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Agenda

Highlights of the period

Analysis of results

Financing

Conclusion

Highlights of the Period

Q1 2013 results reflect good operational performance…

Gross Margin increases by 5.5% to Eur 3,573 M

Improvement in operating efficiency:
Net Operating Expenses to Gross Margin ratio down 4.6%

Net debt reduced by almost Eur 2 bn

… and significant progress to achieve Outlook 2012-2014

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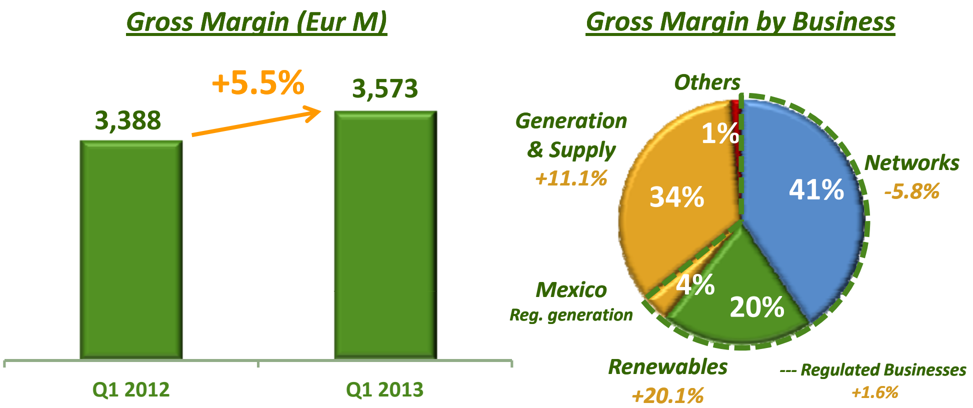
Gross Margin

Gross margin amounts to Eur 3,573 M (+5.5%), driven by Renewables (+20.1%) and Generation & Supply (+11.1%)…



… offsetting the impact of Networks in Brazil

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Efficiency

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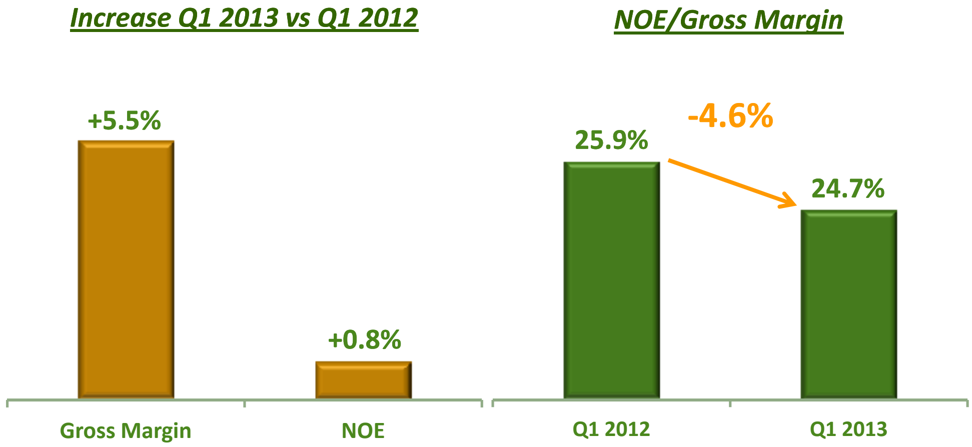
Operating efficiency improves by 4.6%



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EBITDA and Net Profit

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EBITDA and Net Profit affected by impacts which distort the comparison with Q1 2012…

REPORTED RESULTS	Recoverable Impacts Q1 2013	ADJUSTED RESULTS[1]
EBITDA Eur 2,279 M (-3.7%)	Temporary additional energy charges in Brazil to be recovered in H2 2013 & 2014	EBITDA +0.6%
	ECO Energy Efficiency Program in UK Q1 2013 vs. CERT/CESP	
Net Profit Eur 879 M (-14.1%)	1 pp reduction in corporation tax in Q1 2012 in UK, expected for H2 2013	Net Profit +2.8%

