



IBERDROLA
Investors'
Day 2008

Gleneagles, Scotland



Mexico

July 2nd 2008

Agenda



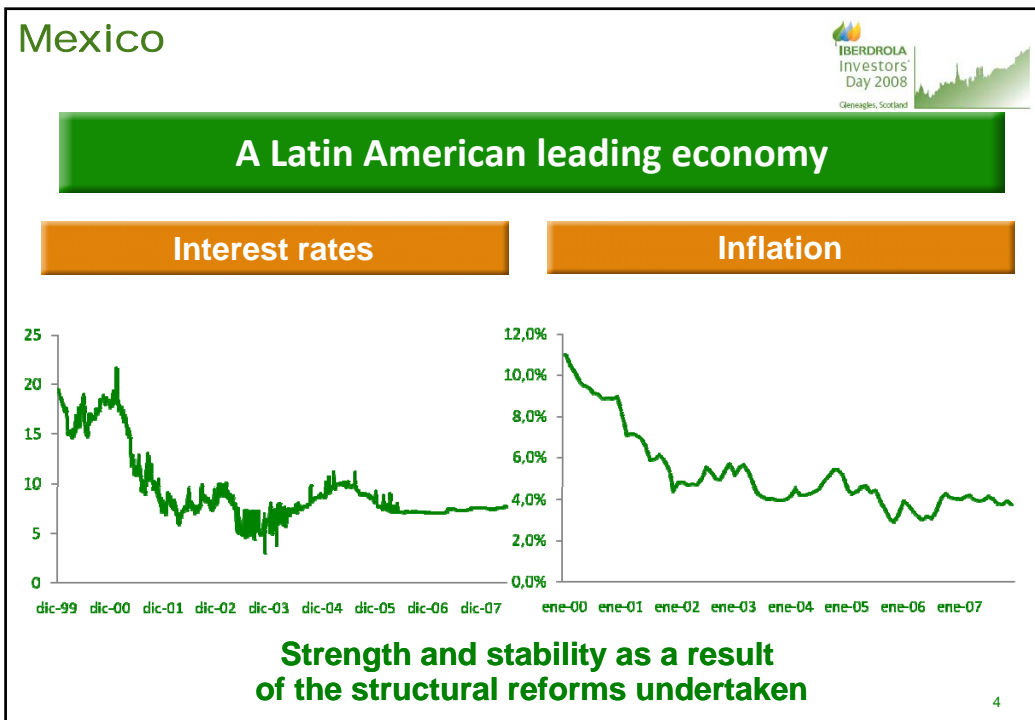
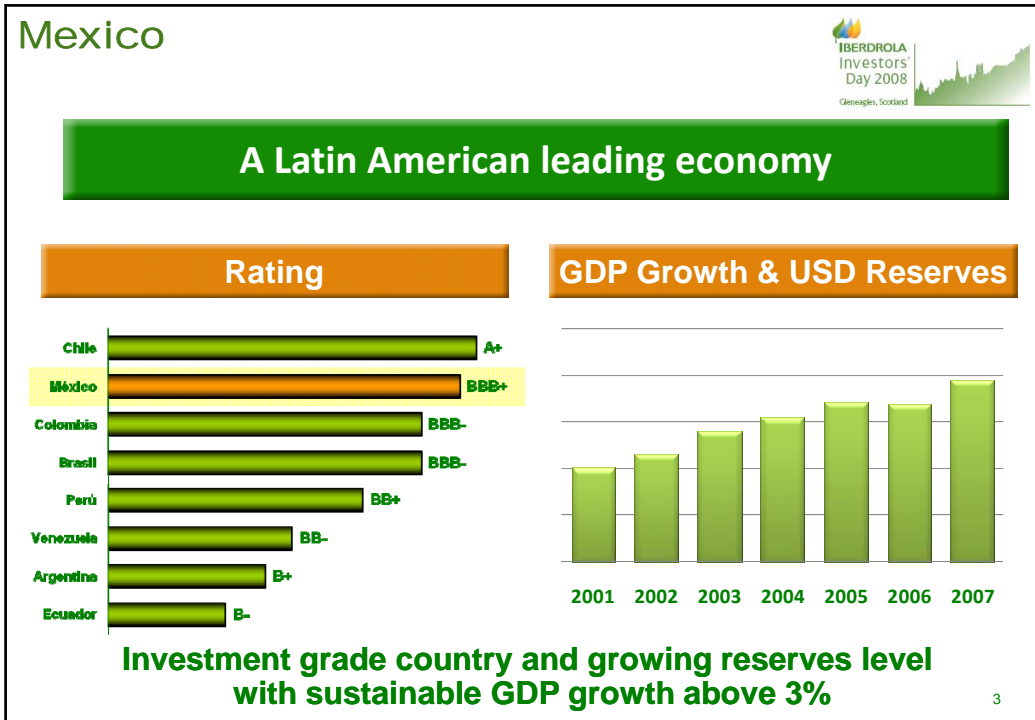
Mexican economy

