

**IBERDROLA**

***MORGAN STANLEY DEAN WITTER  
ELECTRICITY SEMINAR***

***Hotel Eurobuilding, Madrid  
April 24<sup>th</sup>, 2001***



1. History of Value Creation (1994-2000)
2. Strategic Basis for Profitable Growth
3. Businesses Development: Plans and Actions  
2001-2005
4. Conclusions



IBERDROLA

1. History of Value Creation (1994-2000)
2. Strategic Basis for Profitable Growth
3. Businesses Development: Plans and Actions  
2001-2005
4. Conclusions



IBERDROLA

# 1. History of Value Creation (1994-2000)

## 2000 Results

2000 Results show a record figure in Net Income with a growth rate higher than our 2000-2002 commitment.

	<u>2000 (M Euro)</u>	<u>% 00/99</u>
<b>Net Sales</b>	7,048.24	12.9%
<b>Gross Margin</b>	3,032.60	3.6%
<b>EBITDA</b>	1,998.47	4.6%
<b>EBIT</b>	1,224.89	4.1%
<b>Ordinary Income</b>	1,093.45	15.3%
<b>Net Income</b>	<b>852.36</b>	<b>16.7%</b>

2000-2002 Annual Net Income growth commitment 12-15%

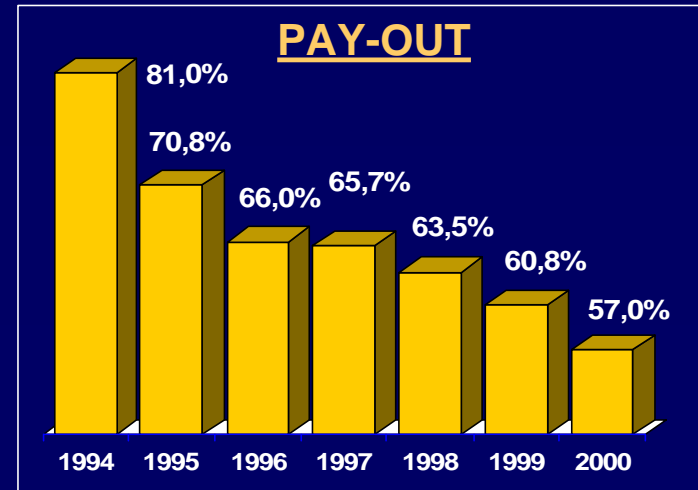
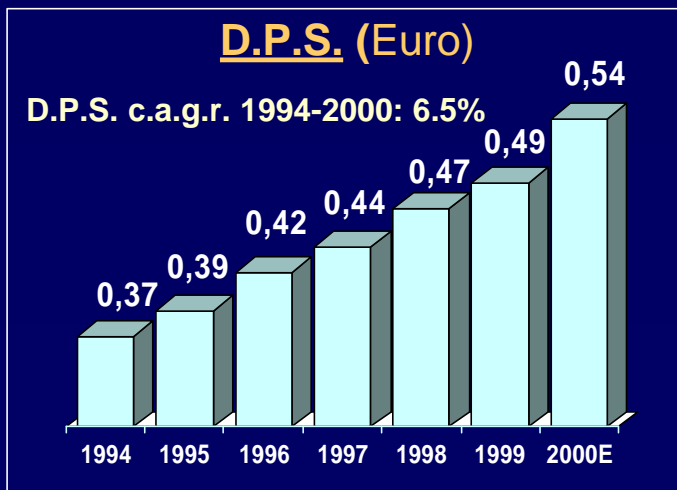

**IBERDROLA**

# 1. History of Value Creation (1994-2000)

2000 Results confirm the solid and profitable growth of Iberdrola in the period  
1994-2000...

	<u>1994</u>	<u>2000</u>	<u>CAGR 00/94</u>
<b>Net Income (M Euro)</b>	417.8	852.4	+ 12.7%
<b>EPS (Euro)</b>	0.45	0.95	+ 13.1%
<b>Cash Flow (M Euro)</b>	1,112	1,628	+ 6.5%
<b>ROE</b>	7.9%	11.6%	
<b>ROA</b>	2.1%	4.4%	

...which has allowed us to follow a firmly growing and prudent dividend policy...

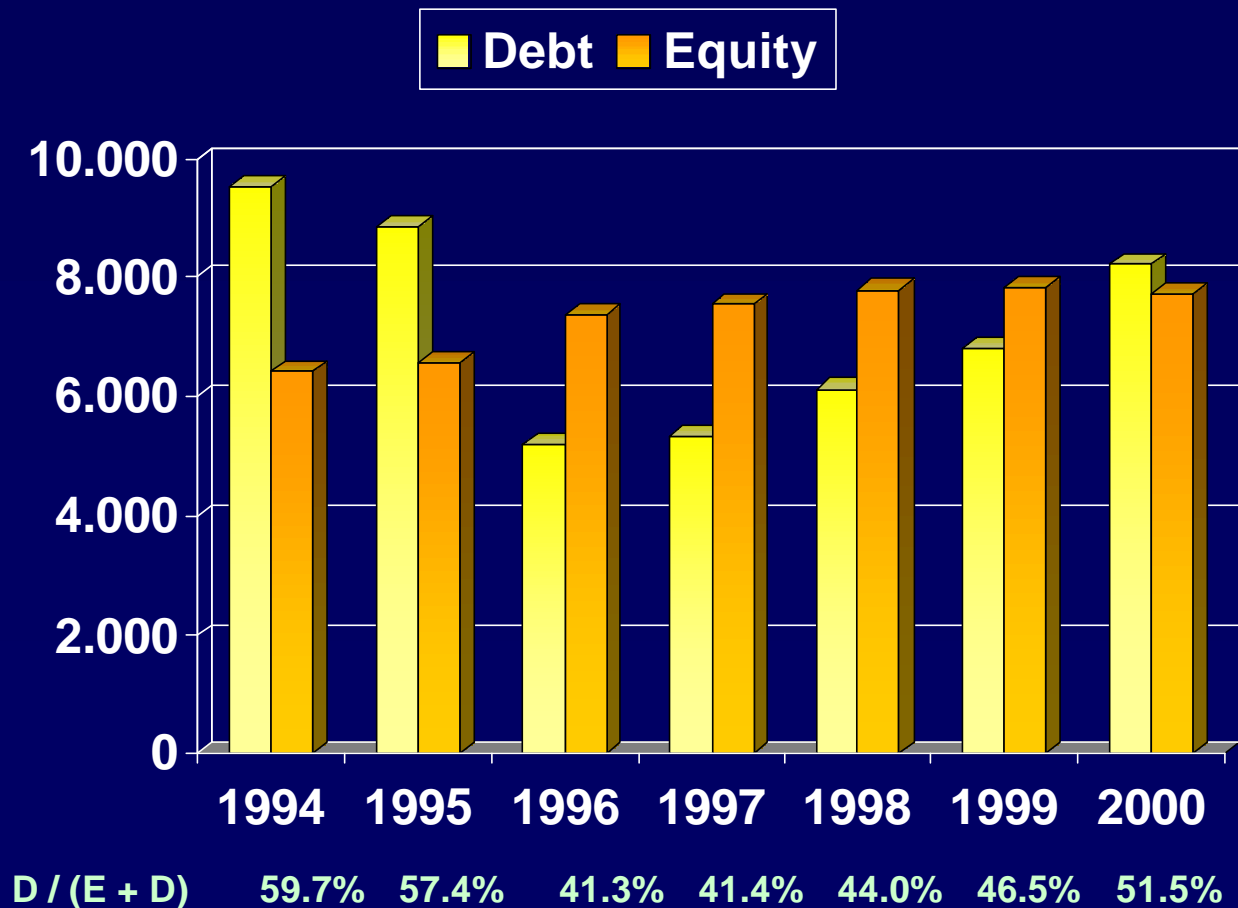




IBERDROLA

# 1. History of Value Creation (1994-2000)

...maintaining a sound financial structure.