… to be recovered during 2013 and 2014

1. *Results adjusted with impacts in Q1 2013 to be recovered*

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EBITDA – Networks Business

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Efficiency improvements, increased asset base in UK and higher contribution of Iberdrola USA…

Operating Highlights

EBITDA Networks ex Brazil	↑ +10.7%
EBITDA Networks Brazil	↓ -51.6%
NOE	↓ -5.7%

Other impacts vs. Q1 2012

- Elektro tariff review
- Regulatory asset base adjustment according to new accounting standards in UK

… partially offset the temporary additional energy charges in Brazil and Elektro tariff review

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EBITDA – Generation & Supply Business

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Higher production and hydro reserves in Spain and increase in the customer base in UK…

Operating Highlights

Hydro Output	↑ 4.9 TWh +65%
Hydro Reserves	↑ 8.3 TWh (+58%)
Customer Base UK	↑ +7.3%

Other impacts vs. Q1 2012

- Fiscal Measures in Spain (Law 15/2012)
- Elimination of CO_2 emission allowances
- Court rulings (social bonus and ecotaxes)

… mitigate fiscal measures in Spain (Law 15/2012) and new ECO energy efficiency program (ECO) in UK

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EBITDA – Renewable Business

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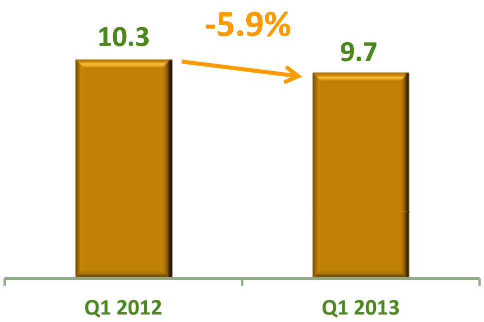
EBITDA up 20.8% thanks to high wind resource and efficiency improvements…

Wind output (GWh)

NOE/Avge. operating capacity (k€/MW)



… despite fiscal measures (Law 15/2012) and new remuneration system of RD-L 2/2013 in Spain

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Levies

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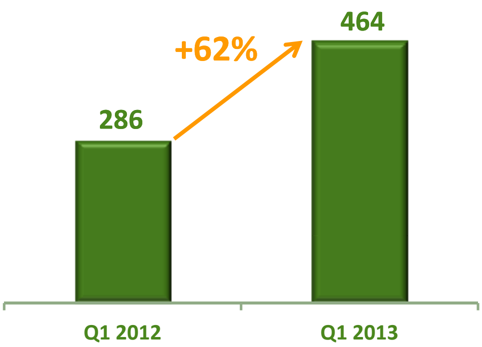
Gross Margin and Efficiency improvements absorbed by the increase in Levies[1] (+62%)…

Levies[1] (MM Eur)



In Spain and United Kingdom Levies[1] are 30% higher than Personnel Expenses

… not including Corporation Tax

1. Levies impacting on EBITDA, not including Corporation Tax, and eliminating the impact of Courts rulings

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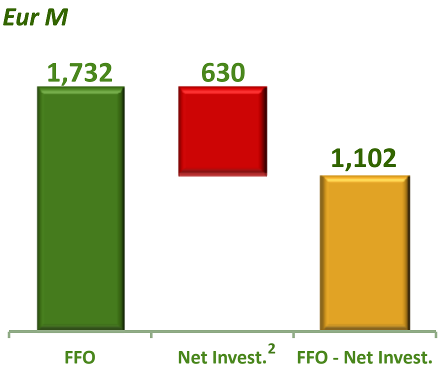
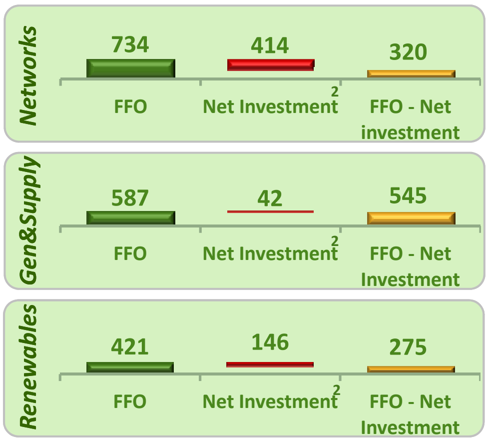
Operating Cash Flow Q1 2013

Operating Cash Flow (FFO[1]) amounts to Eur 1,732 M...





