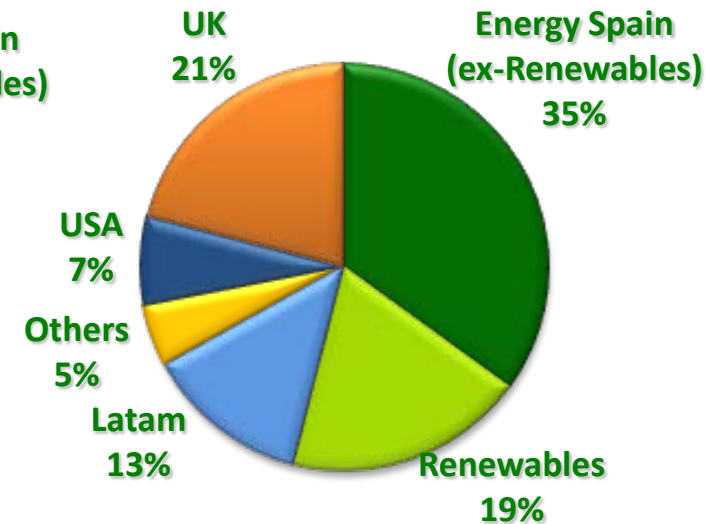
EBITDA 2000



EBITDA 2006



EBITDA 2009



2/3 of total EBITDA is generated outside Spain



One of the largest utilities worldwide

	2000		2009
Total Assets (Eur Bn)	18		87
EBITDA (Eur Mill.)	1,975		6,815
Net Profit (Eur Mill.)	852		2,824
Net Debt/EBITDA	4.1		3.7
Share Price* (Eur/share)	3.34		6.67
Shareholder Remuneration* (Eur/share)	0.135		0.332

