



IBERDROLA

Investor Day

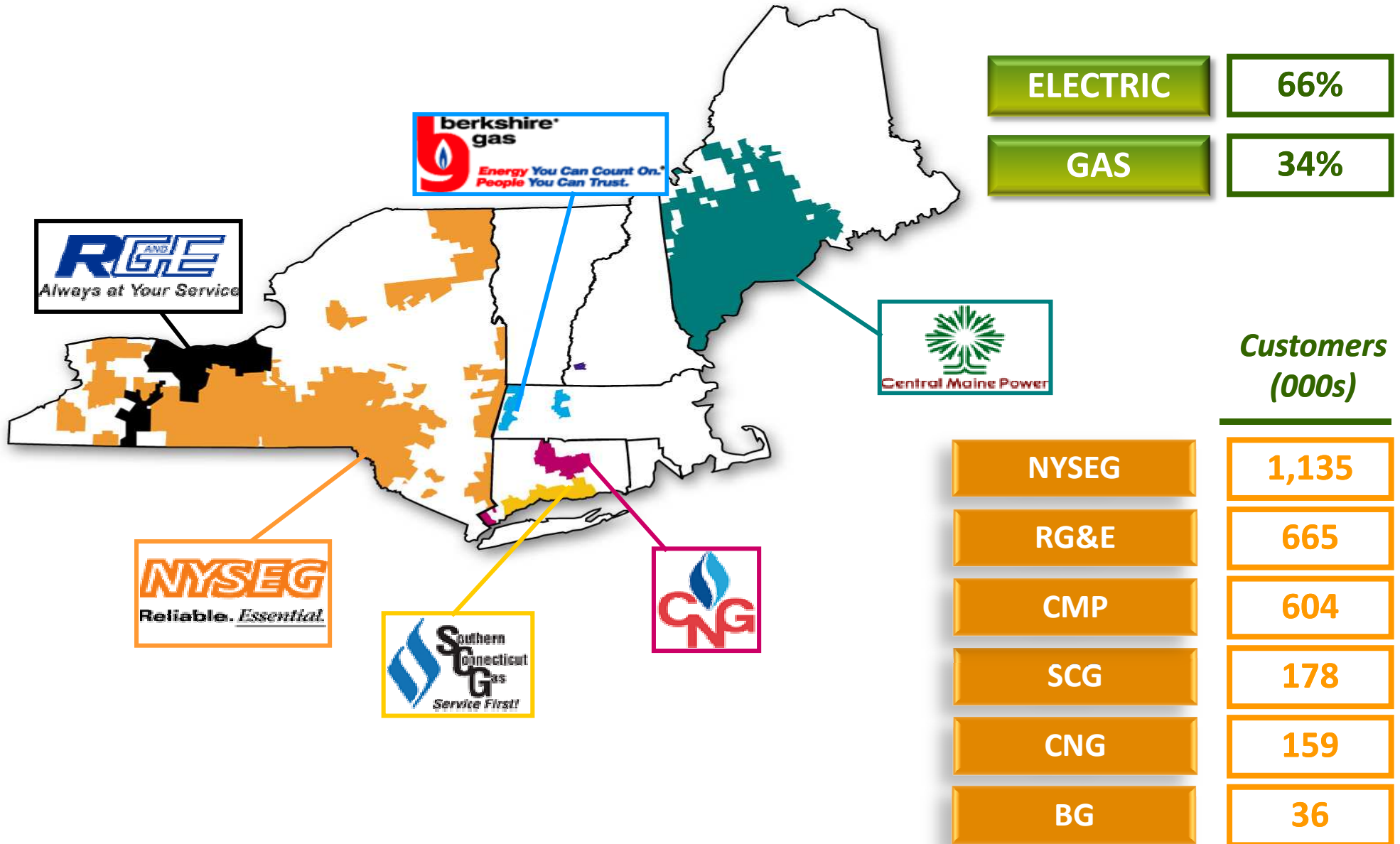
London. 24th February, 2010

Iberdrola USA

Bob Kump

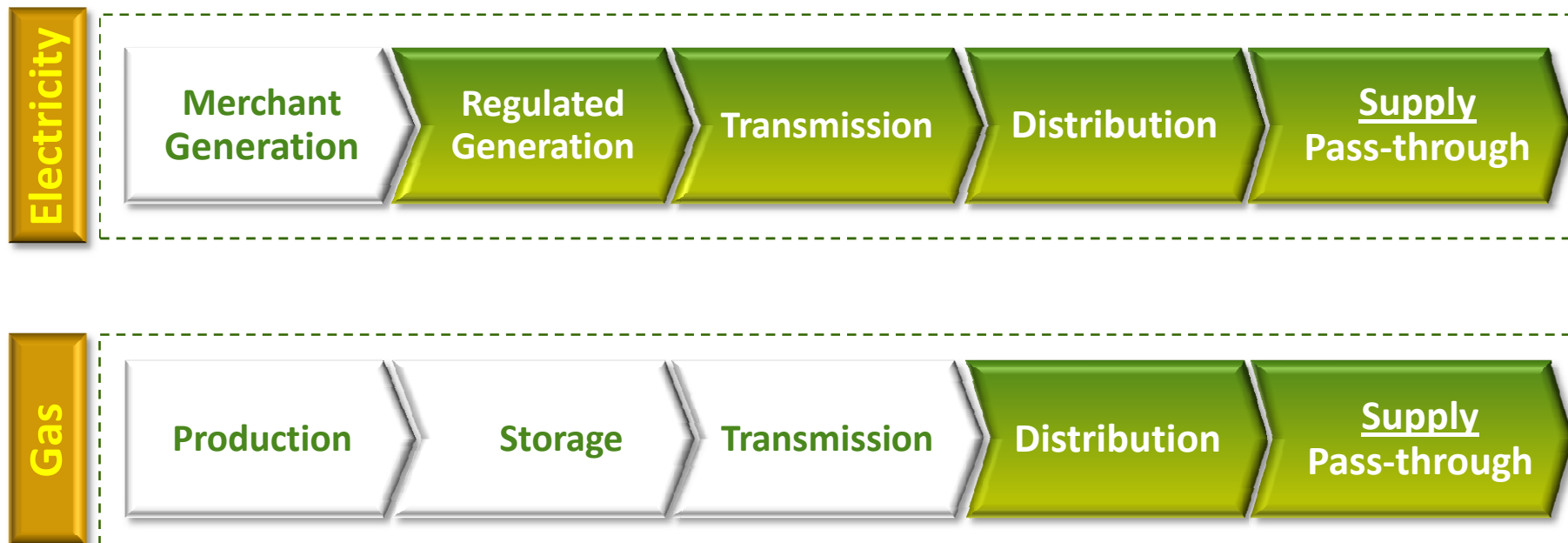
Kevin Walker

Service territory





A distribution and transmission business model...



...both regulated businesses



We are reinventing how we do business...