Global figures include Other Businesses and Corporation

... exceeding investments across all businesses

1. *FFO = Net Profit+ Minority Results+ Amortiz.&Prov. – Equity income– Net Non- Recurring Results+ Fin. Prov.+ Goodwill Deduction – /+ Reversion of Extr. Tax Provision*
2. *Investment net of grants and capitalised costs*

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Income Statement – Group

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Eur M	Q1 2013	Q1 2012	Var. %
Revenues	9,221.9	9,331.0	-1.2
Gross Margin	3,573.1	3,388.4	+5.5
Net Op. Expenses	-883.9	-877.1	+0.8
Levies	-410.5	-186.5	+120.1
EBITDA	2,278.8	2,365.4	-3.7
Operating Profit (EBIT)	1,513.4	1,623.7	-6.8
Net Financial Expenses	-274.1	-323.8	-15.3
Recurring Net Profit	889.0	933.7	-4.8
Reported Net Profit	878.6	1,022.3	-14.1
Operating Cash Flow*	1,732.0	1,820.2	-4.8%

**Net Profit + Minority Results + Amortiz.&Prov. – Equity Income – Net Non-Recurring Results + Fin. Prov.+ Goodwill deduction – /+ reversion of extraordinary tax provision*

Gross Margin - Group

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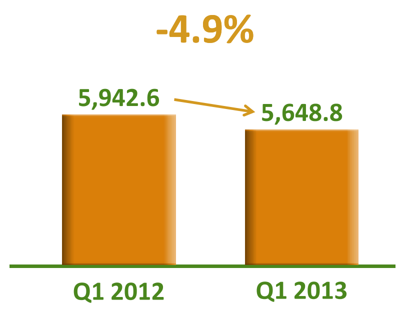
Gross Margin up 5.5% to Eur 3,573.1 M, despite several negative impacts such as fx (Eur -60 M), with all the businesses and countries growing except Brazil, affected by extraordinary circumstances

Revenues (Eur M)

Procurements (Eur M)



Revenues -1.2% (Eur 9,221.9 M), and Procurements -4.9% (Eur 5,942.6 M) due to our lower cost mix

Net Operating Expenses - Group

Net Operating Expenses* up 0.8% to Eur 883.9 M

Net Operating Expenses

Eur M

	Q1 2013	% v Q1 2012
Net Personnel Expenses	433.6	-3.8%
Net External Services	450.3	+5.6%
Total	883.9	+0.8%

Operating Highlights

Lower Net Personnel Expenses
Due to charges in 2012 related to efficiency plans

Higher Net External Services
Affected negatively by accounting adjustments in the UK and AGM held in March and positively by US one-off revenues

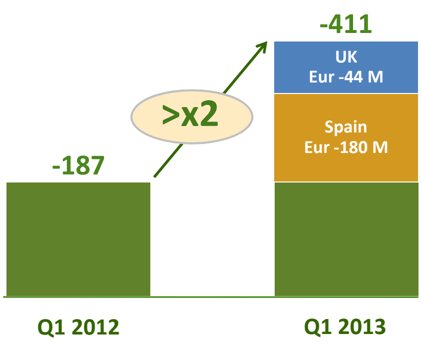
Recurring Net Operating Expenses up 3.5%

*Excludes Levies

Levies

Levies more than double (Eur +224 M) to Eur 410.5 M ...