Total Shareholder Return of 160% over the period



Iberdrola in 2000-2009: A decade of growth

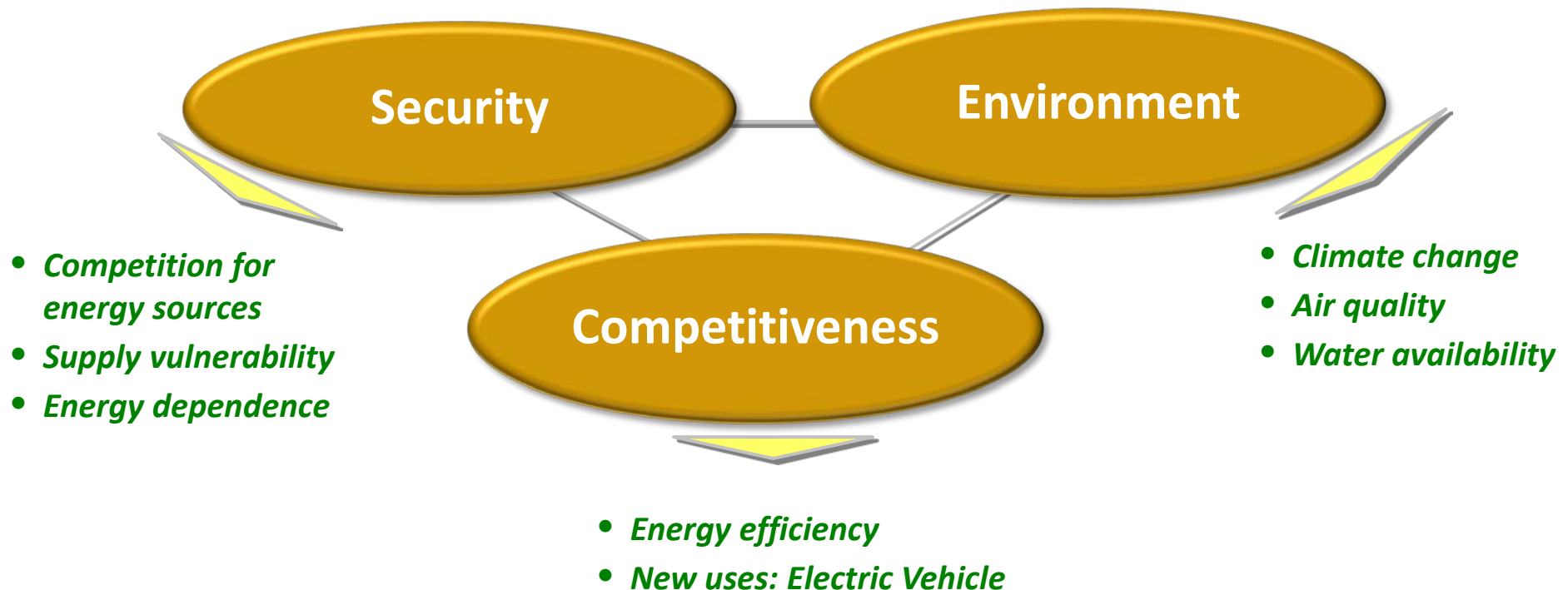
The electricity sector in 2010-2020

Iberdrola's strategic focus

Financial review 2010-2012

Conclusions

Energy and economic policy agenda priorities will drive significant changes in the sector's operating environment...



...and will promote new investments despite weak demand growth

Worldwide electricity demand growth of around 2% p.a...

Annual electricity demand growth 2007-2020

US



0.0-0.5%

EU



0.5-1.0%

Latin America



2.0-3.0%

...United States and European Union will grow below 1% p.a.