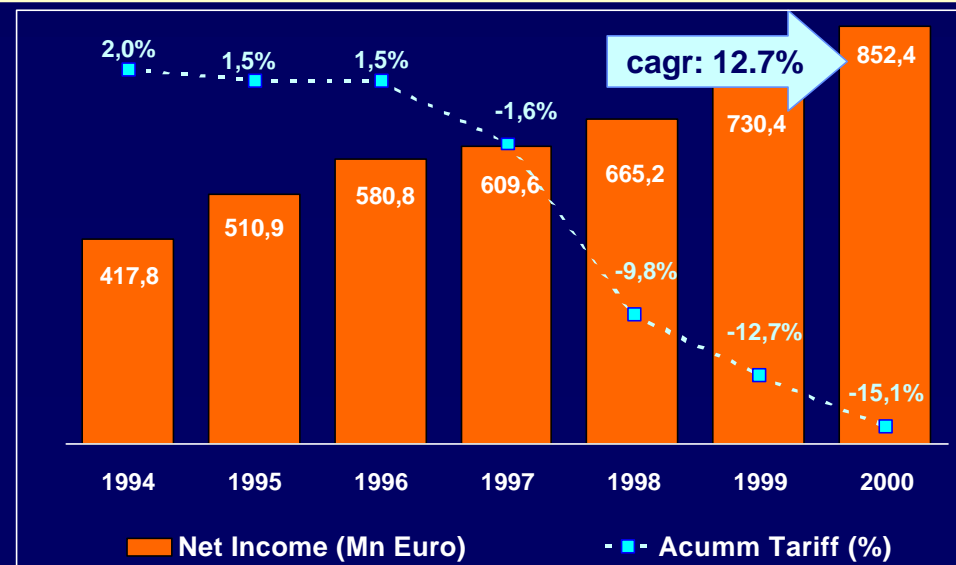

**IBERDROLA**

# 1. History of Value Creation (1994-2000)

All these financial achievements have been possible thanks to our positive operative evolution ...

	<u>1994</u>	<u>2000</u>	<u>CAGR 00/94</u>
<b>Electricity customers (MM)</b>	7.7	15.2	+ 11.9%
<b>Sales (GWh in Spain)</b>	51,896	69,912	+ 5.1%
<b>Sales / Employee (GWh in Spain)</b>	3.83	6.45	+ 9.1%
<b>MW / Employee</b>	1.18	1.48	+ 3.8%

... that has overcome the decreasing tariff path in the domestic market.

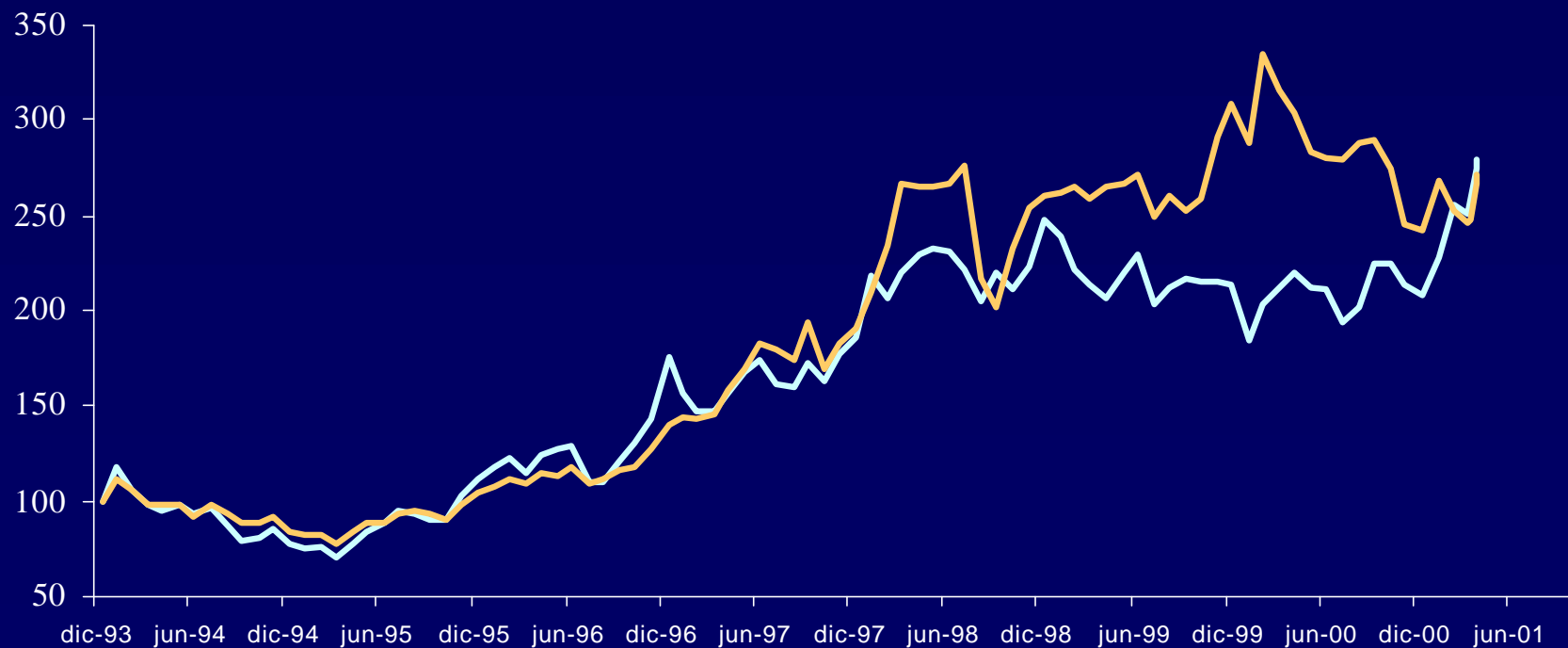


# 1. History of Value Creation (1994-2000)



Financial Markets have reflected this positive evolution

	<u>Jan 1994</u>	<u>April 2001</u>	<u>01/94</u>
<b>Market Cap (M Euro)</b>	5,696	15,471	x 2.79
	<b>IBEX-35 1994-2001:</b>		x 2.71



Basis 100: 31/12/1993  
Last Change: 18/04/2001

— Iberdrola — Ibex 35




**IBERDROLA**

# 1. History of Value Creation (1994-2000)

Today, Iberdrola is one of the world largest electricity utilities.

<i>Market Cap Top 20</i>		Market Cap 18/04/2001	Δ % in 2001	PER 2001
(M Euro)				
Enron Corp CS	Us	50.212	-22,6%	32,3 x
Enel	It	45.958	-8,5%	25,0 x
E.On	De	44.272	-9,1%	16,5 x
Tokyo Electric Power Co	Jp	35.732	-0,4%	18,4 x
Duke Energy Corp	Us	35.722	5,6%	17,9 x
Suez Lyonnaise Des Eaux	Fr	34.575	-10,8%	17,5 x
Aes	Us	27.501	10,8%	22,5 x
Southern Co	Us	27.331	12,5%	17,1 x
Rwe	De	24.237	-0,5%	16,2 x
Exelon Corp	Us	23.549	66,3%	14,6 x
Endesa	Es	20.042	4,3%	13,1 x
Dominion Resources Inc	Us	17.554	1,4%	16,3 x
Reliant Energy CS	Us	16.002	11,5%	14,0 x
<b>Iberdrola</b>	<b>Es</b>	<b>15.471</b>	<b>28,5%</b>	<b>16,7 x</b>
Electrabel	Be	13.790	4,9%	15,1 x
Scottish Power	Gb	13.748	-11,2%	13,6 x
Txu Corp	Us	12.022	-9,6%	11,1 x
Fpl Group	Us	11.790	-15,5%	12,8 x
Edp	Pt	9.750	-7,7%	16,2 x
Entergy	Us	9.551	1,4%	12,4 x