**New Senior Management Team in place
(matrix management approach)**

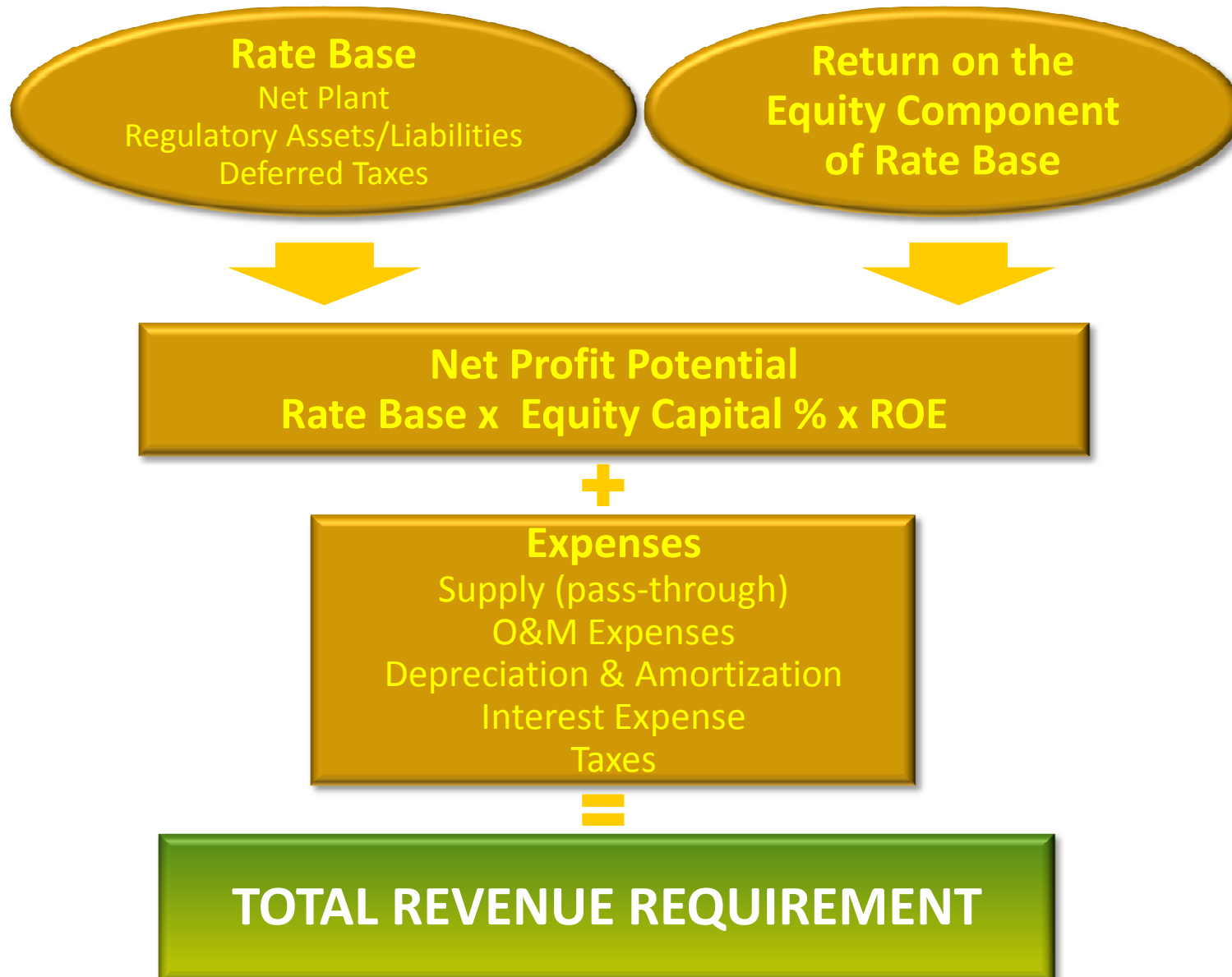
Establishing new relationships with regulators

Aggressive business transformation project initiated

Identifying attractive growth opportunities

...with a goal of being a top decile performer vs US peers

Earnings Drivers for Regulated Business



Electric utilities



	NYSEG*	RG&E*	CMP Transmission	CMP Distribution
Rate Base at 31 Dec 09 (million)	\$1,672	\$1,052	\$280	\$582
Equity	41.6%	Lower of 45.0% or Actual	Actual – 53%	Lower of 47.0% or Actual
ROE (after taxes) to Set Rates	9.55%	10.50%	11.64% / 12.89%	Assumed 9.8%
Earnings Sharing	None	50/50 over 12.25%	None	50/50 over 11.00%
2009 Earned ROE (after taxes)	5.48%	6.34%	12.84%	12.28%