Environmental concern is expected to continue increasing...

Copenhagen Accord: Global awareness
about the need to decrease emissions

Developed economies:
*Total 2020 Emissions
Reduction targets**

- US: -17% vs 2005
- EU: -20% vs 1990
- Japan: -25% vs 1990
- Australia: -5% vs 2000

Emerging markets
*Improvements
in CO2 intensity*

- China: -40/45% vs 2005
- India: -20/25% vs 2005
- Brazil: -36/39% vs projected levels

US: Full political support to low carbon generation (wind, nuclear)

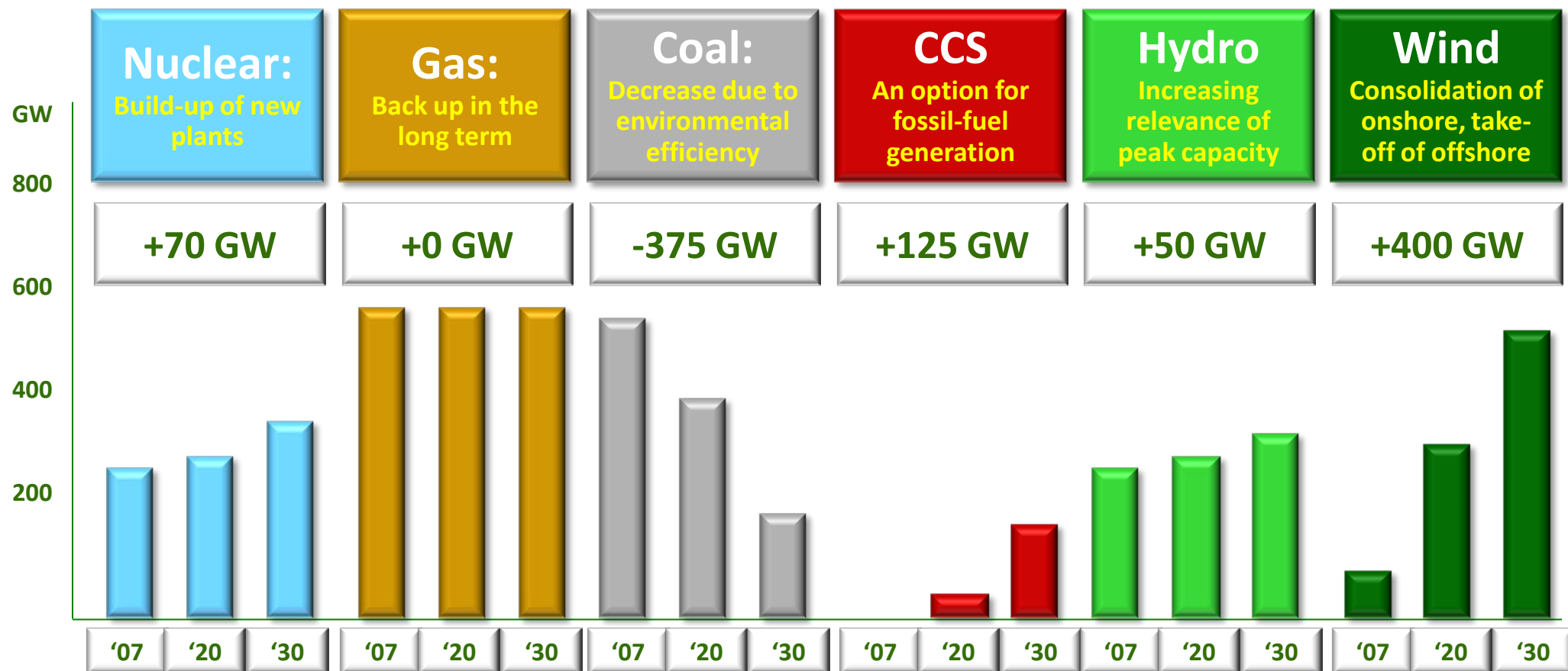
Need to create adequate price signals
to reduce CO2 emissions based on market principles