IBERDROLA

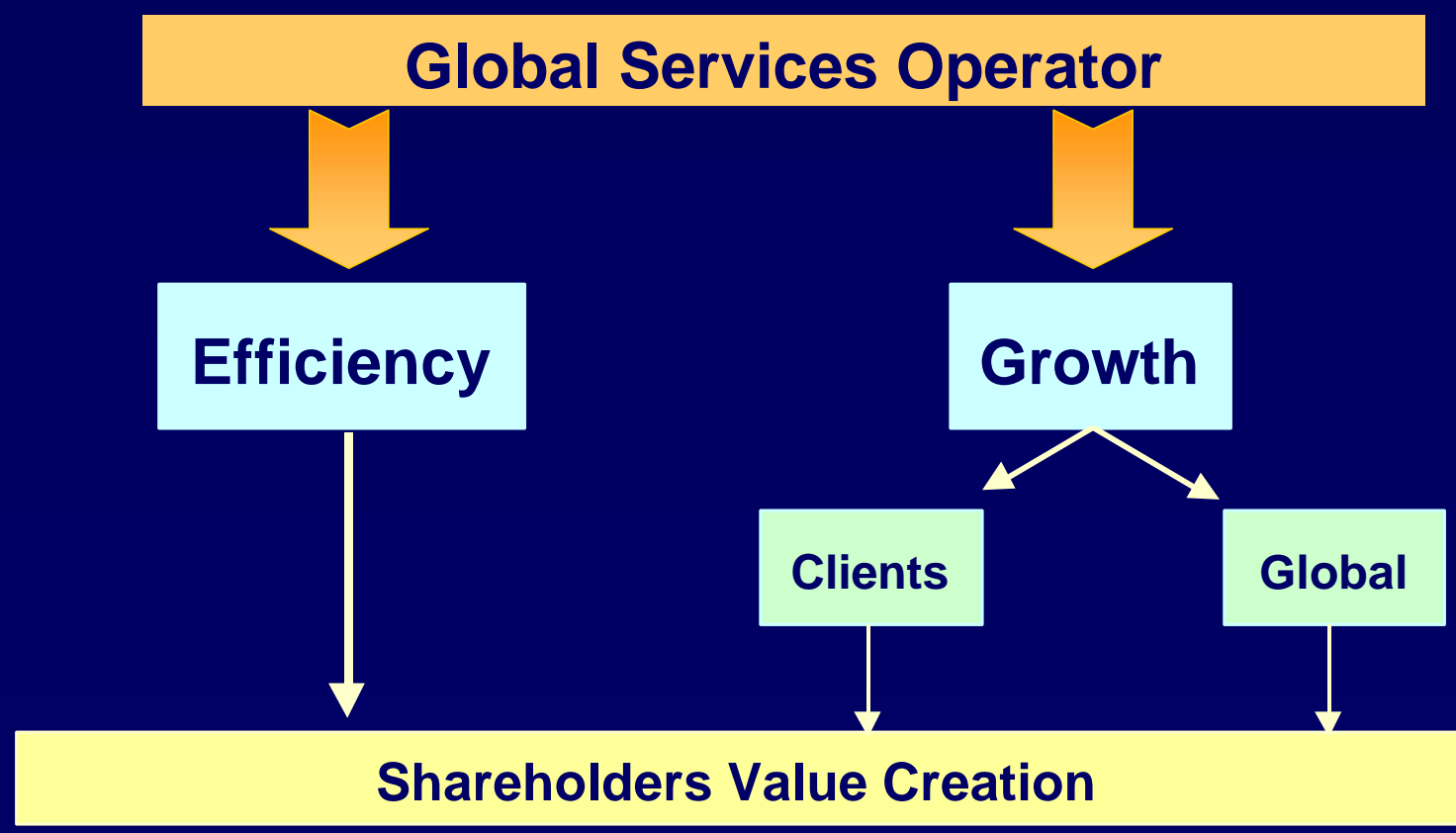
1. History of Value Creation (1994-2000)
- 2. Strategic Basis for Profitable Growth**
3. Businesses Development: Plans and Actions  
2001-2005
4. Conclusions



**IBERDROLA**

## 2. Strategic Basis for Profitable Growth

Iberdrola's strategic aim is to become a Global Services Operator through a profitable growth that implies both a geographic expansion and a diversification of products and services to clients.





**IBERDROLA**

# 2. Strategic Basis for Profitable Growth

In the implementation of this strategy, Iberdrola has expanded its activities with two basic lines of action.

### • FOCUS GROWTH IN FOUR BUSINESSES:

Energy	Grids	Commercial	New Technologies
Electricity Generation, Energy Trading and Wholesale Water Services	Infrastructure and Distribution of electricity, gas and water	Supply of electricity, gas and other services to clients	Telecom. Infrastructures, Internet and contents

### • CONSOLIDATE THREE GEOGRAPHIC PLATFORMS OF DEVELOPMENT:

Spain/Europe



South America



Nafta





IBERDROLA

## 2. Strategic Basis for Profitable Growth

In the period 1994-2000, Iberdrola has successfully developed cost reduction plans and actions that have given the company an efficiency leadership.

- As a continuation of this, Iberdrola is designing a Cost Reduction Plan for the period 2001-2005: Optimus Plan.
- The Plan will affect:
  - External services
  - Personnel expense
  - Corporate building and offices optimisation
  - Internal information systems efficiency

2001

2002

2003

2004

2005

Objective: 3%-4% Annual Improvement of Net Income



IBERDROLA

1. History of Value Creation (1994-2000)
2. Strategic Basis for Profitable Growth
- 3. Businesses Development: Plans and Actions  
2001-2005**
4. Conclusions



## 3. Businesses Development: Plans and Actions (2001-2005)

The main operative objectives of each of our businesses are the following:

ENERGY	GRIDS	COMMERCIAL	NEW TECHNOLOGIES
<ul style="list-style-type: none"> <li>• Consolidate position as most profitable generator in Spain.</li> <li>• Reduce generation sales gap in Spain: CCGT Plan.</li> <li>• Consolidate IPP leadership in Mexico and develop other businesses in NAFTA platform.</li> <li>• Develop generation projects to reinforce South America platform.</li> <li>• Consolidate Spanish renewables leadership and expand internationally.</li> <li>• Relevant player in gas, energy trading, integrated energy services and wholesale water services.</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidate current position in electricity distribution in Spain.</li> <li>• Consolidate our position in electricity Brazilian market.</li> <li>• Develop electricity distribution activities in NAFTA platform.</li> <li>• Develop existing opportunities in Spanish and Latin American gas distribution sectors.</li> <li>• Expand our position in Spanish and Latin American water sectors.</li> </ul>	<ul style="list-style-type: none"> <li>• Reinforce current position in Spanish electricity supply market.</li> <li>• Strong development of Internet as new channel of supply.</li> <li>• Diversification of products and services: gas, distributed generation, electrotechnologies, domestic appliances and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidate and develop existing telecom infrastructure in Spain.</li> <li>• Reinforce positioning in Carriers' Carrier in Spain and develop in Latin America.</li> <li>• Active development of PLC.</li> <li>• Increasing presence in Internet and contents as key elements for our commercial strategy.</li> </ul>


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

Plans and actions already identified to achieve the objectives imply a total investment of 8,650 M Euro

