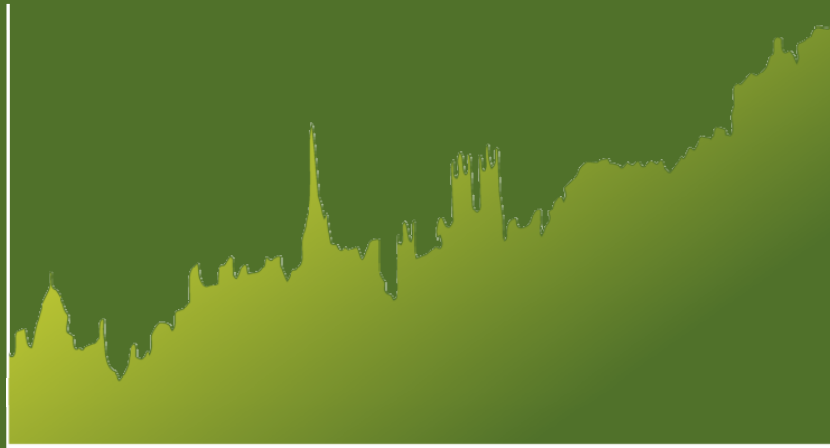




IBERDROLA
RENOVABLES

Investors'
Day 2008

Gleneagles, Scotland



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Cost of Investments

Joaquín Santamaría, Director of Operations
Gleneagles, July 3th 2008

Agenda



Market Situation

Turbine Acquisition Strategy

Turbine Availability

Wind Turbine Cost and CAPEX

Conclusions

Current Wind Turbine Generators market situation



Iberdrola Renovables is the worldwide leader in wind energy and also the largest Wind Turbine buyer in the industry

High-demanding market with solid prospects to be held during next 5 years

Current technological situation mature. Significant improvements not expected in 5 years

IBR is involved in all technical developments, to incorporate them once commercialized, both in onshore and offshore markets

Offshore technology is not expected to reach maturity in the incoming years for its commercial implementation on large scale

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Iberdrola Renovables Turbine Acquisition Strategy (I)



Planning is the Key Success Factor

Secure Future Supply Needs 2-3 Years in Advance at Best Possible Terms

- Leverage on our scale and relationship with turbine manufacturers
- Avoid potential shortage in the future
- Best market prices and conditions, especially high flexibility in delivery timings and models
- Including technological evolution in case of its commercialization before expectations

Independence from Turbine Manufacturer due to Leading Position

- Access to main manufacturers, maintaining solid relationships with strategic suppliers
- Customised specification based on Iberdrola Renovables' experience and knowledge of technological evolutions currently under development
- Exercise purchasing power

Iberdrola Renovables Turbine Acquisition Strategy (II)



Planning is the Key Success Factor

Planning Drives to Lower O&M Costs in the Long Term

- Aiming at homogeneity in Turbine Installed Base by Country / Geographical Area
- Getting standardized and simpler maintenance
- Implementing maintenance procedures focused to secure long-term operational life of Wind Turbines
- Achieving O&M Economies of Scale

Diversified Overall Turbine Installed Base

- Generates competition among manufacturers
- Provides access to all technical features in the market

