



IBERDROLA Investors' Day 2008

Gleneagles, Scotland



Procurements

July 2nd 2008

Legal Notice



DISCLAIMER

This document has been prepared by Iberdrola, S.A. exclusively for use during the 5th. investor day of the year 2008 in presentations about the company to analysts and investors. 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 any other type of 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.

In particular, this document does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities. 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



FORWARD-LOOKING STATEMENTS

This document 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.

In this regard, 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 National Securities Market Commission (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.

3

Prices Evolution 2002 - 2007



In the period 2002- 2007 the awarded contracts amounted to a total of **Eur 14,612 MM ...**

... with a 6.6% annual average improvement in prices

4

Model



A Successful Model...

Centralised organization

Transparent process

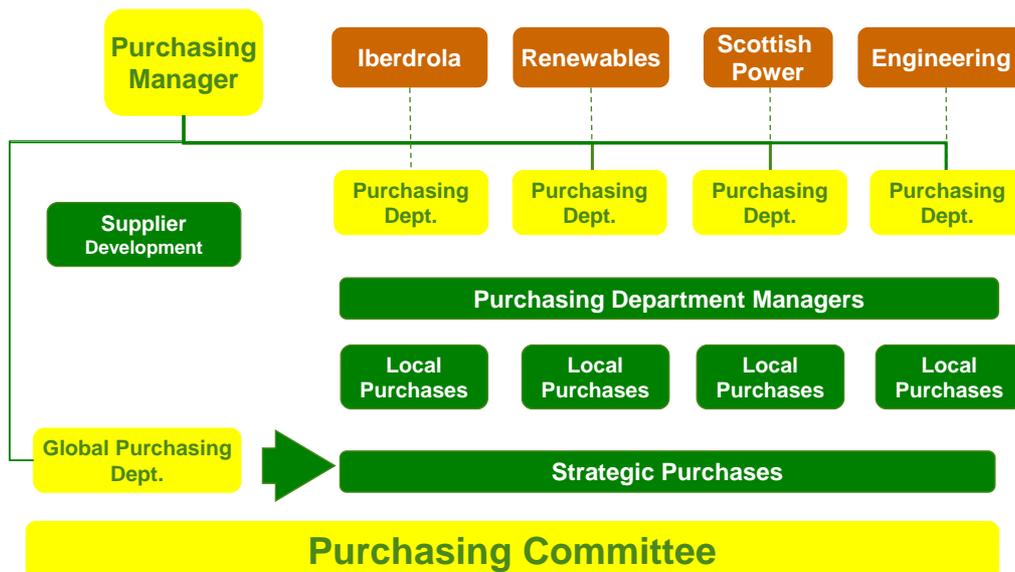
One management system for the whole Group

Attractive for suppliers due to the Group's high purchasing volume and leadership

...focussed in "Cost Efficiency"

5

Organization



6

Organization



Benefiting from the Group's Volume

GLOBAL and LOCAL Departments

GLOBAL

**One single organization
Synergies based on volume
Negotiating Strength vs. suppliers**

**Coordinated
LOCAL**

**Looking for Internal Best Practices
Detecting Global Purchasing Opportunities**

7

Resources



A professionalized workforce...

More than 120 purchasing specialists

Economic Financial profile

Exclusive dedication to purchase management

Bonus linked to economic results

... strongly motivated

8

Process



Excellence in contracts...

Active search for the maximum number of possible competing suppliers

Technical and quality validation from the Business (Experts)

Aggressive Negotiation Tools
Over Eur 300 MM awarded through electronic auctions

Periodic and systematic revision of relevant agreements

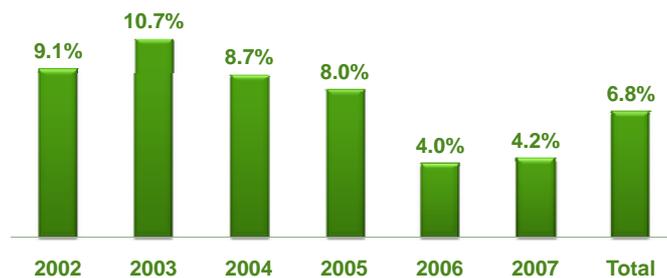
... obtaining measurable results

9

Evolution 2002-2007



Improvement in prices every year...



Negotiated Volume	2,563	2,119	1,805	1,244	4,261	2,620	14,612
Volume with a Reference	2,422	1,229	1,253	953	3,839	1,920	11,616
Impact on Cash Flow	242	147	120	83	158	85	835

Eur MM

...with a cumulative impact of Eur 835 MM on Cash Flow

10

Scottish Power



Model exported to the new businesses...

Already generating positive results

Total contracting volume of Eur 1 Bn

Average price reduction of 10%

...with savings of Eur 100 MM up to date

11

Strategic Plan 2008-2010



Associated Purchases...

INVESTMENTS Eur 15,900 MM

Renewables	Eur 8,100 MM
Generation	Eur 2,400 MM
Network	Eur 5,400 MM

EXPENSES Eur 2,250 MM

**...with an improvement in prices of 3%,
the impact on Cash Flow would be **Eur 550 MM****

12

Most relevant operations



2002

- **Wind Turbine** supply contract (4 years)
Total Volume Eur 600 MM, annual consumption of Eur 150 MM. **Improvement 8%**
- **CSAs** Total Volume Eur 894 MM, annual consumption Eur 74.5 MM. **Improvement 12%**
- **Distribution Transformers** supply contract (4 years)
Total Volume Eur 72 MM, annual consumption Eur 18 MM. **Improvement 21%**

2003

- **Power Islands** Arcos III, Altamira V, Escombreras, La Laguna II.
Total Volume Eur 440 MM. **Improvement 13%**
- **Insulated Cable** supply contract
Total Volume Eur 39 MM, annual consumption Eur 18 MM. **Improvement 24%**

2004

- **Combined Cycle Power Island** Tamazunchale. **Improvement 33%**
- **Induction Meters** Total Volume Eur 14 MM. **Improvement 24%**
- **GIS** supply contract (2 years) Total Volume Eur 90 MM,
annual consumption Eur 45 MM. **Improvement 5%**

13

Most relevant operations



2005

- **Combined Cycle Power Island** Castellon IV. **Improvement 28%**

2006

- **Wind Turbine** supply contract (3 years)
Total Volume Eur 2,340 MM, annual consumption Eur 780 MM. **Improvement 7%**
- **Power Island** Messaied. Total Volume Eur 374 MM. **Improvement 4%**

2007

- **GIS** Supply Contract. Total Volume Eur 53 MM. **Improvement 6%**
- **Electronic Meters**. Total Volume Eur 7 MM. **Improvement 33%**
- **Fotovoltaic Modules**. Total Volume Eur 30 MM. **Improvement 12%**

14

Conclusion



Iberdrola procurements' policy ...

Involving the whole group

Seeking efficiency excellence

With positive impact in cash flow

... contributes to additional value creation

15