ENERGY (M Euro)	GRIDS (M Euro)	COMMERCIAL (M Euro)	NEW TECHNOLOGIES (M Euro)
<ul style="list-style-type: none"> <li>• Electricity Generation 3,800               <ul style="list-style-type: none"> <li>- Spain 1,400                   <ul style="list-style-type: none"> <li>• CCGTs 1,100</li> <li>• Recurrent 300</li> </ul> </li> <li>- Nafta 2,000</li> <li>- S. America 400</li> </ul> </li> <li>• Renewables 1,400</li> <li>• Trading 10</li> <li>• Energy Services and Cogen 590</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity Distribution 1,650               <ul style="list-style-type: none"> <li>- Spain 1,200                   <ul style="list-style-type: none"> <li>• New distribution 30</li> <li>• Recurrent 1,170</li> </ul> </li> <li>- S. America 450</li> </ul> </li> <li>• Gas Distribution 300               <ul style="list-style-type: none"> <li>- Spain 200</li> <li>- S. America 100</li> </ul> </li> <li>• Water 500               <ul style="list-style-type: none"> <li>- Spain 200</li> <li>- S. America 300</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• New Product and Services Development 50</li> </ul>	<ul style="list-style-type: none"> <li>• Carriers' Carrier 90</li> <li>• Internet &amp; Telecom 70</li> <li>• Services &amp; Contents 190</li> </ul>
<b>TOTAL 5,800</b>	<b>TOTAL 2,450</b>	<b>TOTAL 50</b>	<b>TOTAL 350</b>





# 3. Businesses Development: Plans and Actions (2001-2005)

## Investments 2001-2005 by Geographic Platforms

<b>Spain</b>	5,400 M Euro Growth 3,930 M Euro Recurrent 1,470 M Euro
<b>NAFTA</b>	2,000 M Euro
<b>South America</b>	1,250 M Euro
<b>TOTAL</b>	<b>8,650 M Euro</b>

# 3. Businesses Development: Plans and Actions (2001-2005)

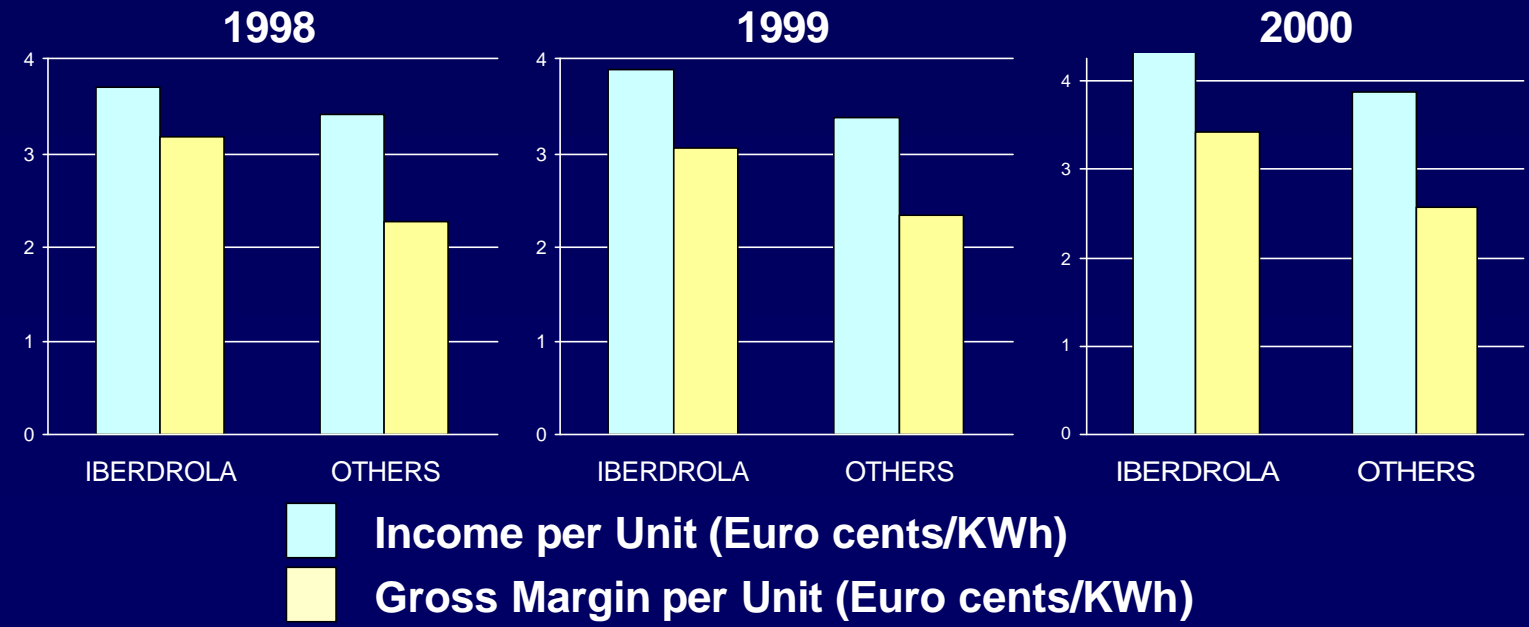


ENERGY	GRIDS	COMMERCIAL	NEW TECHNOLOGIES	OTHER
--------	-------	------------	------------------	-------

- Consolidation of Spanish Generation Market position
- New CCGTs in Spain
- NAFTA and South America
- Renewables
- Gas
- Energy Services

Thanks to its generation mix, Iberdrola is Spanish cheapest generator and has the highest margins of the sector.

## Spanish Generation Wholesale Market



Average 1998-2000

**11.5%** Higher Income per Unit than its peers in Spain  
**34.6%** Higher Gross Margin per Unit than its peers in Spain


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

 Consolidation of  
Spanish Generation  
Market position

**New CCGTs in  
Spain**

 NAFTA and  
South America

Renewables

Gas

Energy Services

Iberdrola is implementing an Expansion Capacity Plan to build 2,800 MWs CCGTs in Spain.

- Total Investment: 1,100 M Euro.
- Expected generation in 2005 equivalent to 50% of total current Iberdrola production.
- Reduction of generation-sales gap.


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

 Consolidation of  
Spanish Generation  
Market position

 New CCGTs in  
Spain

**NAFTA and  
South America**

Renewables

Gas

Energy Services

### NAFTA



- Iberdrola consolidates its IPPs leadership in Mexico investing 2,000 M Euro for the development of 3,000 MWS already awarded.
- Expected generation in 2003 represents almost 50% of total current Iberdrola production.

### South America



- Iberdrola develops three generation projects in North East Brazil (1,260 MWs) linked to our distribution companies.
- Iberdrola total investment: 400 M Euro.


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

 Consolidation of  
Spanish Generation  
Market position

 New CCGTs in  
Spain

 NAFTA and  
South America

**Renewables**

Gas

Energy Services

Iberdrola consolidates its leadership in renewables in Spain with the **Green Energy Plan**, which aims to:

- Corporate restructuring to create a strong **Renewables Group** that could eventually be listed.
- Reinforce expansion plans: 1,400 M Euro Total Investment:
  - Eolic in Spain:
    - Total MW 2005: 3,199
    - Total GWh 2005: 7,368

Strong international development:

- Europe
- NAFA
- South America
- North Africa


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

 Consolidation of  
Spanish Generation  
Market position

 New CCGTs in  
Spain

 NAFTA and  
South America

Renewables

**Gas**

Energy Services

Iberdrola intends to be a relevant player in a competitive gas market that converges with electricity ...

### Objectives

- Obtain competitive gas for generation projects.
- Supply integrated energy services.
- Trading of gas and electricity.