Levies (Eur M)



Spain

- Taxes on Generation according to Law 15/2012*: Eur -122 M impact due to 7% generation tax, hydro canon and nuclear tax
- Supreme Court rulings: Eur -48 M net impact. Eur 100 M positive impact of Social Bonus ruling in Q1 2012 not compensated by Eur 52 M impact of positive ruling on Castilla-La Mancha ecotax in Q1 2013

UK

- Efficiency programmes: Eur -42 M impact related to implementation of energy efficiency programmes. Comparison to improve in the 2nd half of the year as previous efficiency programmes were back end loaded in H2'12. 2013 Energy efficiency programmes estimated to be GBP 207-227 M v GBP 180 M in 2012

... due to Spanish taxes on Generation, positive impact of Social Bonus in Q1'12 and energy efficiency programmes in UK

*Includes impact in Generation & Supply business (Eur -96 M) and Renewables (Eur -26 M). Green cent accounted for at Gross Margin Level.

EBITDA - Business

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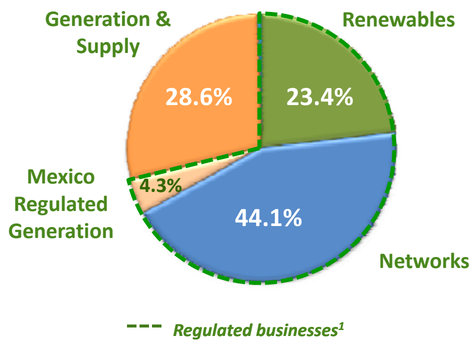
Group EBITDA down 3.7% to Eur 2,278.8 M, with 72% from regulated businesses …

EBITDA Breakdown



Q1'13 EBITDA (Eur M)

Networks	1,005.9	-6.1%
Generation & Supply	749.7	-9.5%
Renewables	533.3	+20.8%

… with 20.8% growth in Renewables offset by 9.5% decline in Generation & Supply and 6.1% decline in Networks

1. Regulated business includes Networks (44.1%), Renewables (23.4%) and Mexico regulated generation (4.3%)

Results By Business
Networks

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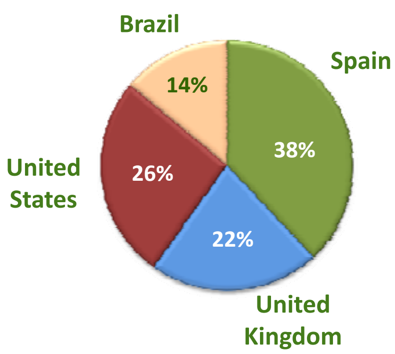
Networks EBITDA decreases 6.1% to Eur 1,005.9 M, due to a 51.6% fall in Brazil, not compensated completely by the 10.7% growth in the rest of geographies

EBITDA by Geography (%)



Financial Highlights (Eur M)

	Q1 2013	% v Q1 2012
Gross Margin	1,449.7	-5.8%
Net Op. Exp.	-336.2	-5.7%
EBITDA	1,005.9	-6.1%

Eur 68 M temporary additional energy cost impact in Brazil to be recovered through annual tariff review (April'13 for Neo, August'13 for Elektro)

Networks Gross Margin

Networks Gross Margin falls 5.8% to Eur 1,449.7 M, due to a 39.2% fall in Brazil, not completely offset by the rest of geographies (+5.8%, to Eur 1,290.5 M)

Gross Margin

- **Spain:** 2013 Tariff Order
- **United Kingdom:** Higher revenues due to higher asset base, Distribution & Transmission costs
- **United States:** Higher revenues due to Rate Cases, Maine line contribution and positive IFRS impacts
- **Brazil**: Higher demand (+5.4%) offset by:
  - Elektro tariff review
    - Eur -39 M impact in Q1'13.
    - Includes tariff reduction (Eur -30 M) as well as refund of part of the excess collected in the period Aug'11-Aug'12 (Eur -9 M refunded in Q1'13)
  - Temporary additional energy costs impact
    - Total effect in Distribution business of Eur -68 M (as Eur 104 M have been covered by the Government through Decree 7945) to be recovered through annual tariff reviews (April for Neo, August for Elektro)
    - Additional impact of Eur -11 M in Generation business not to be recovered
  - Real depreciation
    - 16% (Eur -38 M)