...power sector to play a decisive role to tackle climate change
together with end-user efficiency



A deep change in the generation mix: Opportunity for economically efficient low-carbon generation

Evolution of installed capacity 2007-2030 in EU + US
(Source: IEA, WEO 2009, 450 Scenario)





Networks: Reinforcement of transmission infrastructure and technological change

Connection of new renewable capacity

Increase in interconnections

Smart Grids to increase efficiency and lead to a more rational consumption

New uses of electricity: Electric Vehicle



Stable legal and regulatory frameworks are required

**Worldwide investments required in electricity
could reach USD 14 Trn up to 2030**

**Predictability is key to incentive players
to invest in a capital intensive business**

**Need to combine short term goals
with the achievement of long term strategic objectives**



Iberdrola in 2000-2009: A decade of growth

The electricity sector in 2010-2020

Iberdrola's strategic focus

Financial review 2010-2012

Conclusions



Strong capabilities and a diversified asset base...

**The right
capabilities**

**Leader in clean generation technologies
and networks**

Benchmark in efficiency

Innovation-driven



**An
international
platform that
provides...**

Optionality: geographies and businesses

**Flexibility to adapt to
different investment cycles**

Best-practice opportunities



**...to lead the technological change:
Investing in mature technologies and promoting innovation...**

Short-medium term

Long term

Generation

- Leadership in onshore wind worldwide
- Beginning of offshore wind
- Investments in hydro

- Nuclear
- Onshore and offshore wind
- Other renewables
- Carbon Capture and Storage



Networks

- Distribution: Expanding networks and providing new services
- New transmission investments

- Smart grids
- Smart meters
- Energy efficiency
- Electric Vehicle

...taking advantage of our global presence
for benchmarking and skills transfer

United States

- Onshore wind energy
- Networks (T&D)



United Kingdom

- Onshore/offshore wind
- Clean coal
- Nuclear
- Networks (T&D)



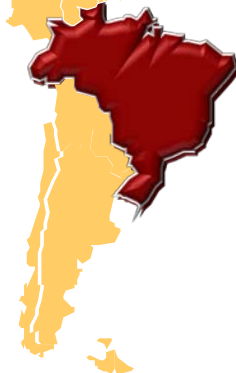
Efficiency:

- Local initiatives
- + Benchmarking



Latin America

- Operational excellence in gas combined cycles
- New hydro capacity
- Networks (T&D)



Spain/Portugal

- Hydro and wind generation
- Networks

Continental Europe

- Wind generation





Iberdrola in 2000-2009: A decade of growth

The electricity sector in 2010-2020

Iberdrola's strategic focus

Financial review 2010-2012

Conclusions



2010-2012 Financial Objectives

**Growth in
core business**

**Increase
shareholder
remuneration**



Minimise risks

**Improve balance
sheet solidity**



Limited demand growth in line with overall trends
with moderate increases in electricity prices