NY ROE's lower than approved

* Transmission and Distribution revenue requirements are combined in New York

Gas utilities



	CNG	SCG	NYSEG	RG&E
Rate Base at 31 Dec 09 (million)	\$357	\$445	\$583	\$443
Equity	52.5%	52%	Lower of 45.0% or Actual	Lower of 45.0% or Actual
ROE (after taxes) to Set Rates	9.31%	9.36%	10.50%	10.50%
Earnings Sharing	None	None	50/50 over 12.50%	50/50 over 12.00%
2009 Earned ROE (after taxes)	5.20%	7.16%	10.83%	8.16%

ROE's lower than approved



Working closely with regulators

Benefits of "A" rating

Adequate ROE and Equity Ratio to support needed capital investments and bond rating objective

Efficiency sharing between customers and shareholders

Implementation of best practices to minimize rate impacts for consumers

CMP distribution rate plan



A five year agreement reached June 2008

Annual inflation price adjustments (CPI-1%)

11% ROE with sharing threshold (50/50 thereafter)

Protection from uncontrollable costs (e.g. storms)

Investments in AMI



New York companies are negotiating new rate cases...

Working on multi year agreement

**Address weak cash flows and lowest bond rating
In New York state**

Incent efficiencies through earning sharing beyond approved return

**Eliminate volatility through protection from
uncontrollable costs/sale variances**

...to address rates that have not increased in 15 years

What's different?



Sense of Urgency and Competitive Motivation

New Leadership Team

New Organizational Structure

Stronger Profit Focus

Deep Employee Engagement



Developing a high performance culture

Delivered quick wins on cutting expenditures

Reduced headcount by 321 people, 187 in the last 60 days

Announced voluntary early retirement program, 450 eligible

Over 120 people involved in business transformation

Strong message to employees that things must change

... and Competitive Motivation

Rapid Results Project Goals



Efficiency Improvement

RRP1 - Asset Management
Optimize the 2010 Capital Budget

RRP6 - Electric Field Operations
Increase Line Workforce Productivity

RRP2 - Customer Service
Reduce Front Office Contacts and
Associated Costs

RRP7 - Electric Field Operations
Increase Substation / System
Protection Workforce Productivity

RRP3 - Customer Service
Reduce Uncollectibles as a
Percentage of Revenue

RRP8 - Gas Field Operations
Increase Line Workforce Productivity

RRP4 - Customer Service
Reduce the Cost of Back Office

RRP9 - Supply Chain
Reduce the Fleet and Associated
Operating Costs

RRP5 - Customer Service
Reduce the Cost of Metering

RRP10 - Supply Chain
Reduce Materials Management Costs
and Number of Warehouses

Revenue Growth

RG1 – Services and Fees
Increase Revenue by Providing Core
Services

RG2 – Pole Attachment Fees
Implement New Tracking, Billing and
Collection Process