Networks Net Operating Expenses

Net Operating Expenses improve 5.7% due to efficiency gains and positive impacts in the US, offsetting negative accounting adjustments in the UK

Net Operating Expenses

- **Efficiency gains:** in Spain and US drive Net Operating Expenses down in these geographies
- **Accounting Adjustment in UK:** In order to adapt criteria to new regulatory frameworks standards (RIIO-T1 and RIIO-ED1): Eur 17 M of higher Net Op. Expenses in Q1'13
- **United States:** Positive contribution of a one-off compensation of Eur 19 M
- **Brazil:** Expenses rise due to inflation and demand growth

Results By Business
Generation & Supply Business

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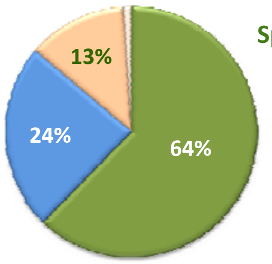
Generation & Supply Business EBITDA down 9.5% to Eur 749.7 M …

EBITDA by Geography (%)*



Financial Highlights (Eur M)

	Q1'13	Dif. v Q1'12	% v Q1'12
Gross Margin	1,355.6	+135.0	+11.1%
Net Op. Exp.	-353.7	+20.6	-5.5%
Levies	-252.1	-193.5	+330.4%
EBITDA	749.7	-78.6	-9.5%

… affected by Levies that multiply by 4 times and wipe out higher Gross Margin (+11%) and cost improvement (-5.5%)

**NOTE: Adjustment corresponds to Gas US&Canada contribution*

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Generation & Supply EBITDA

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Operating improvements offset by Eur 194 M increase in Levies and Eur 41 M negative impact of CO_2 allowances

Gross Margin

- Spain: Lower output (-6.6%), due mainly to -72% lower thermal and -14% nuclear production, offset by higher margins driven by lower costs due to extraordinary hydro conditions (+87.7% higher output)
- United Kingdom: Lower output compensated by higher retail volumes related to customer base increase (+7.3%), colder weather and tariff increase to recover higher non energy costs

Net Op. Expenses

- Efficiency improvements: Net Operating Expenses down 5.5%, driven by Spain (-4.6%) and the UK (-7.1%)

Levies

- Spanish taxes on Generation according to Law 15/2012*: Eur -96 M impact
- Spanish Court rulings: Eur -48 M of net impact
- UK energy efficiency programmes: Q1'13 v Q1'12 Impact of Eur -42 M. Comparison to improve in the 2nd half of the year as 2012 programmes were back end loaded to H2

**NOTE: Green cent accounted for at Gross Margin level*

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Results By Business
Renewables

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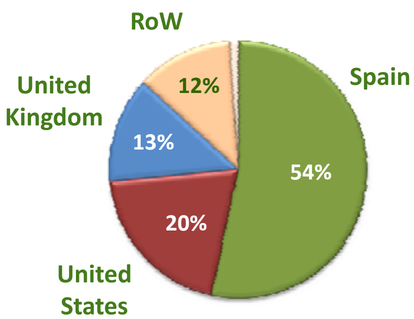
EBITDA up 20.8% to Eur 533.3 M, driven by 17% higher output (3.9 p.p. higher average load factor), …

EBITDA by Geography[2] (%)



Financial Highlights (Eur M)

	Q1 2013	% v Q1 2012
Gross Margin	719.0	+20.1%
Net Op. Exp.	-135.6	-1.7%
Levies	-50.1	+158.7%
EBITDA	533.3	+20.8%

… with operating improvements offsetting the impact of Spanish Levies and regulatory measures (fixed tariff and CPI)

(1) Excluding results from Thermal Power business in US
(2) Adjustment corresponds to Other Renewables