### Actions

- Infrastructures: Bahía de Bizkaia and Sines (Portugal) regasification plants.
- Agreement Iberdrola-Eni/Snam:
  - Establishment of **Iberdrola Gas**: (Iberdrola 51% - Snam 49%): Trading and Marketing of gas. **Objective: 20-25% market quota in 2005.**
  - Gas Supply contract for Castellón and Castejón CCGTs (1.5 bcma).
- Gas Natural Divestments:
  - Algeria Contract
  - Enagas

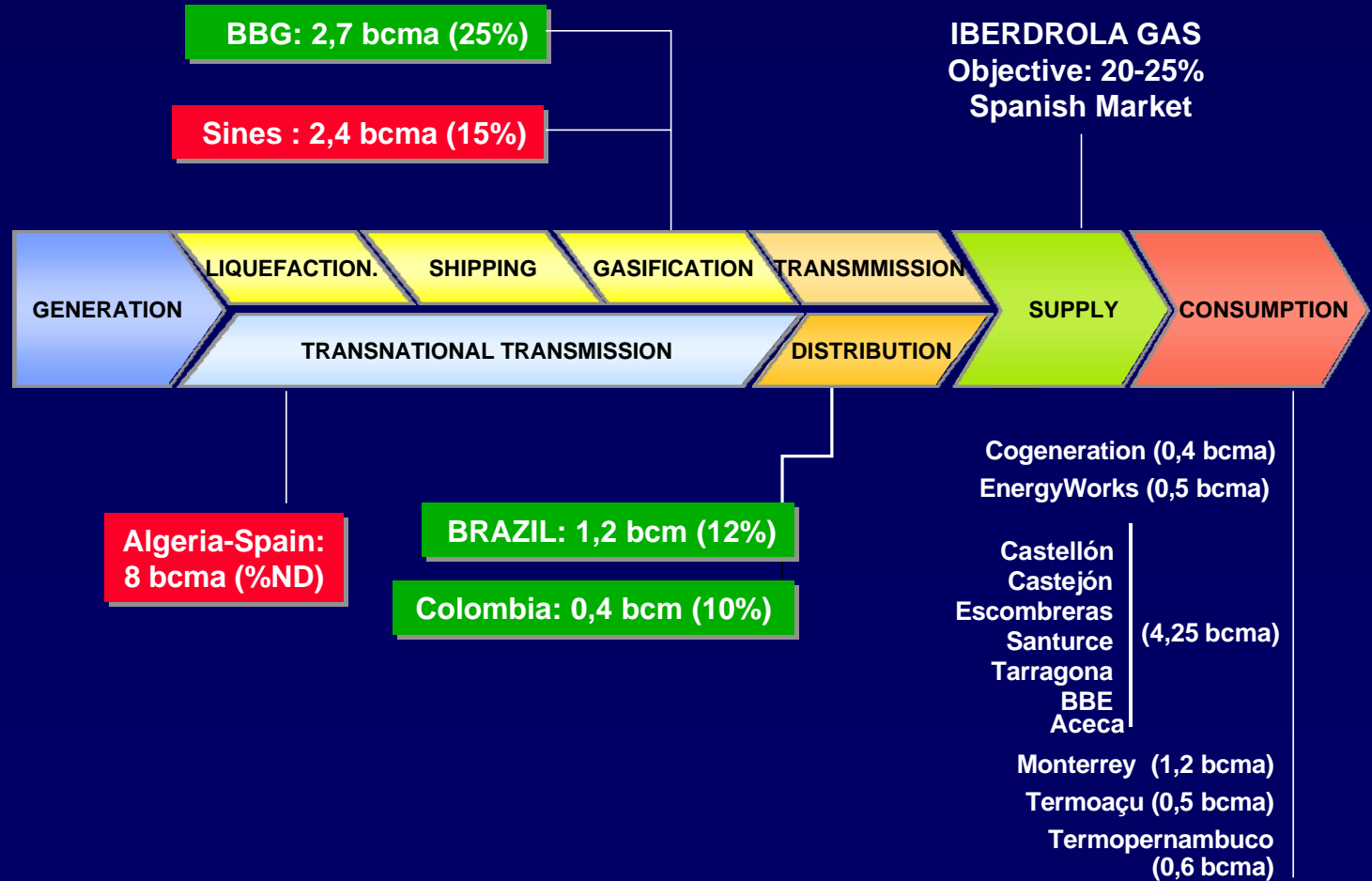
# 3. Businesses Development: Plans and Actions (2001-2005)



<b>ENERGY</b>	<b>GRIDS</b>	<b>COMMERCIAL</b>	<b>NEW TECHNOLOGIES</b>	<b>OTHER</b>
---------------	--------------	-------------------	-------------------------	--------------

... consolidating a significant positioning in the gas value chain.

- Consolidation of Spanish Generation Market position
- New CCGTs in Spain
- NAFTA and South America
- Renewables
- Gas**
- Energy Services



# 3. Businesses Development: Plans and Actions (2001-2005)

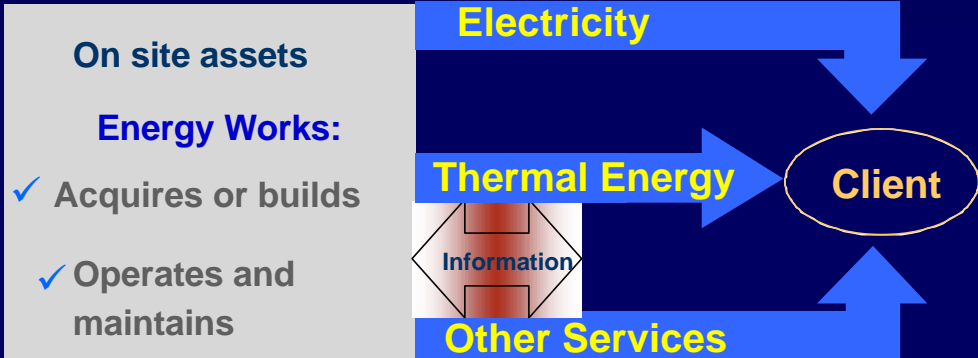


ENERGY	GRIDS	COMMERCIAL	NEW TECHNOLOGIES	OTHER
--------	-------	------------	------------------	-------

Consolidation of Spanish Generation Market position
New CCGTs in Spain
NAFTA and South America
Renewables
Gas
Energy Services

Energy Works is an energy services company with high growth potential offering innovative and integrated solutions to clients.

- 20 Contracted Projects (613 MW)
  - 11 Operating Plants (104 MW)
- Projects in USA, Brazil, Mexico and Spain



Iberdrola will invest 590 M Euro in the development and consolidation of Energy Works and cogeneration projects.

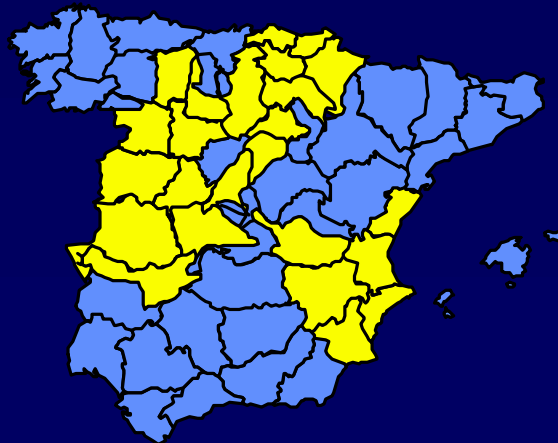
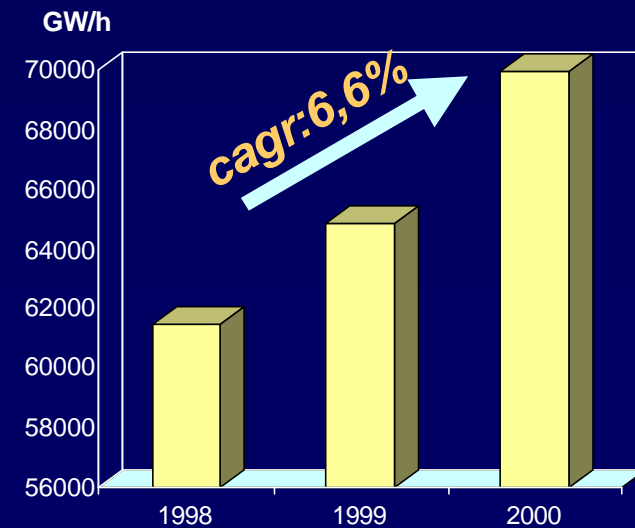



**IBERDROLA**

# 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**
**Consolidate  
current Domestic  
Position**
**Brazil**
**Gas Distribution:  
Spain**
**Gas Distribution:  
South America**
**Water**

In 2000, Iberdrola distributed 69,912 GWh to 8.8 million customers, 39% of the Spanish market.