Demand

Spain

CAGR ~1%

UK

CAGR ~0.5%

US

CAGR ~1%

Latam

CAGR ~3%

2012 Wholesale Prices

Spain

Eur 42-51/MWh

UK

GBP 44-50/MWh

2012 Exchange rates

GBP/Eur

0.82-0.80

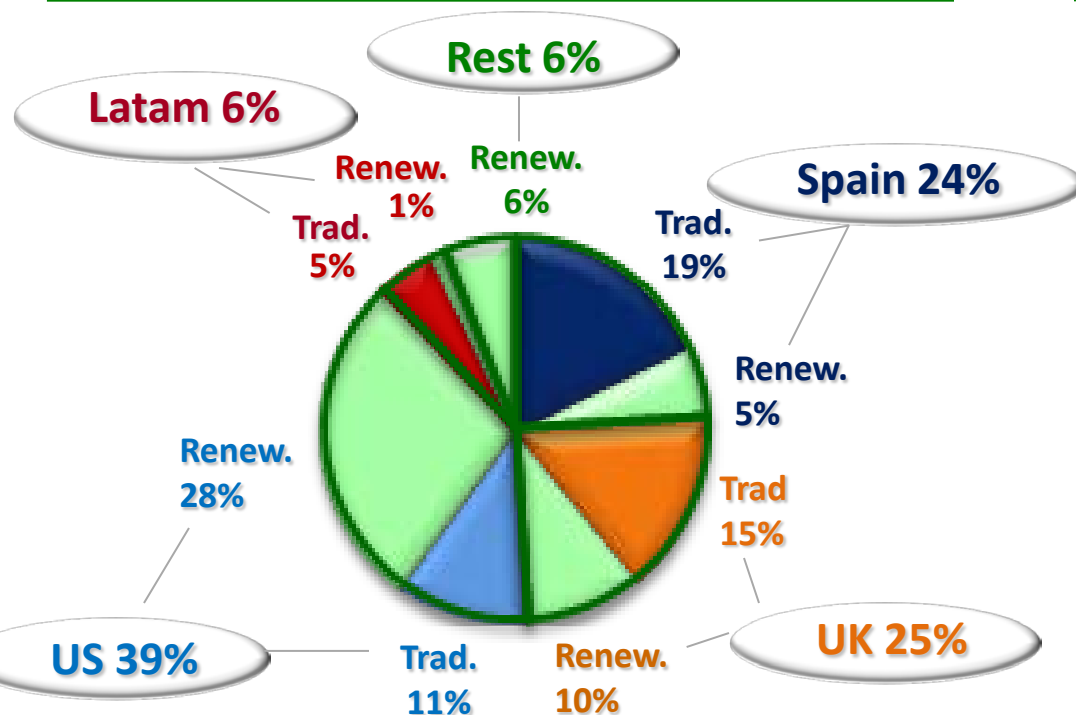
USD/Eur

1.45-1.34

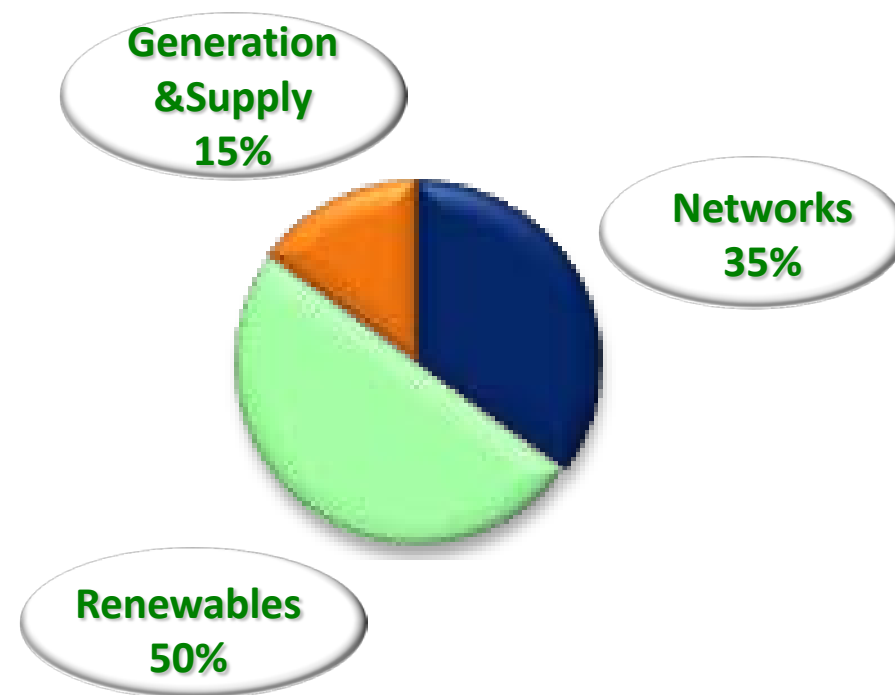


Gross investments of Eur 18 Bn
Net investments of Eur 16 Bn (including grants)