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Renewables EBITDA

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Factors to be considered

Gross Margin	• Capacity: Operating capacity increases 4.6% to 14,009 MW • Output: Higher output (+17%) due to better average load factor of 33.5% (+3.9 pp), as record wind level in Spain compensates lower levels in UK and US • Prices: Average weighted price improves 4.5% (to Eur 71.1/MWh) due to lower US contribution • Spanish RDL 2/2013 impact: regulated tariff to be received by all wind farms represent a 5.3% reduction in the final achieved price (Eur –13 M) v 2012
Levies	• Spanish taxes on Generation according to Law 15/2012: Eur -26 M impact of higher Levies related to 7% generation tax
Efficiency	• Net Operating Expenses/Average Operating Capacity: +5.9% improvement (from Eur 10,300/MW to Eur 9,700/MW)

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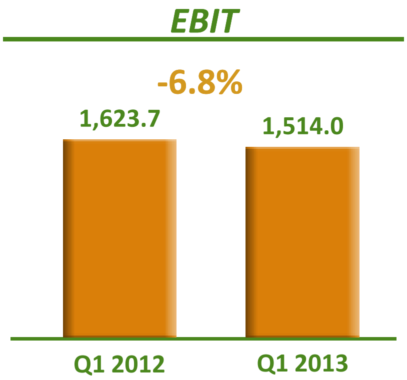
EBIT - Group

Group EBIT down 6.8%, with D&A up 3.5% due to …

Eur M



	Q1 2013	% v Q1 2012
D&A	-705.0	+3.5%
Provisions	-60.4	-0.4%
Total	**-765.4**	**+3.2%**

… accounting adjustments in the UK in order to adapt to the upcoming regulatory standards

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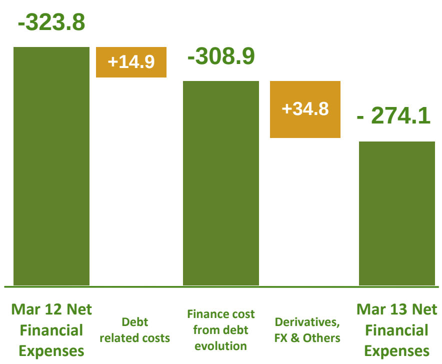
Net Financial Expenses - Group

Decrease in net financial costs of 15.3% to Eur –274.1 M

Net Financial Exp. evolution (Eur M)



Financial Highlights

- Average Cost of Net Debt increases from 4.53% in Q1'12 to 4.63% in Q1'13 due to higher liquidity
- Eur -31 M due to provisions update, basically corresponding to IAS 19 pensions adjustments
- Eur +21 M of positive impact of derivatives
- Eur +50 M due to the recognition of accrued interest related to tariff deficit spread

Average Net Debt falls 5.4%

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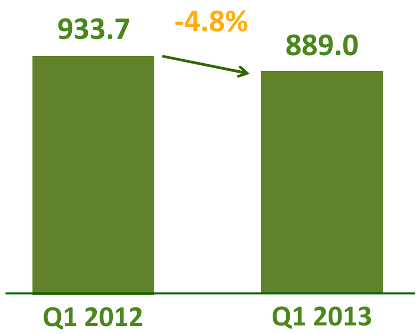
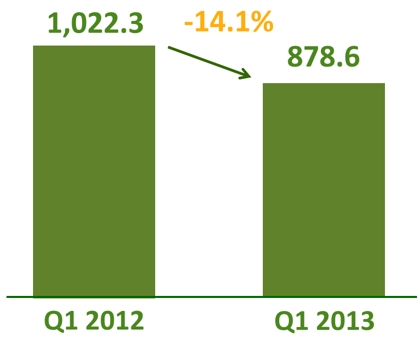
Net Profit - Group

Recurring Net Profit down 4.8% to Eur 889.0 M,
and Net Profit down 14.0% to Eur 879.3 M …

Recurring Net Profit (Eur M)



Reported Net Profit (Eur M)



… due to a 1 p.p. UK Corporate Tax reduction in Q1’12 (Eur -82 M)
In 2013, a 2 p.p. Corporate Tax reduction will be made in the UK during H2.
Group Tax Rate will fall below 25% by the end of 2013