Mexican Electricity Industry

Iberdrola in Mexico

Conclusion

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Mexican economy

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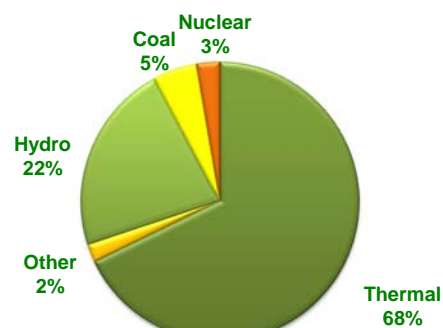
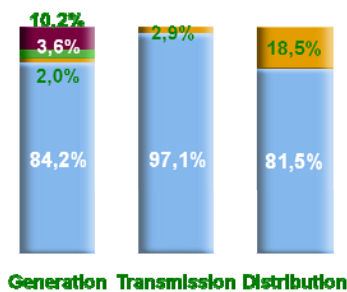
Mexican Electricity Industry



Electricity is a Public Service and considered as a "strategic service"

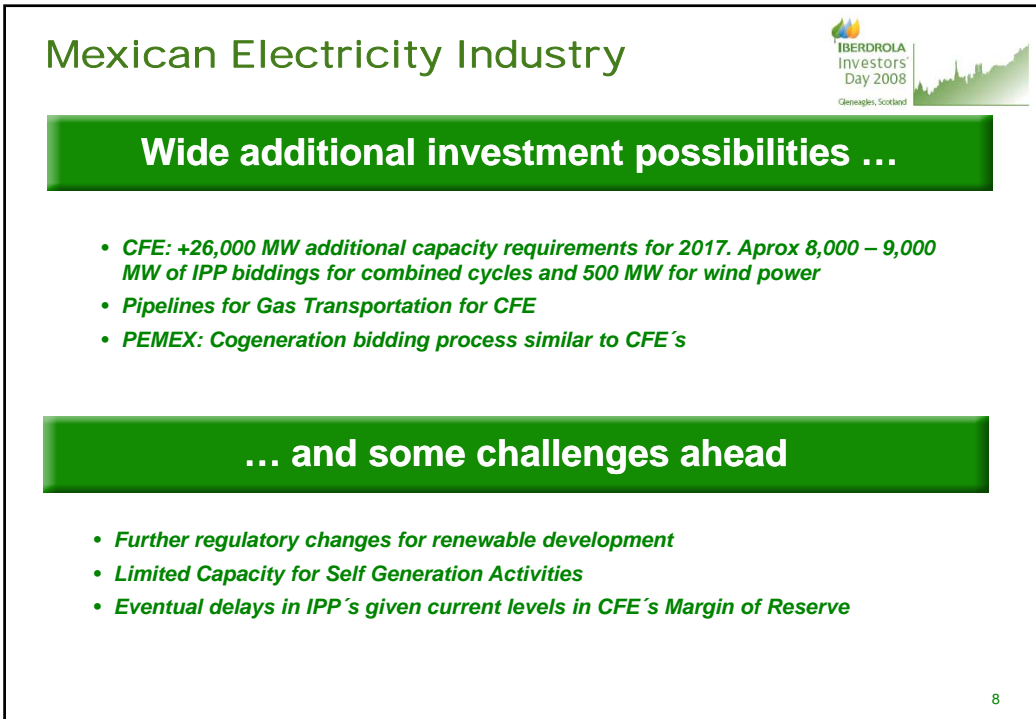
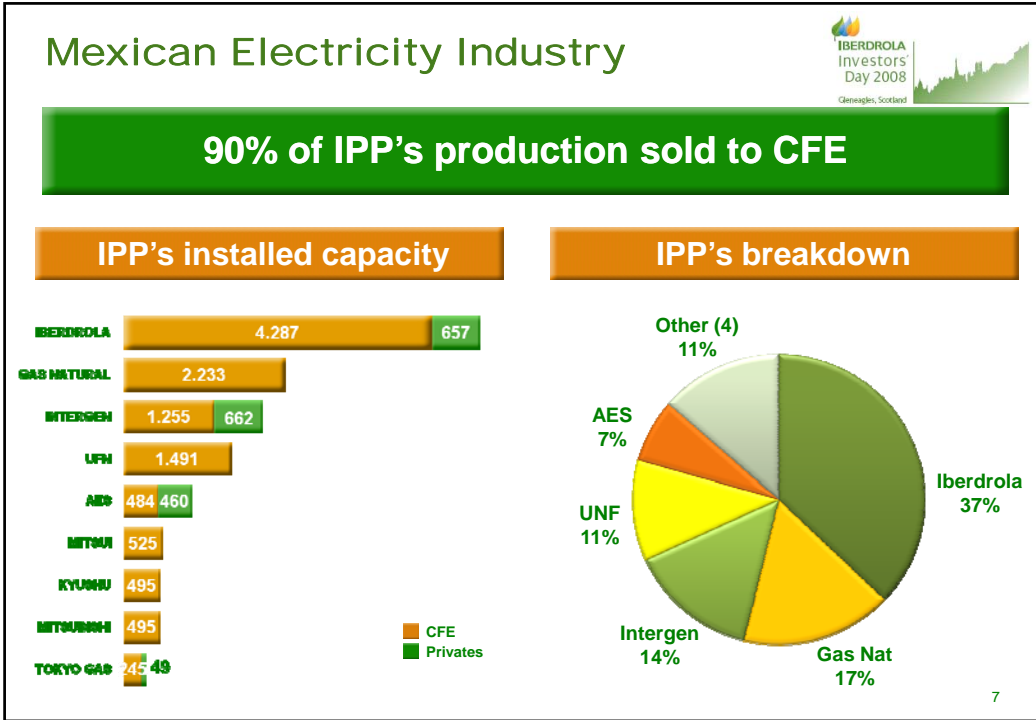
Sector structure