Gross Investments by market



Gross Investments by business

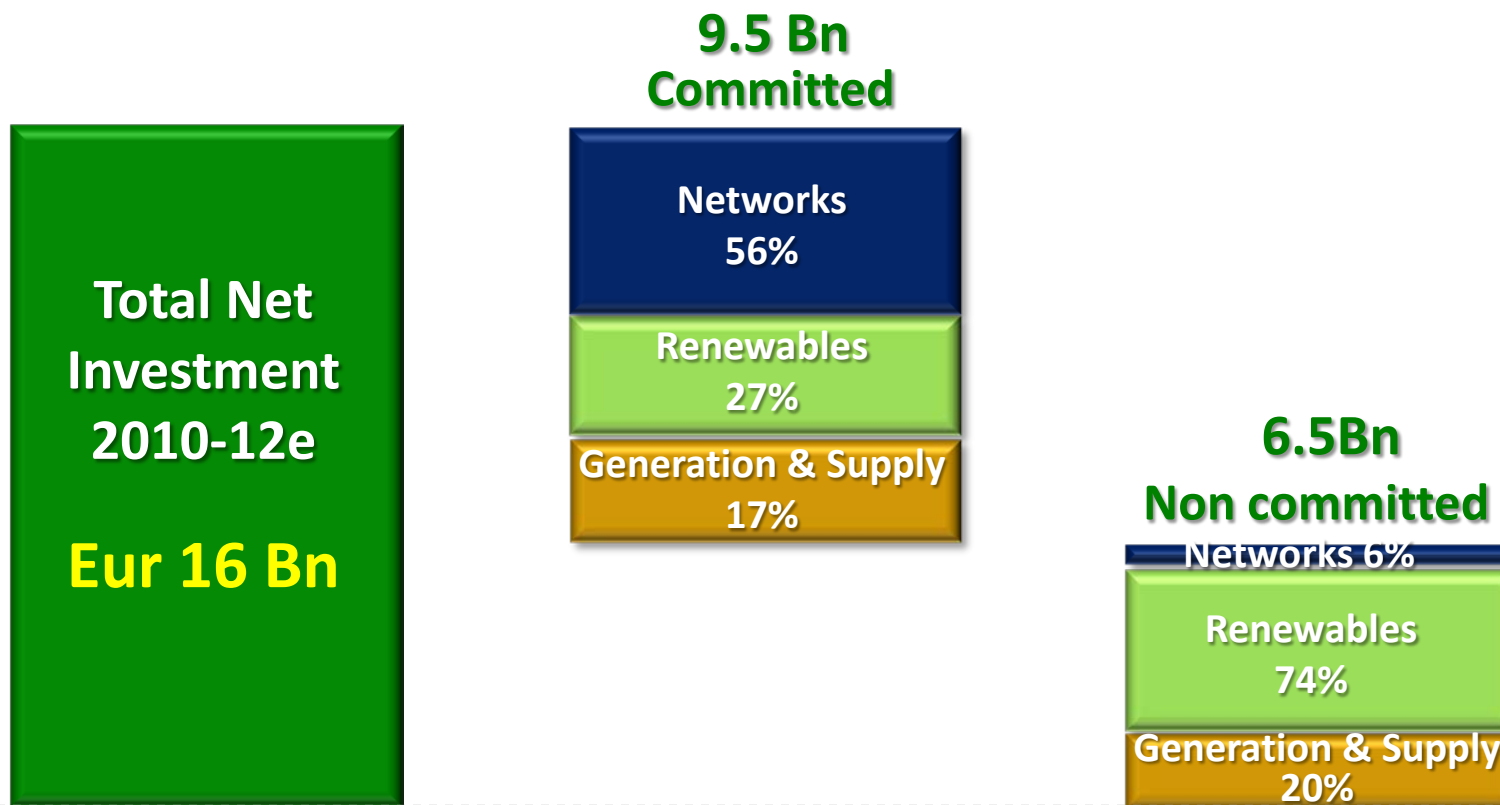


Investments driven by cash flow generation
85% to regulated businesses (Renewables + Networks)



A flexible approach to investment,
creating multiple growth options

Eur Bn.

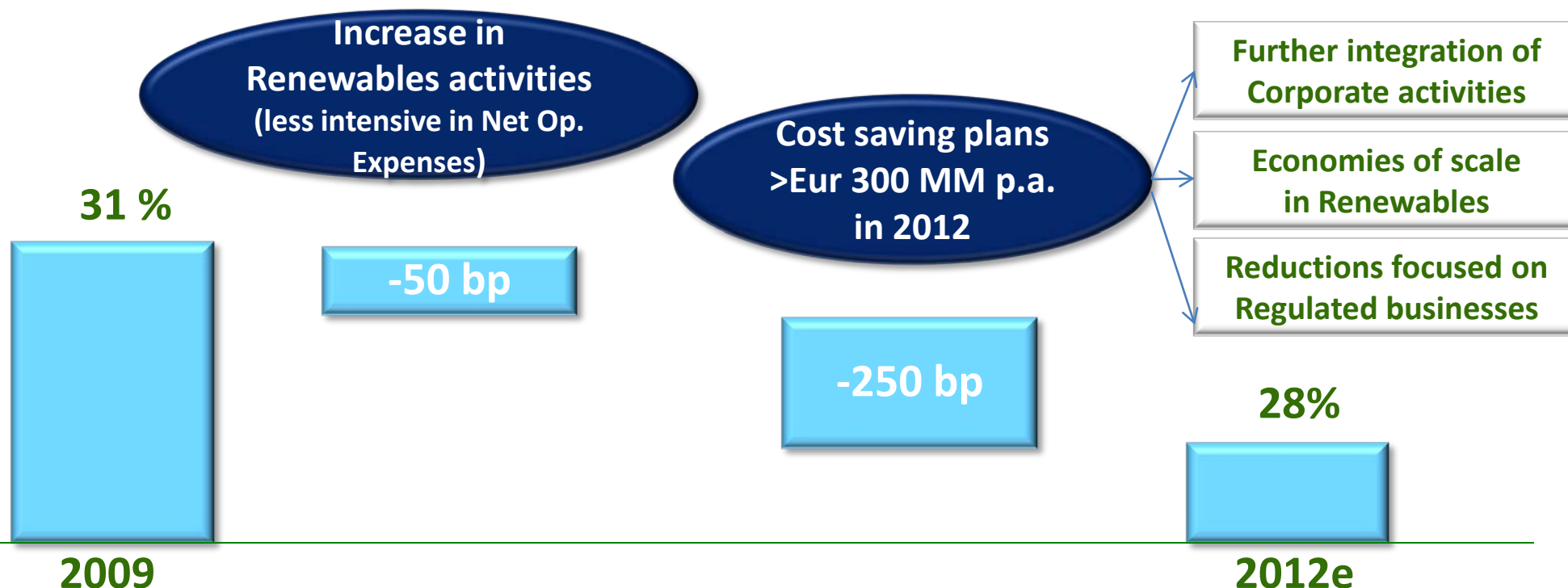


Expected divestments in non-core businesses
up to Eur 2.5 Bn



Increase in efficiency: Net Operating Expenses to Gross Margin will increase 300 bp...