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Turbine Availability

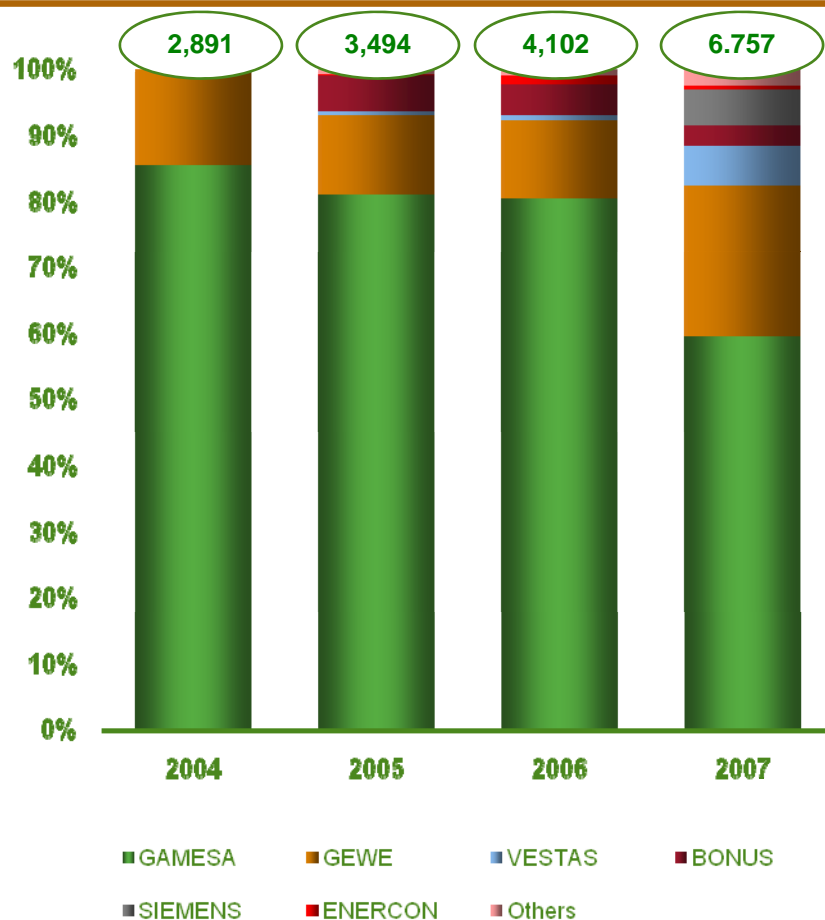
Wind Turbine Cost and CAPEX

Conclusions

Turbine Installed Base Overview (31/12/07)

Diversified High Quality Turbine Installed Base

Evolution of Installed Base by Supplier (MW)



Installed Base Breakdown by Supplier (MW)

Manufacturer	MW	%
Gamesa	4,017	59%
GE Wind Energy	1,606	24%
Bonus / Siemens	524	8%
Vestas	399	6%
Enercon	49	1%
Alstom-Ecotecnia	35	0%
Other ⁽¹⁾	127	2%
TOTAL ⁽²⁾	6,757	100%

Turbine Availability in the Strategic Plan Period (2008 – 2012)

A total of more than 10,000 MW is already secured by signed contracts, 7,000 MW for 2008-2010 and 3,050 for 2011-2012

Manufacturer	2008-2010 MW	Region	2011-2012 MW	Region
Gamesa ⁽¹⁾	4,100	Europe, U.S. and Mexico	3,000	Europe, U.S. and Mexico
Mitsubishi	749	U.S.		
Suzlon	700	U.S.		
GE Wind Energy	653	U.S.		
Siemens	392	Europe		
Alstom-Ecotecnia	361	Europe	50	Europe
Others ⁽²⁾	144	Europe		
TOTAL	7,099		3,050	

(1) It does not include WTGs contracted by Gamesa Energía neither other renewable technologies