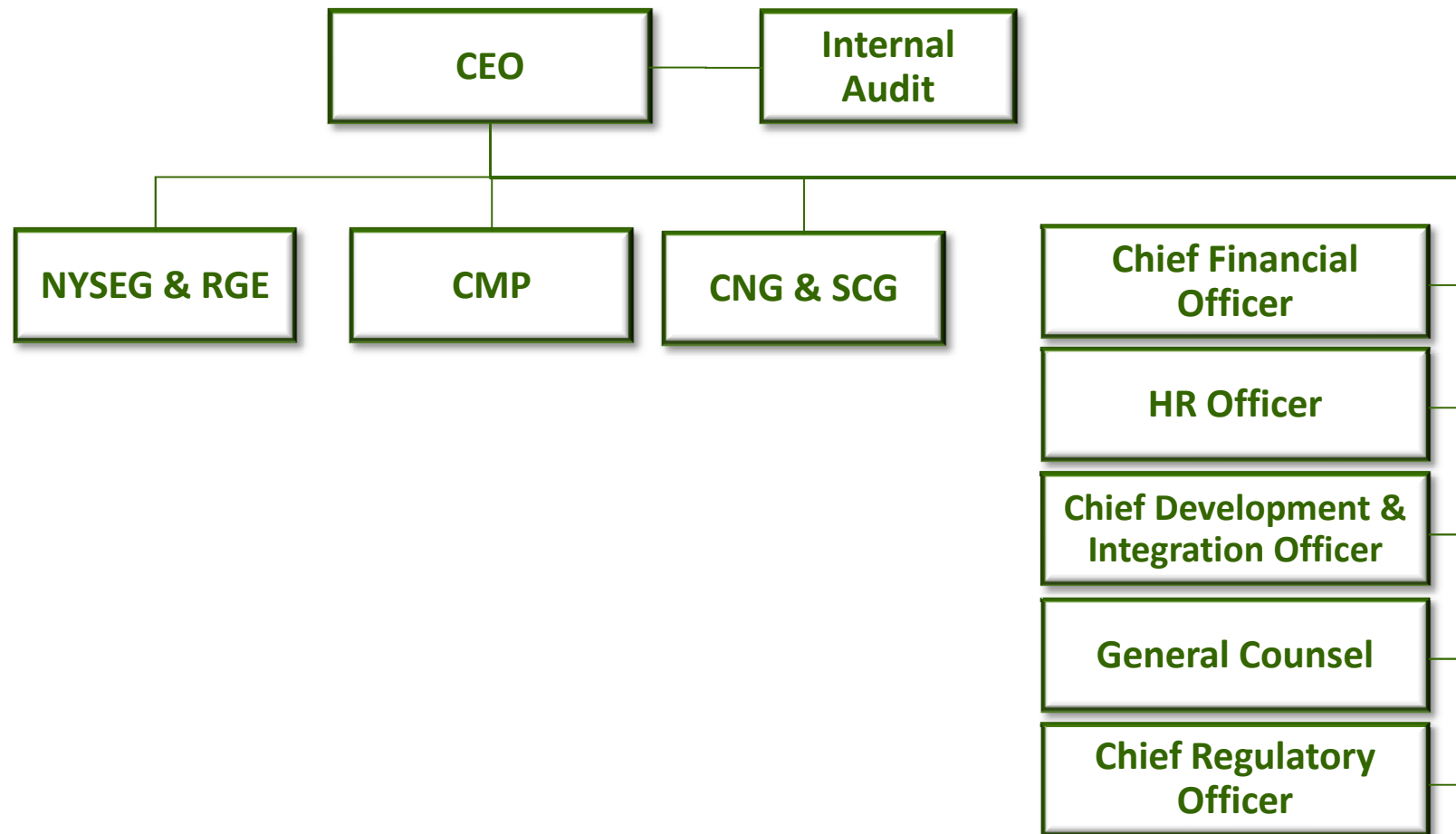
RG3 – Non-consumption Billing
Increase Non-Consumption Billing
and Collection