Net Operating Expenses to Gross Margin



... cost saving plans for over Eur 300 MM per annum by 2012



Growth driven by Networks and Renewables

Networks

Spain

- Increasing revenues due to investments

UK

- Positive impact of DPCR5 and growth in transmission

US

- Improvement due to regulatory reviews and growth in transmission

Latam

- Stable evolution despite currency depreciation



Renewables

Spain

- Moderate increase in capacity and prices

US

- 1,000 MW additional p.a., improving prices

UK/Rest

- Doubling capacity, prices improving slightly



Liberalised

Spain

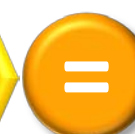
- Recovery in demand and prices

UK

- Recovery in demand and prices

Latam

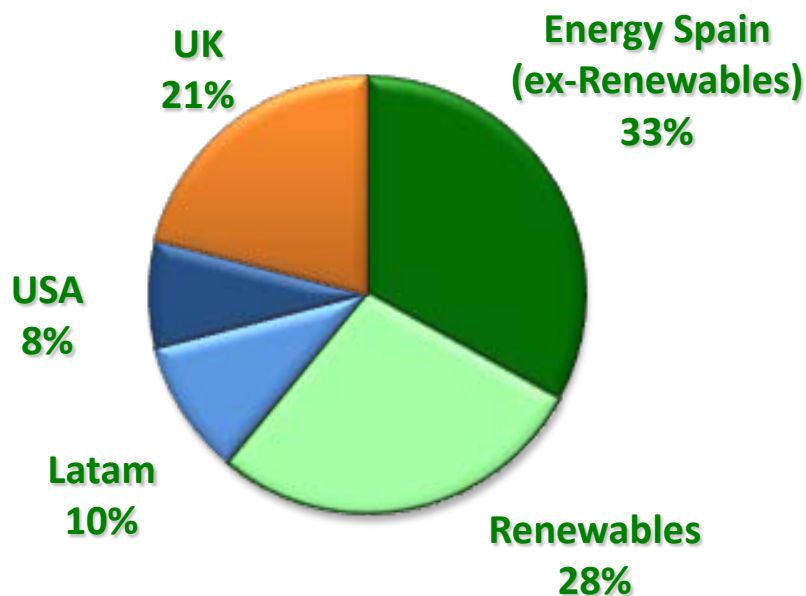
- Increase in production , currency depreciation



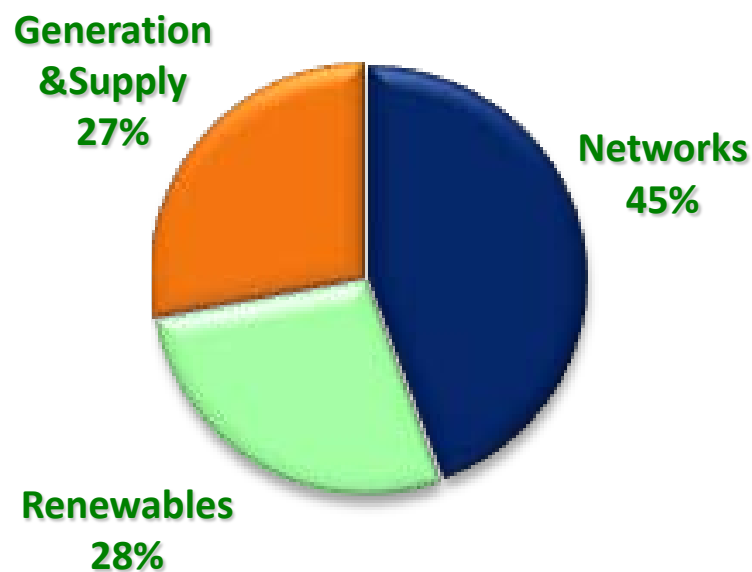


Improving international diversification

2012e EBITDA by business



2012e EBITDA by activity



Over 70% coming from regulated businesses
(Networks + Renewables)



**5%-9% average annual growth
in EBITDA and Recurring Net Profit**

**2009-2012^e
CAGR**

EBITDA

+5%-9%

**Recurring
Net Profit**

+5%-9%

Dividend

**In line with
Net Profit**

Increasing Shareholder remuneration over the period



Balance sheet strength will improve during the period

2012e

FFO/Interest
Exp.