Market

Energy


	<u>1998</u>	<u>2000</u>	<u>CAGR</u>
<b>GWh/Distribution employee</b>	10.8	12.9	9.5%
<b>Customer/Distribution employee</b>	1,470	1,623	5.1%

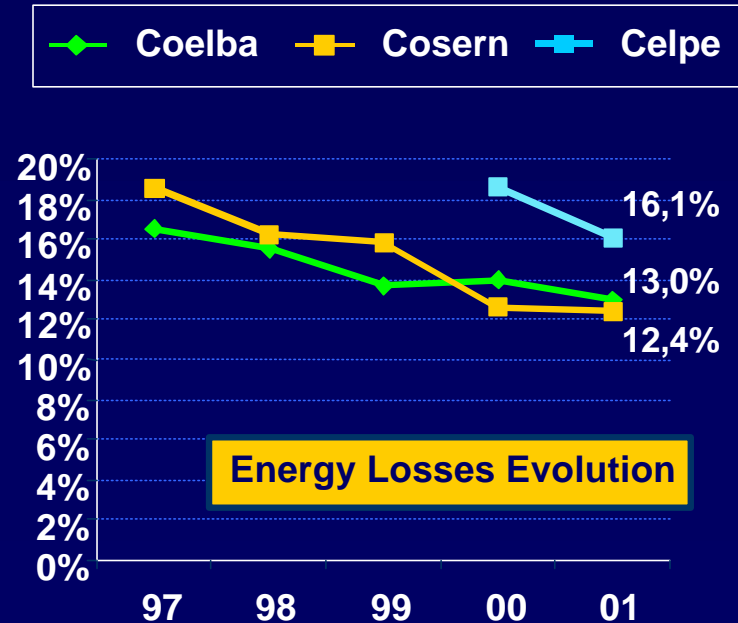
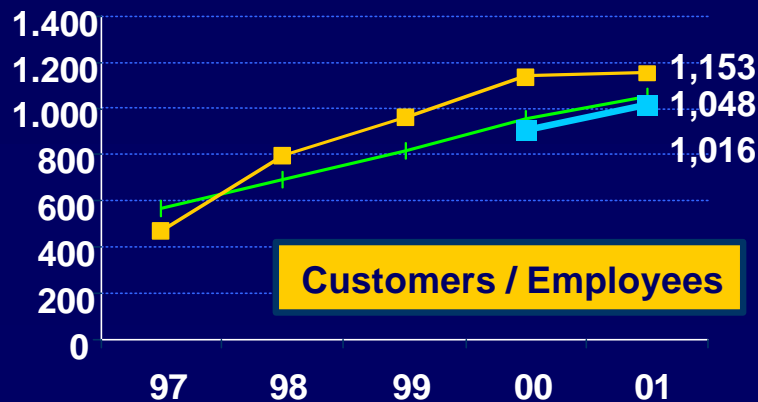
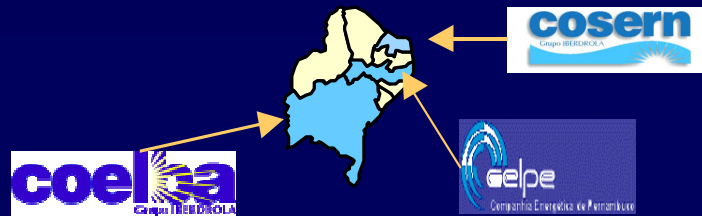
# 3. Businesses Development: Plans and Actions (2001-2005)



ENERGY	<b>GRIDS</b>	COMMERCIAL	NEW TECHNOLOGIES	OTHER
--------	--------------	------------	------------------	-------

Consolidate current Domestic Position
<b>Brazil</b>
Gas Distribution: Spain
Gas Distribution: South America
Water

With 5.2 Million customers, Iberdrola is the main electricity distributor in Brazil, with a market share of 10.9% and aprox. turnover of 1,200 M Euro.



Our position in these three companies allow us to optimise synergies amounting to 135 M Euro and develop industrial projects in the North East Region (46 million population, 13% Brazilian GDP).


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

 Consolidate  
current Domestic  
Position

Brazil

 Gas Distribution:  
Spain

 Gas Distribution:  
South America

Water

Iberdrola is present in the development of gas infrastructures in the Iberian Peninsula.

### Projects:

- Bahía de Bizkaia Regasification Plant: 2.7 bcma 25% Iberdrola
- Sines Regasification Plant in Portugal: 2.2 bcma 15% Iberdrola

### New Opportunities:

- Privatisation of Basque Country gas companies.
- Small gas distributors in Spain.


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

Consolidate  
current Domestic  
Position

Brazil

Gas Distribution:  
Spain

Gas Distribution:  
South America

Water

We optimise our current position in gas distribution in South America, expanding to North Eastern Brazil and completing a multiutility profile in the region.

### Current Gas Investments in South America

#### COLOMBIA

Gas Natural de Bogotá  
Customers: 700,000  
Ownership: 15.78%



#### BRAZIL

CEG Rio (Rio de Janeiro State) and CEG (Rio de Janeiro City)  
Customers: 575,000  
Ownership: 13.12% and 9.87%

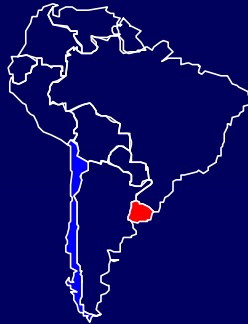
Some of our current investments may eventually be swapped with gas assets in NAFTA (Monterrey area).


**IBERDROLA**

# 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**
**Consolidate  
current Domestic  
Position**
**Brazil**
**Gas Distribution:  
Spain**
**Gas Distribution:  
South America**
**Water**

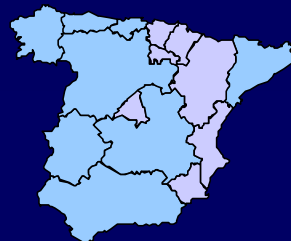
Iberdrola is present in the water sectors of Spain and South America, serving 500,000 customers


**SOUTH AMERICA**
ESSAL (Chile)

Customers: 227,971  
Mill Cubic meters sold: 49,6  
Ownership: 51,0% IBE

Aguas de Maldonado (Uruguay)

Customers: 48,346  
Mill Cubic meters sold: 7.2  
Ownership: 49,0% IBE


**SPAIN**
Pridesa (\*)

Customers: 90,000  
Mill Cubic meters sold: 13,1  
Ownership: 100% IBE

Ondagua

Customers: 116,000  
Mill Cubic meters sold: 20.2  
Ownership: 100% IBE

(\*) World Leadership in Water Desalination

Iberdrola will invest 500 M Euro in new acquisitions


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**
**Electricity:  
Reinforce Current  
Position in Spain**
**Diversification of  
Channels: New  
Technologies**
**Diversification of  
Products and  
Services**

Iberdrola will reinforce current position in the electricity supply market capturing new customers with margin.