(2) Includes: Nordex, Fuhrlander, Vestas and Eozen

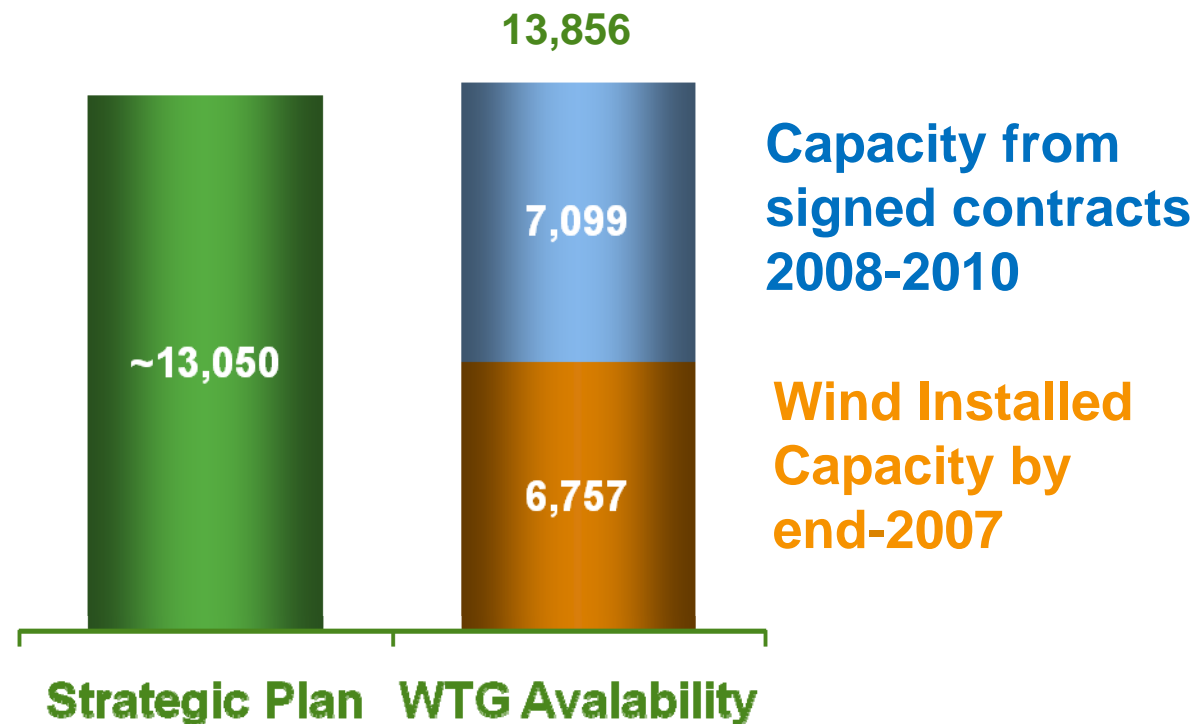
Source Company data

2008-2010 Strategic Plan Targets and Current Signed Turbine Contracts (I)



Commitment of 13,050 wind MW* in 2010 is already covered with our current signed contracts

MW



* Source Company data, excluding non wind facilities

Advantages and reasons to have Wind Turbine Buffer



Wind Turbine Buffer Allows to Achieve Targets in all Scenarios ...

It warrants the fulfillment of our Strategic Plan capacity targets

Capacity targets can be increased and reached some time in advanced

Coverage necessary due to occasional partners consolidation

Diversified portfolio of Wind Turbine models maximizes efficiency of production

Coverage of hypothetical suppliers deliveries delays

In a shortage market it gives us an advantage position to negotiate purchase of new promotions or potential corporate negotiations

... in the Most Efficient Way due to the Flexibility

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Turbine Availability

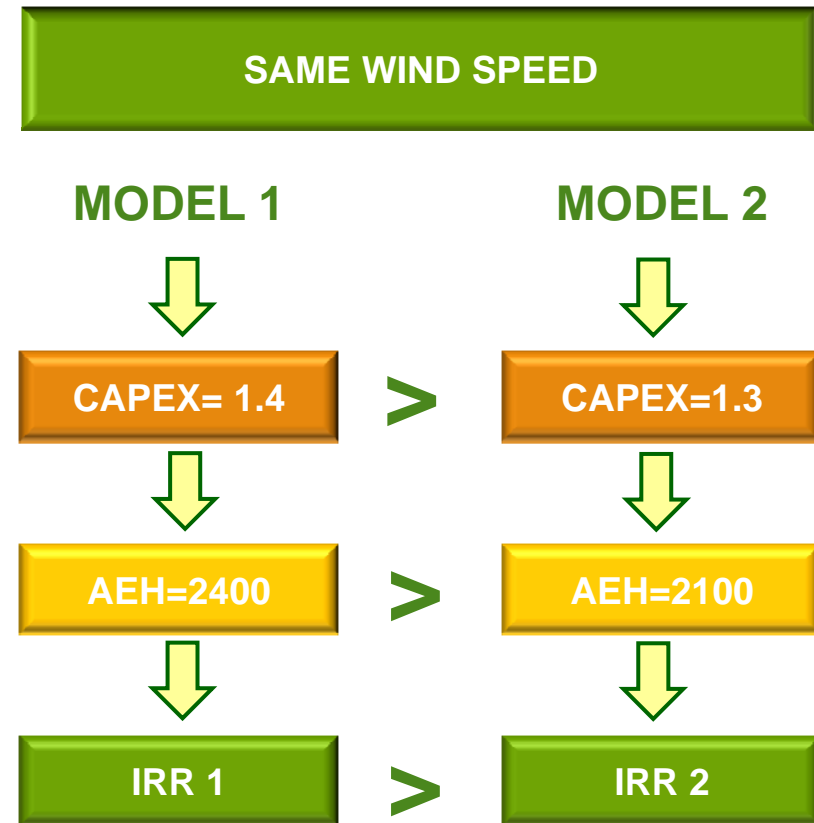
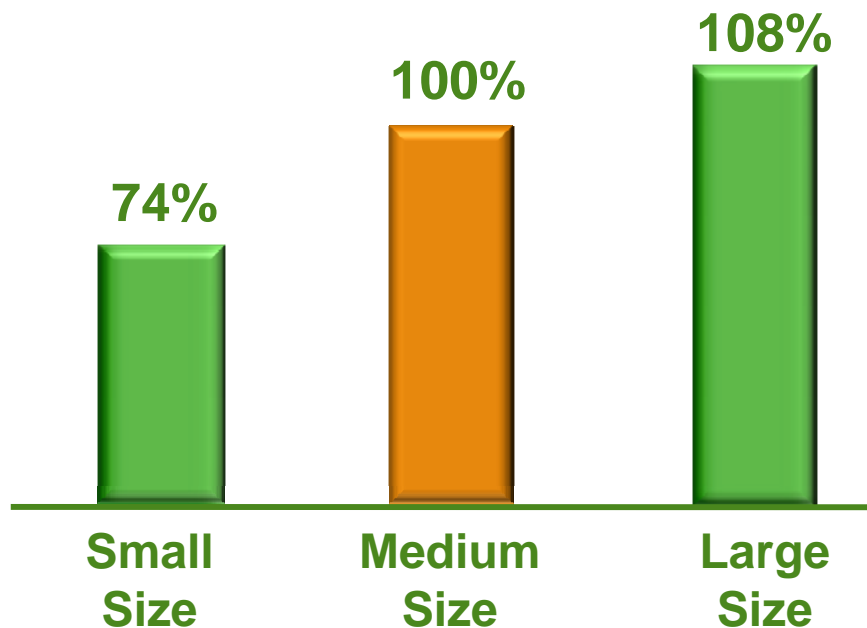
Wind Turbine Cost and CAPEX