RG4 – Corporate Assets
Increase Revenue by Leveraging
Corporate Assets

New leadership team

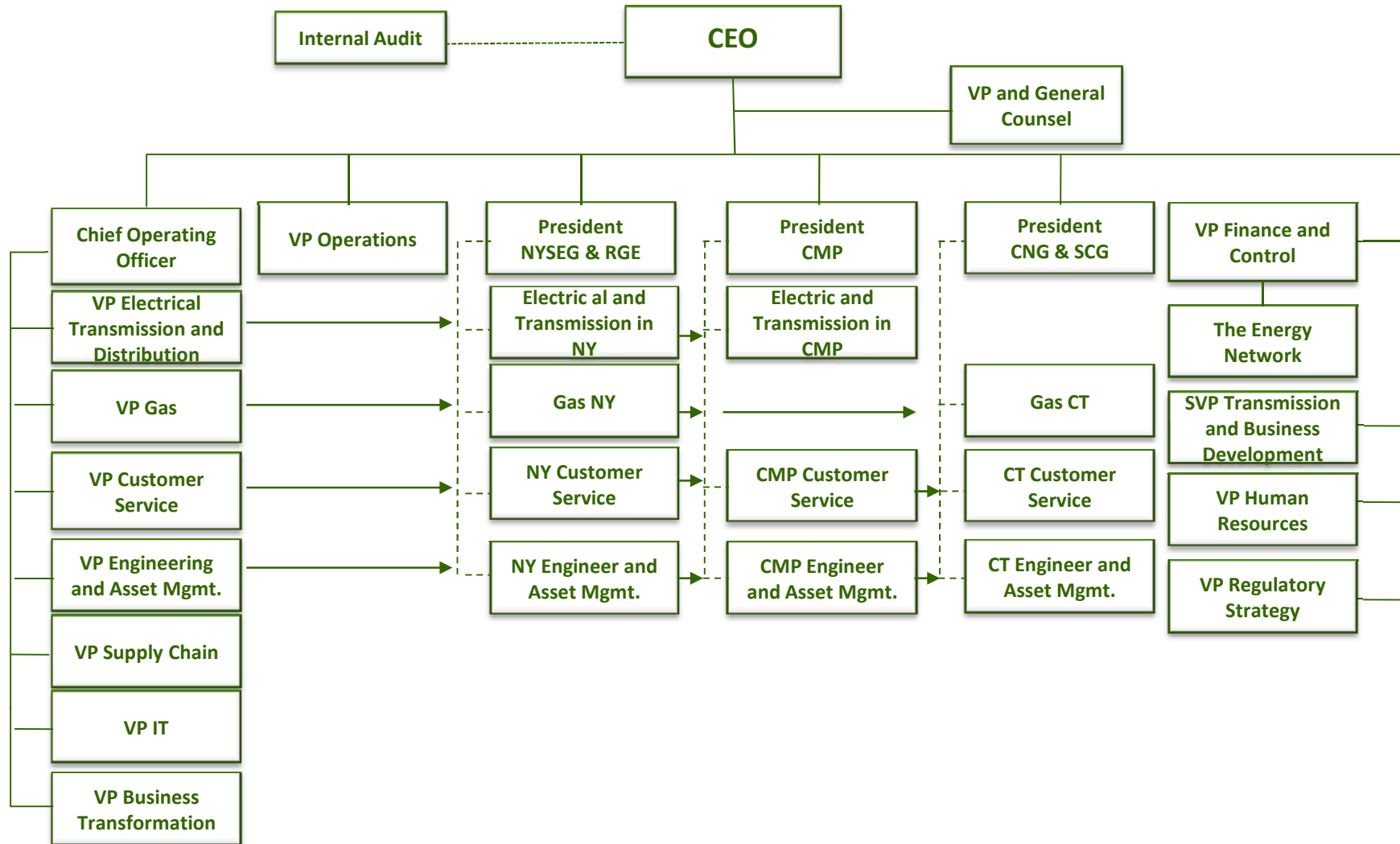


Old Organisation Structure



Moving from a silo structure by Company...

New leadership team



...to a New Functionally Integrated Matrix Organization

Maine Power Reliability Program



Background

Old System needs to be upgrade to comply with NERC Reliability Planning Standards