>4.7x

FFO/Net Debt

>20%

RCF/Net Debt

>13.5%

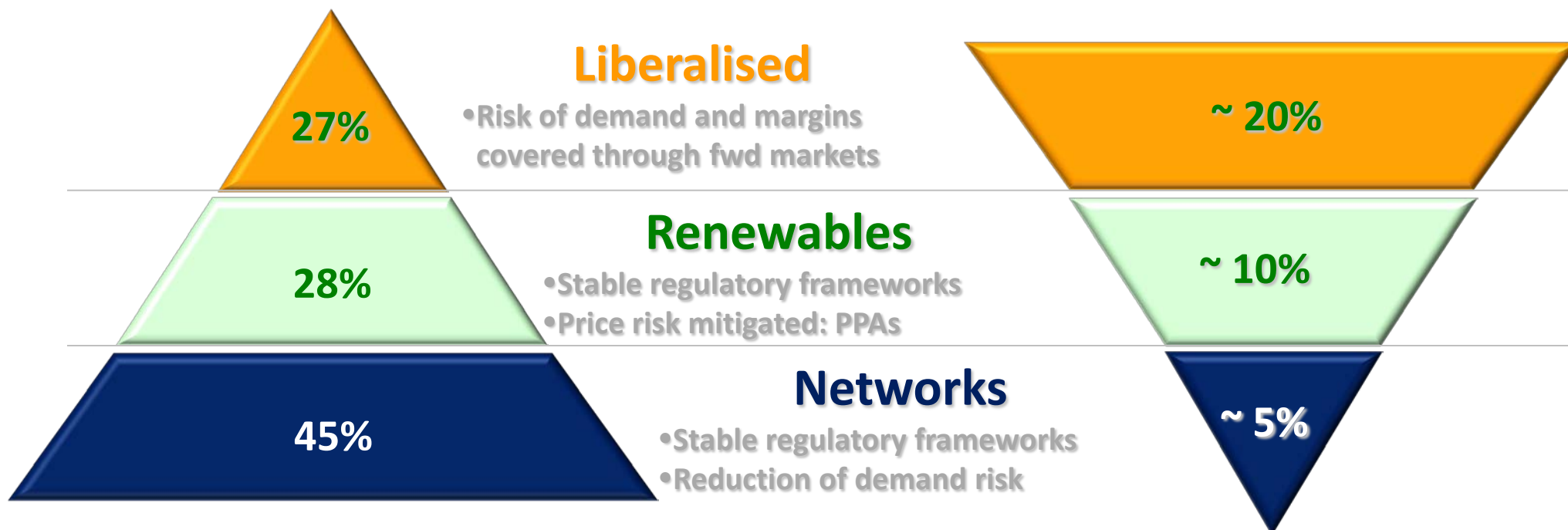
Solvency ratios to remain comfortably in the A range



In a scenario of flat demand and stable prices...

Contribution to EBITDA 2012

Downside risk as a %



...EBITDA would still grow 5% p.a. on average over 2009-2012e



Iberdrola in 2000-2009: A decade of growth

The electricity sector in 2010-2020

Iberdrola's strategic focus

Financial review 2010-2012

Conclusions



**Iberdrola, ready to confront the new challenges
of the energy sector in next decade**

**New energy scenario:
Increasing environmental concern and network investments**

**Iberdrola, strong capabilities and right assets:
Business mix based on Renewables and Networks**

2010-12: Growth at low risk with increasing financial strength

**Net investments of Eur 16 Bn
85% of total investment in regulated businesses**

EBITDA and Recurring Net Profit to grow +5-9% p.a. on average

Improving solvency ratios

Increasing shareholder remuneration