Conclusions

Cost of Wind Turbines (I)

Cost of a Wind Turbine strongly varies among different models and suppliers...

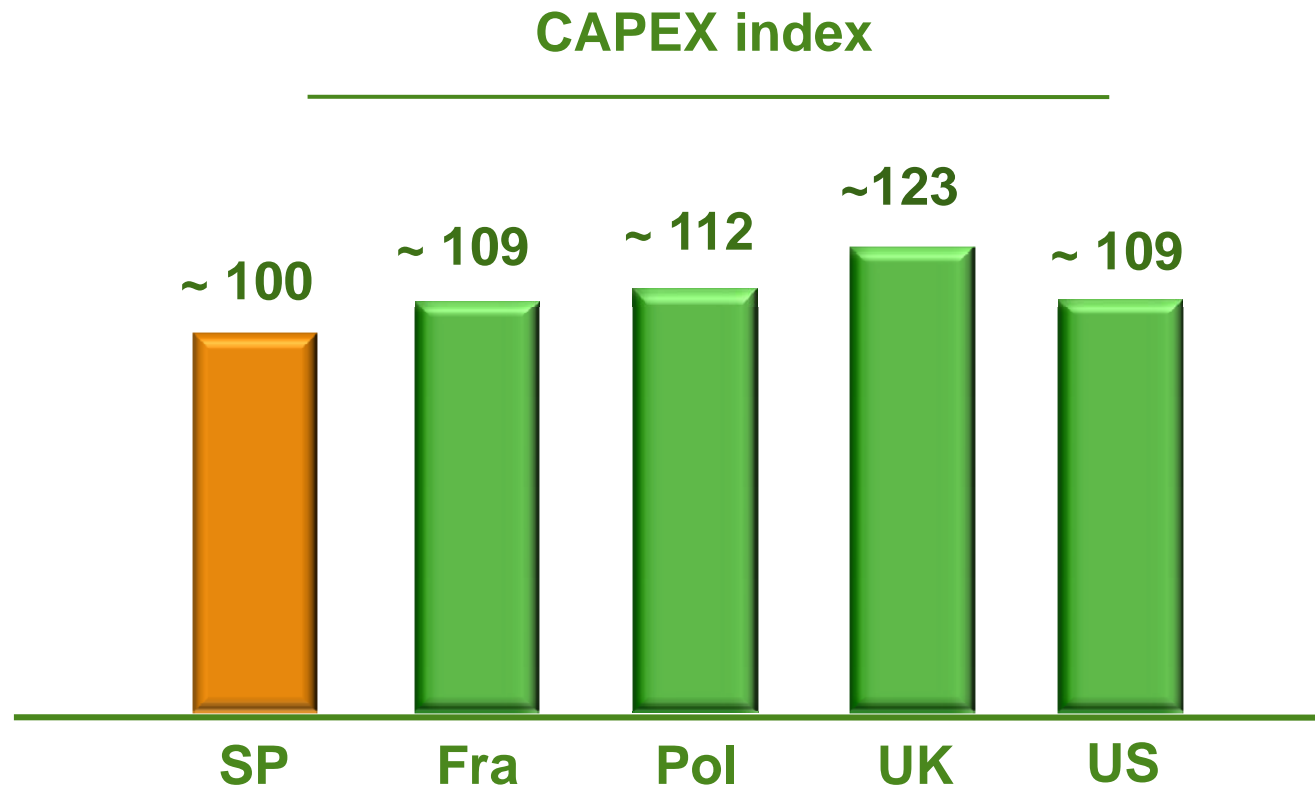
**Cost of Wind Turbine
depending on models**



... but CAPEX is not the only factor to select the most profitable turbine

Total Cost of Investment

CAPEX also depends on the country,...