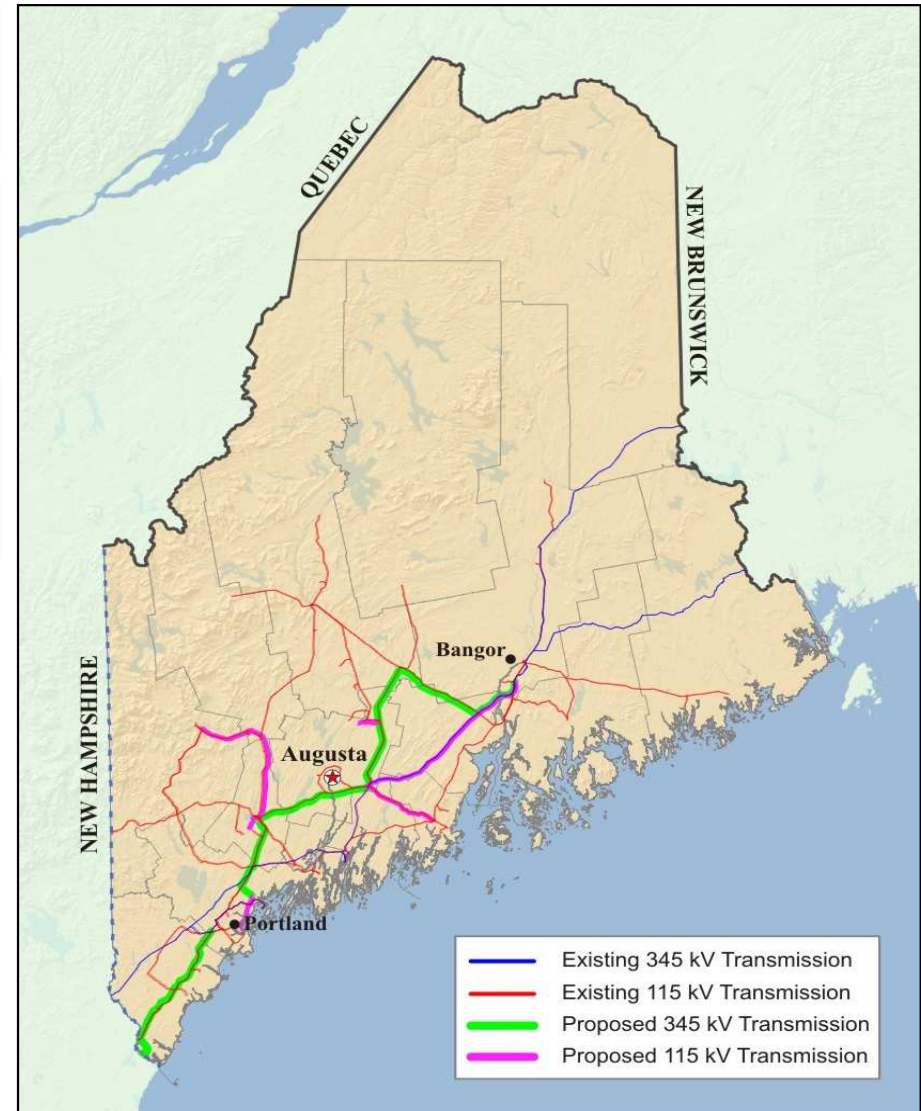
Planning studies show risks of major system outages within the planning horizon

Construction Scope

500 miles of transmission

6 new substations

11 major upgrades



Maine Power Reliability Program



Largest investment in over 20 years...

System Benefits

Increases throughput for development of renewable generation

Lowers energy prices across New England

Reduces transmission constraints

Reduces line losses

Investment

\$ 1.3 b investment anticipated

FERC jurisdictional 12.89% ROE

Final approvals expected in June

Current schedule carries project into 2015

...providing significant benefit to customers

Automated Meter Project (AMI)



Benefits

Utilization of private wide-area broadband network

Will support data collection and future smart grid enhancements

Operational efficiency gains

Compliance with Merger Order

Investment

\$ 164 M distribution investment anticipated at Central Maine Power

\$ 96 M Department of Energy grant awarded (2nd largest in US)

3 year deployment of 600,000 meters for all customers

Final stages of Maine regulatory approval

Milestones

4Q 2010
1st meter deployed

2Q 2011
Beginning operations savings

1Q 2012
Complete deployment

4Q 2012
Complete research study



New management team committed to “Righting the Ship” ...

Business Transformation effort will achieve “best in class” performance

Growth initiatives will increase rate base 30+% over next 5 years

Improved financial performance will enable “A” bond rating objective

Key is regulatory agreements (particularly in NY) that enables this transformation to succeed and shares the benefits between customers and investors

...and becoming a platform for growth in the U.S