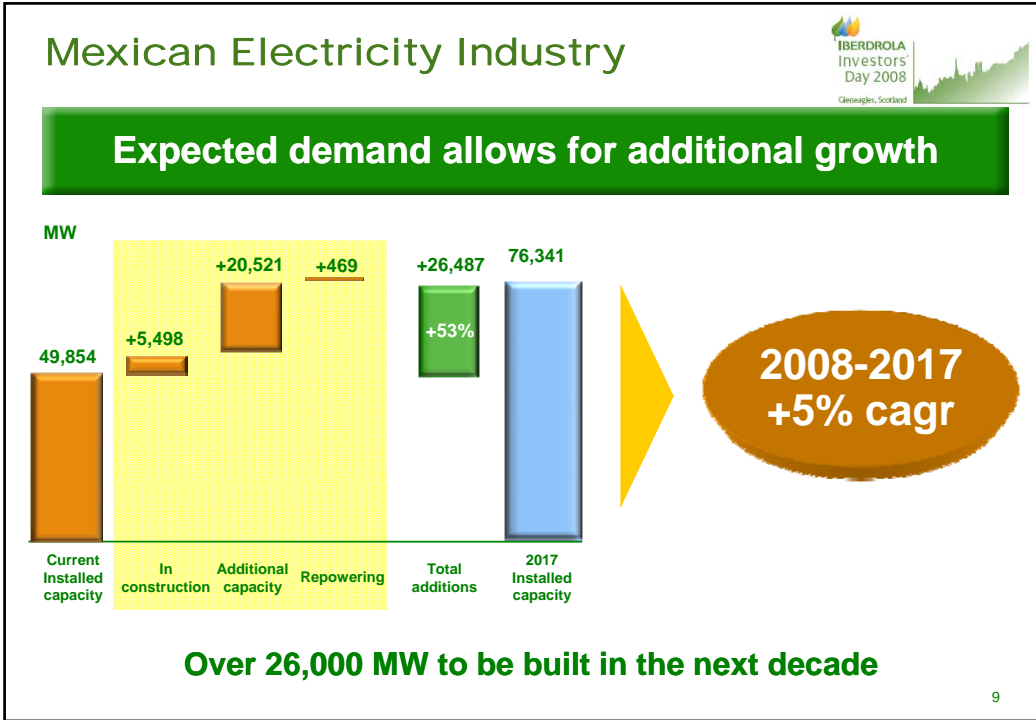
Installed capacity: 50,732MW



■ CFE ■ LFC
 ■ PEMEX ■ Private

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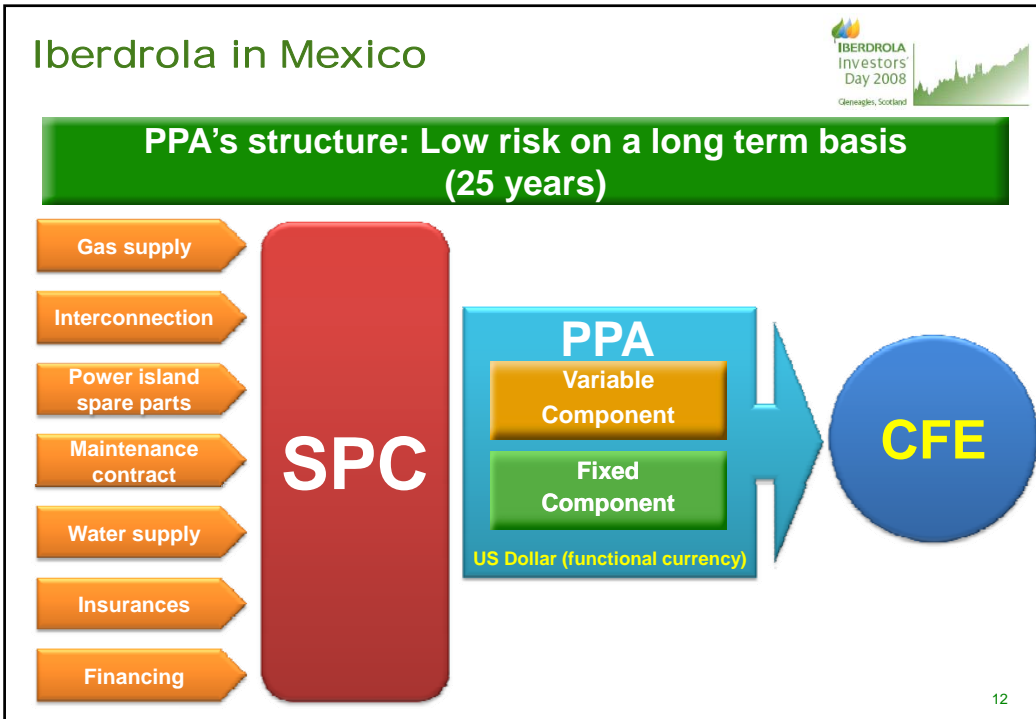
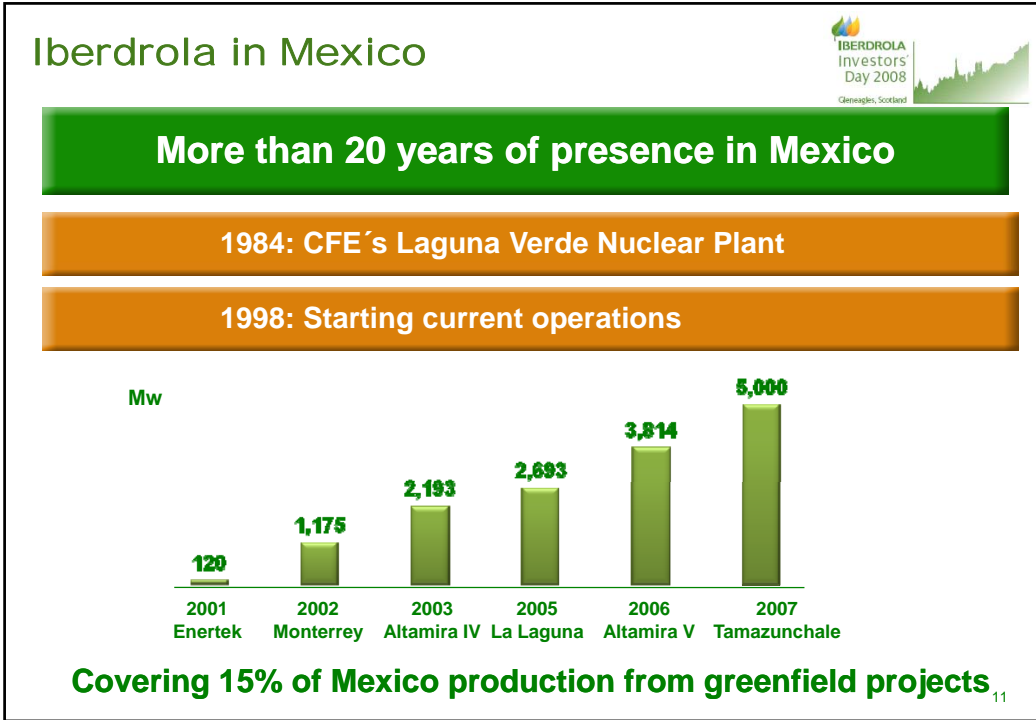


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- Mexican economy
- Mexican Electricity Industry
- Iberdrola in Mexico**
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Long term fuel supply agreements

<div style="background-color: #e69d00; color: white; padding: 10px; margin-bottom: 10px;"> 2,700 MW Monterrey La Laguna Enertek, Altamira III, IV </div>  <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">25 years</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Supply commitment</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Take or Pay 50%-60%</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Capacity charge + variable</div> <div style="background-color: green; color: white; padding: 5px;">Guaranteed Quality</div>	<div style="background-color: #e69d00; color: white; padding: 10px; margin-bottom: 10px;"> 2,300 MW Altamira V Tamazunchale </div>  <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">25 years</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Supply commitment</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">No Take or Pay</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Capacity charge + variable</div> <div style="background-color: green; color: white; padding: 5px;">Guaranteed Quality</div>
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Maintenance and spare parts supply secured