- In a full market liberalisation scenario, with no regulated prices, Iberdrola redesigns its commercial strategy:
  - Overall electricity business vision.
  - Restructuring of customer base to maximise value creation .
  - Capture of additional quota if margin exists with electricity purchases to third agents.



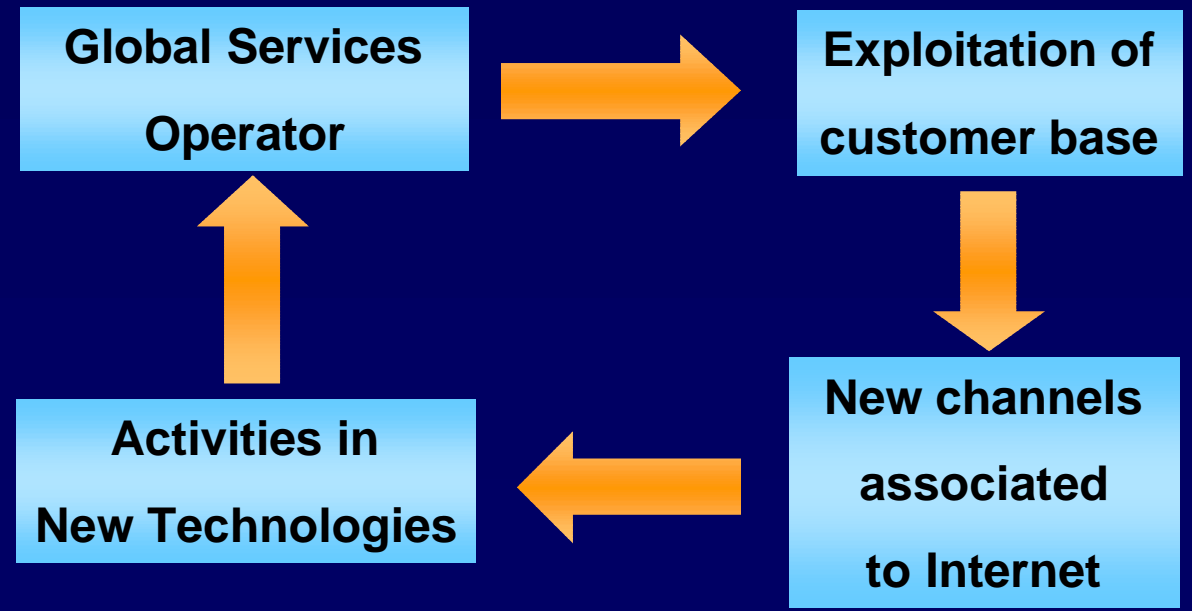
**IBERDROLA**

# 3. Businesses Development: Plans and Actions (2001-2005)

ENERGY	GRIDS	<b>COMMERCIAL</b>	NEW TECHNOLOGIES	OTHER
--------	-------	-------------------	------------------	-------

- Electricity Reinforce Current Position in Spain
- Diversification of Channels: New Technologies**
- Diversification of Products and Services

Internet is a new channel for supplying products and services to our clients that reinforces our Global Services Operator strategy.



New Technologies are a key element of our Commercial Strategy


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

Electricity  
Reinforce Current  
Position in Spain

Diversification of  
Channels: New  
Technologies

Diversification of  
Products and  
Services

Iberdrola is developing new products and services to satisfy new customer needs.

- Other Energy Products:
  - Gas Supply: Iberdrola Gas.
  - Distributed Generation.
- Electrotechnologies: Heating and climatisation.
- Domestic Products and Services: Appliances, financial products, insurance.
- Telecoms and Internet services and contents.

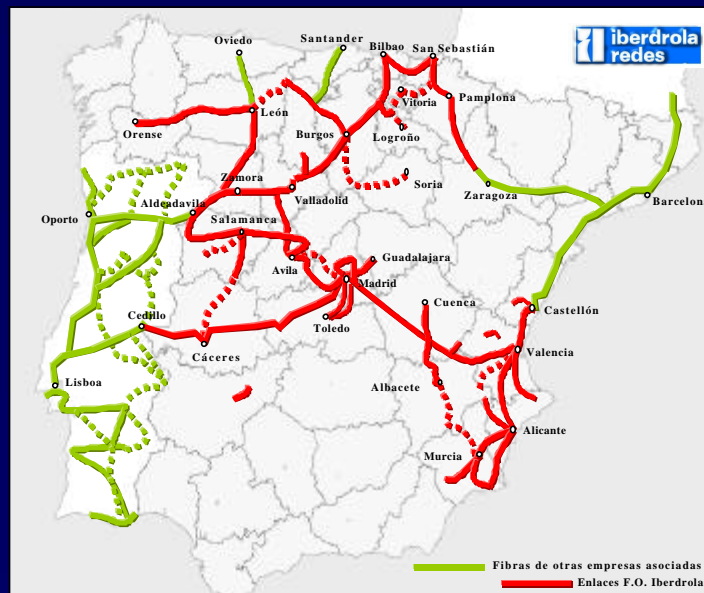



**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**
**Telecoms  
Infrastructure (I):  
Carriers' Carrier**
**Telecoms  
Infrastructure (II):  
LMDS in Spain**
**Telecoms  
Infrastructure (III):  
UMTS in Portugal**
**Telecoms  
Infrastructure (IV):  
PLC**
**Contents**

Iberdrola will invest 90 M Euro to continue expanding its optical fibre network.



### CURRENT POSITION

- 7,500 Kms in operation (end of 2001: 8,500 Kms).
- 11,500 Kms Network in operation, including networks of associated companies (end of 2001: 13,000 Kms).
- Access already available in Madrid, Barcelona, Valencia, Bilbao, Lisbon and Oporto.



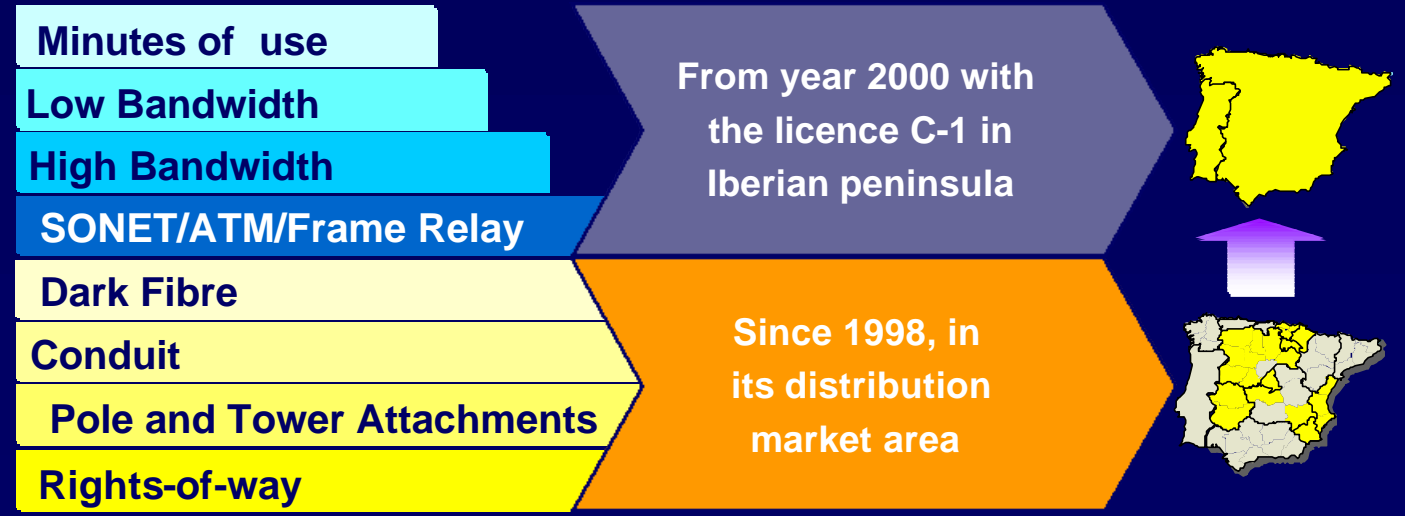
**IBERDROLA**

# 3. Businesses Development: Plans and Actions (2001-2005)

ENERGY	GRIDS	COMMERCIAL	<b>NEW TECHNOLOGIES</b>	OTHER
--------	-------	------------	-------------------------	-------

<b>Telecoms Infrastructure (I): Carriers' Carrier</b>
Telecoms Infrastructure (II): LMDS in Spain
Telecoms Infrastructure (III): UMTS in Portugal
Telecoms Infrastructure (IV): PLC
Contents

Iberdrola takes benefit of its optical fibre network offering services as Carriers' Carrier



- All main operators in Spain are already customers of Iberdrola
- Autonomy: Iberdrola is not conditioned by having an investment in fix telephony.