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Tariff Deficit

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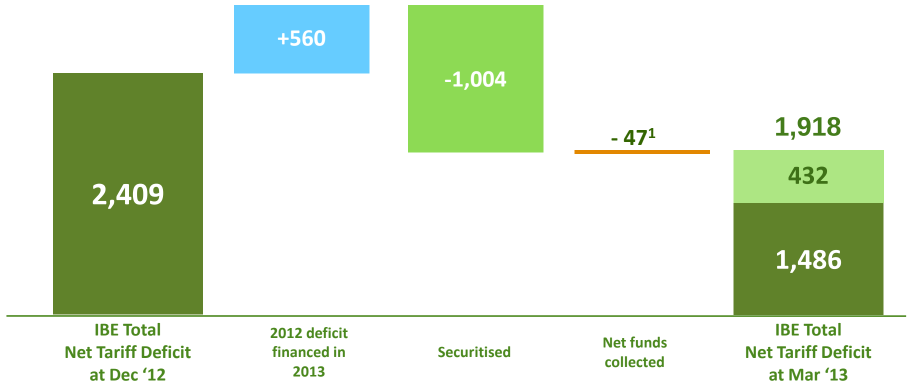
For Iberdrola, tariff deficit totals Eur 1,918 M at the end of Q1, down from Eur 2,409 M at the end of 2012



Eur 432 M already securitised through 23rd of April FADE issue. The remaining amount of tariff deficit (Eur 1,486 M) corresponds to the excess of 2012

(1) Including Eur 10M interest and Eur 51 M spread

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Financing – Adjusted Leverage

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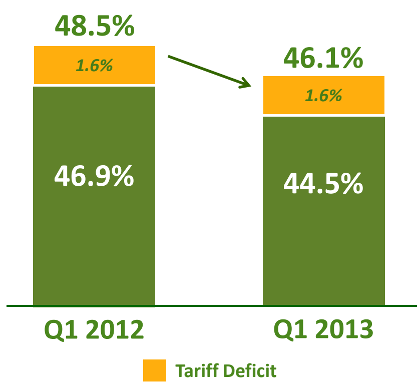
Adjusted Net Debt of Eur 29.7 bn, Eur 2 bn less than in Q1'12, with a similar level of tariff deficit ...

Q1 Net Debt and Equity

Eur M

	Q1'12	Q1'13
Adjusted Net Debt	31,660	29,708
Tariff Deficit	2,011	1,918
Adjusted Net Debt Ex deficit	29,649	27,790
Equity	33,558	34,685

Leverage



Leverage down to 46.1% in Q1 2013 v 48.5% in Q1 2012

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Note all debt figures include TEI

Financing – Financial Ratios

(Q1 2012 Pro-forma, includes full year contribution of Elektro and Renewables: Results and Debt)

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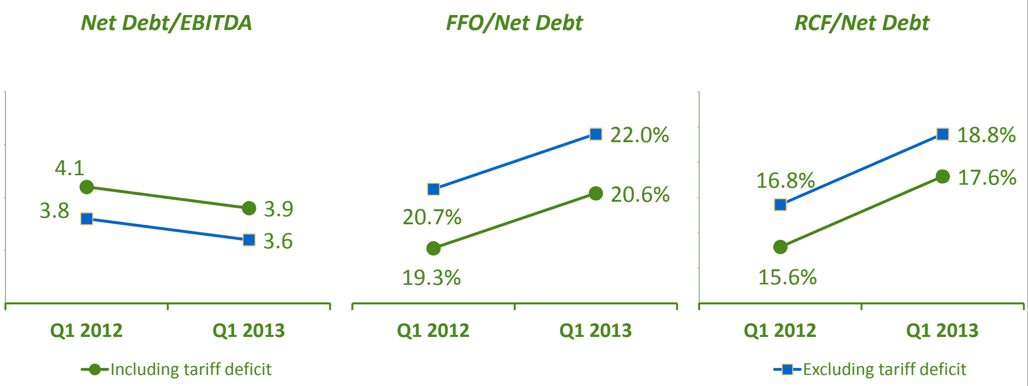
… improves credit rating metrics