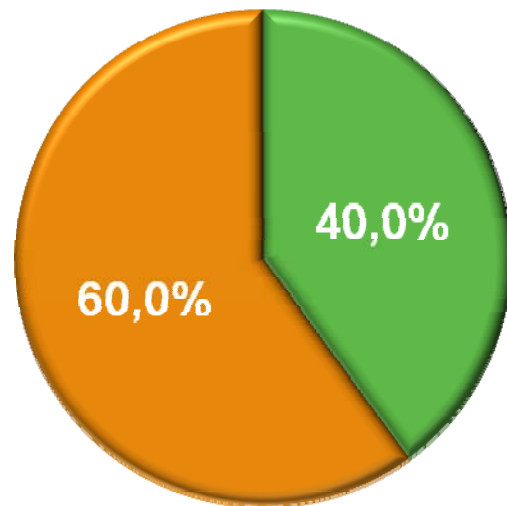


... affected mainly by turbine transport and labour costs

Turbine Contracts Structure

Some of our contracts have fixed prices and others contain formulas that index final price to CPI and Raw Materials...

Breakdown of Current Contracts



- Fixed Price Contracts (MW)
- Indexed Priced Contracts (MW)

Indexations

CPI

Oil

Steel, Copper
and others

Non indexed

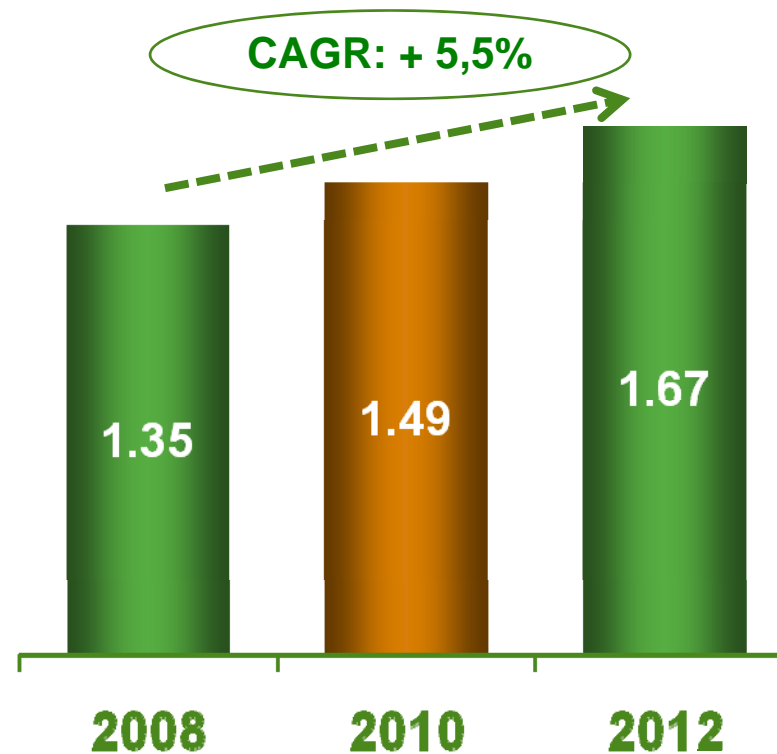
Due to the contracts portfolio and the indexations structure, an increase of 10% in raw materials would only increase capex costs in 1,2%...

... which gives us a balanced and controlled price evolution

Expected CAPEX inflation

Our main Contracts assure us a lower CAPEX inflation than the market average

Average Total CAPEX (MM €/ MW)



...applying conservative commodities price inflation

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Investments: Main Conclusions



IBR has secured the achievement of Strategic Plan targets with sufficient buffer to increase and bring forward of capacity targets

... receiving best quality standards from the leading turbine manufacturers ...

... and obtaining the best market prices and purchase conditions with slot flexibilities.

Our current project pipeline and portfolio of signed contracts has reached the optimum manufacturers and geographical diversification