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

Telecoms  
Infrastructure (I):  
Carriers' Carrier

Telecoms  
Infrastructure (II):  
LMDS in Spain

Telecoms  
Infrastructure (III):  
UMTS in Portugal

Telecoms  
Infrastructure (IV):  
PLC

Contents

Iberdrola owns 38% of Abrared (Neo) which was awarded a LMDS licence in 2000.

- The 3,4-3,6 GHz band is ideally suited to serve households and small businesses.
- This technology is a perfect complement to the backbone optical fibre network.
- Iberdrola's investment 2001-05: 70 Million Euro

Abrared estimates to reach a break-even EBITDA in the second half of year 2002 and a positive net profit contribution in 2004.


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

Telecoms  
Infrastructure (I):  
Carriers' Carrier

Telecoms  
Infrastructure (II):  
LMDS in Spain

Telecoms  
Infrastructure (III):  
UMTS in Portugal

Telecoms  
Infrastructure (IV):  
PLC

Contents

Iberdrola own 8% of ONI WAY, a consortium awarded with a UMTS licence in Portugal

- Objective: UMTS leadership in Portugal
- National network coverage.
- One million clients in 2004.

A project in the framework of our co-operation with ONI


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**
**Telecoms  
Infrastructure (I):  
Carriers' Carrier**
**Telecoms  
Infrastructure (II):  
LMDS in Spain**
**Telecoms  
Infrastructure (III):  
UMTS in Portugal**
**Telecoms  
Infrastructure (IV):  
PLC**
**Contents**

Iberdrola is at the forefront of the development of PLC technology

- Iberdrola has signed a strategic agreement with NAMS (Nisko Advanced Metering Solutions Ltd.), an Israeli telecommunications firm, world leader in data transfer by power lines, to exclusively cooperate in Iberian Peninsula and Latin America.
- Iberdrola has developed with NAMS successful pilot experiences in Madrid at a speed of 2 Mbps and will begin experiences at a speed of over 10 Mbps.

In third quarter 2001, we will start commercialisation of Internet and voice service using the low voltage distribution network


**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

 Telecoms  
Infrastructure (I):  
Carriers' Carrier

 Telecoms  
Infrastructure (II):  
LMDS in Spain

 Telecoms  
Infrastructure (III):  
UMTS in Portugal

 Telecoms  
Infrastructure (IV):  
PLC

**Contents**

Iberdrola is currently positioned in contents production (MediaPark) and exploitation (Vevo TV)

- Mediapark has three business areas: management and production of contents for digital TV and Internet, own studios and facilities rental and events organisation.
- Vevo TV is a consortium awarded with a TDT licence.
- Quiero TV is the first TDT platform in Spain. It has 210.000 customers and offers internet access.



20%



19%



15%



Iberdrola intends to restructure and reinforce its position in contents, a key element for the commercial/new technologies strategy.


**IBERDROLA**

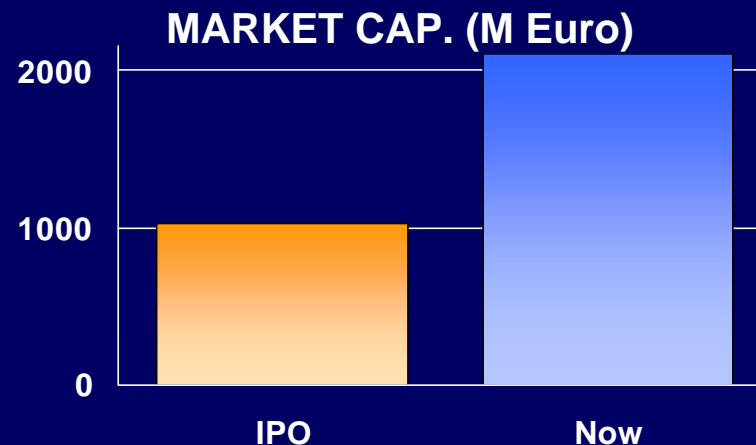
## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

Corporación IBV - 50% Iberdrola and 50% BBVA - holds stakes in companies that develop their activities in telecoms, energy, aeronautical, information technologies, electronics, automotion and services.

- Iberdrola's presence in Corporación IBV will be optimised through:
  - Further integration of activities (Core/Non Core).
  - Investment visibility (e.g. Gamesa's IPO)

### GAMESA



IBV holds a 44% stake in Gamesa



IBERDROLA

### 3. Businesses Development: Plans and Actions (2001-2005)

ENERGY

GRIDS

COMMERCIAL

NEW TECHNOLOGIES

OTHER

APEX is a Real Estate Company which ranks among Spanish leaders

- Activities:
  - Housing development
  - Rental
  - Lands
- ROE 1999: 18.6% (1<sup>st</sup> Spanish Sector)
- Revenues 1999: 156 M Euro (5<sup>th</sup> Spanish Sector)

Iberdrola considers corporate and financial alternatives to give visibility to APEX




**IBERDROLA**

## 3. Businesses Development: Plans and Actions (2001-2005)

**ENERGY**
**GRIDS**
**COMMERCIAL**
**NEW TECHNOLOGIES**
**OTHER**

Iberdrola has other relevant stakes that amount 1,700 M Euro and could eventually be divested when strategic and market conditions are given.

<u>Company</u>	<u>Market Value</u> (M Euro)
REPSOL YPF	840
EDP	400
TELEFONICA	380
TELEFONICA MÓVILES	15
PORTLAND	65
<b>TOTAL</b>	<b>1.700</b>

Assets managed for value



IBERDROLA

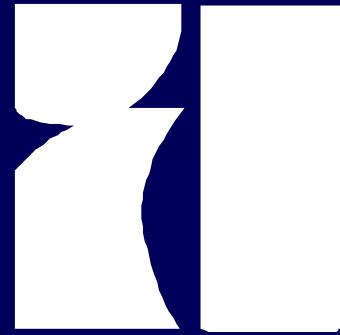
---

1. History of Value Creation (1994-2000)
2. Strategic Basis for Profitable Growth
3. Businesses Development: Plans and Actions  
2001-2005
4. Conclusions

**IBERDROLA**

## 4. Conclusions

- In the period 1994-2000, Iberdrola has had a positive financial and operative evolution.
- In order to continue ensuring value creation, Iberdrola's strategy aim is to become a Global Services Operator through profitable growth
- In the implementation of this strategy, Iberdrola has expanded its activities focusing in Energy, Grids, Commercial and New Technologies and Spain/Europe, South America and NAFTA.
- We have defined plans and actions for the period 2001-2005 that constitute developments of solid present positions.
- These plans allow us to comply with 2000-2002 objectives.



**IBERDROLA**

***MORGAN STANLEY DEAN WITTER  
ELECTRICITY SEMINAR***

***Hotel Eurobuilding, Madrid  
April 24<sup>th</sup>, 2001***