(1) FFO = Net Profit + Minority Results + Amortiz.&Prov. – Equity Income – Net Non-Recurring Results + Fin. Prov.+ Goodwill deduction – /+ reversion of extraordinary tax provision
(2) Including TEI but excluding Rating Agencies Adjustments
(3) RCF = FFO – Dividends

Net Debt pro forma as of 24th April 2013

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Net Debt proforma would be Eur 28,652 M, including pending cash receipts related to announced divestments and FADE securitisations in Q2 '13, improving credit metrics even further

Eur M

	Q1 2012	Q1 2013	Q1 2013 Proforma
Net Debt	31,660	29,708	29,708
Divestments			624
Funds from securitizations			432
Net Debt	31,660	29,708	28,652
Tariff Deficit	-2,011	-1,918	-1,486
Adjusted Net Debt	29,649	27,790	27,166
FFO/Net debt (incl. deficit)	19.3%*	20.6%	21.3%
RCF/Net debt (incl. deficit)	15.6%*	17.6%	18.2%

French wind farms (Eur 222 M) and Medgaz (Eur 146 M) funds expected to be collected in Q2'13
Funds from Polish wind farms (Eur 256 M) expected to be collected in Q3'13

** Q1'12 Pro-forma ratios includes full-year Elektro contribution*

Financing – Liquidity

Strong Liquidity position amounting to Eur 12.3 bn …

Eur M

Credit Line Maturities	Limit	Withdrawn	Available
2013	1,300	48	1,252
2014	2,686	59	2,627
2015&onwards	5,233	60	5,173
Total Credit Lines	9,219	167	9,052
Cash & Short Term Fin. Invest.			3,209
Total Adjusted Liquidity			12,261

… covering more than 36 months of financing needs

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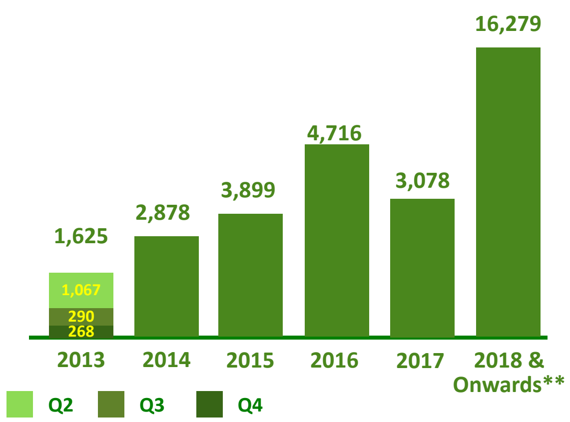
Financing - Financial Profile

Average maturity over 6 years

Eur M

Debt maturity profile*



*Does not include drawn credit lines
**Assumes rollover of commercial paper outstanding balance of Eur 1,621 M

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Agenda

Conclusion

Despite a 5.5% increase in Gross Margin and improvements in operating efficiency…

…Q1 2013 results affected by impacts which distort the comparison with Q1 2012…

EBITDA totals Eur 2,279 M (-3.7%)
Recurring Net Profit amounts to Eur 889 M (-4.8%)

… some of which will be offset during 2013

Outlook 2012-2014

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Enhancing financial solidity and liquidity

Net debt reduced by almost Eur 2 bn

- Divestments[1]
- Securitisation of Tariff Deficit
- Cash Flow

Leverage reduced to 46.1% (44.5% excluding tariff deficit)

More than Eur 12.2 bn of liquidity, covering more than 3 years of financing needs

1. Eur 1.1 bn of divestments with Eur 390 MM already cashed in

Outlook 2012-2014

IBERDROLA

Given current conditions, we will keep progressing in the achievement of Outlook 2012-2014…

	2012	2013	2014
Net Debt	Eur 30.3 bn	< Eur 28 bn	≃ Eur 26 bn
EBITDA and Net Profit	≃ +1%	Between 0% and -5% vs. 2012	Maintain vs. 2011
Shareholder Remuneration Policy[1]	Average Eur 0.3/share	Average Eur 0.3/share	Average Eur 0.3/share

… maintaining our Shareholder Remuneration Policy

1. Subject to approval at the AGM