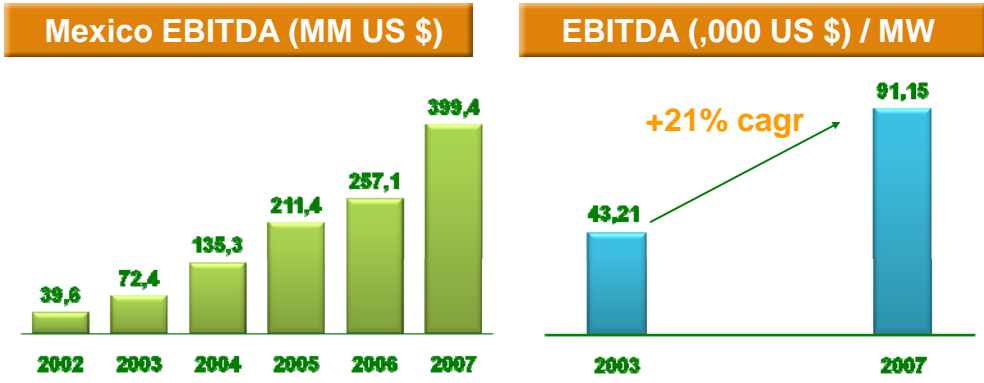
<div style="background-color: #e69d00; color: white; padding: 10px; margin-bottom: 10px;"> 4,000 MW Altamira III-IV-V La Laguna Tamazunchale </div>  <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">25 years</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Availability guarantee</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Degradation Guarantees</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Bonus and LD's</div> <div style="background-color: green; color: white; padding: 5px;">New York applicable law</div>	<div style="background-color: #e69d00; color: white; padding: 10px; margin-bottom: 10px;"> 1,000 MW Monterrey </div>  <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">12-13 years</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Maintenance time guaranteed</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Performance guarantees</div> <div style="background-color: green; color: white; padding: 5px; margin-bottom: 5px;">Bonus and LD's</div> <div style="background-color: green; color: white; padding: 5px;">Mexican Applicable Law</div>
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Iberdrola in Mexico



Sustainable EBITDA over \$400 MM



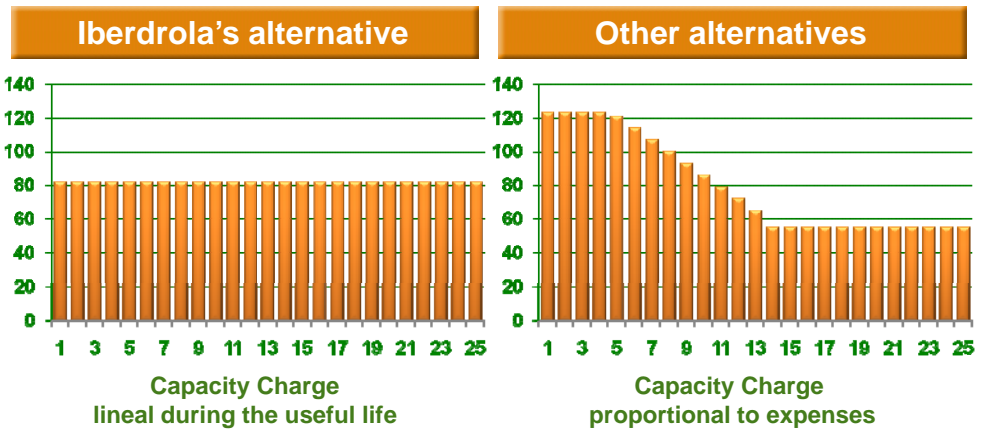
Improvements per MW installed due to economies of scale

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Iberdrola in Mexico



Accounting criteria in line with Cash Flow generation



Most conservative approach according to IAS

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Conclusion



Current platform will allow Iberdrola to take advantage of future opportunities

Leadership position

- 5,000 MW in operation
- Optimized costs thanks to the scale

Long term stability

- 25 year contracts
- Pass-through costs
- Premium financing conditions for mexican assets

Solid financial position

- Sustainable EBITDA above \$ 400 MM
- Prudent accounting policy. Stable profile of capacity charges / cashflow .
- No additional major CAPEX required.

With return of EBITDA over Investment above 16%