



IBERDROLA

ABB Capital increase June 2009

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Transaction details



Size of the issue: Eur 1,325 MM

Execution format: Accelerated book building

- Pre-emption rights excluded
- New shares not entitled to complementary payment of 2008 dividend (scheduled for July 1, 2009 – Eur 0.184 per share)

Represents approximately 5% of Iberdrola's share capital

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Transaction rationale



Debt reduction: Strengthening Iberdrola's balance sheet

Improving credit metrics to secure current credit rating

Enhancing flexibility on the implementation of the Company's Strategic Plan

Dividend policy confirmed: Pay-out

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Focus on securing credit rating

2009 YE target credit metrics Presented in Q1 '09 results

FFO/Net Debt	>19.0%
FFO/Interests	>4.5x
RCF/Net Debt	>12.5%
Leverage	<48%



Reduced Capex program

Eur 4.2 Bn in 2009 vs Eur 7.5 Bn in 2008

Cost reduction plan: Increased discipline

*Stable net operating expenses
(1% increase in Q1 '09 – exc. Energy East)*

Asset disposal program: Ongoing implementation

*Eur 850 MM+ already completed
out of 2009 target of Eur 2.5 Bn*

Eur 1.325 Bn Capital increase

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Update on deleverage actions



Selected disposals as part of the Strategic Plan > Eur 850 MM YTD**

- 27% stake in Navega
- 10% stake in Gamesa
- Reduction of treasury stock from year end levels*

Tariff Deficit securitization in Spain

- Announced by the Spanish government (RD 6/2009) on April 30, 2009
- Iberdrola expected to receive ~Eur 2.4 Bn
- Process is expected to be completed by 2009 year end***

* Proceeds post Q1 '09 of €430mm up to June 5, 2009

** Including disposals carried out in 2009YTD plus proceeds from shares divested post Q1 '09. Total disposals post Q1 '09 of €822mm

*** Pending final legal development and corresponding market placement



The capital increase provides Iberdrola with its targeted credit profile and capital structure

Credit rating secured

- Leverage ratios meet 2009 targets
- Credit ratios above credit rating agencies requirements for A-/A3 rating

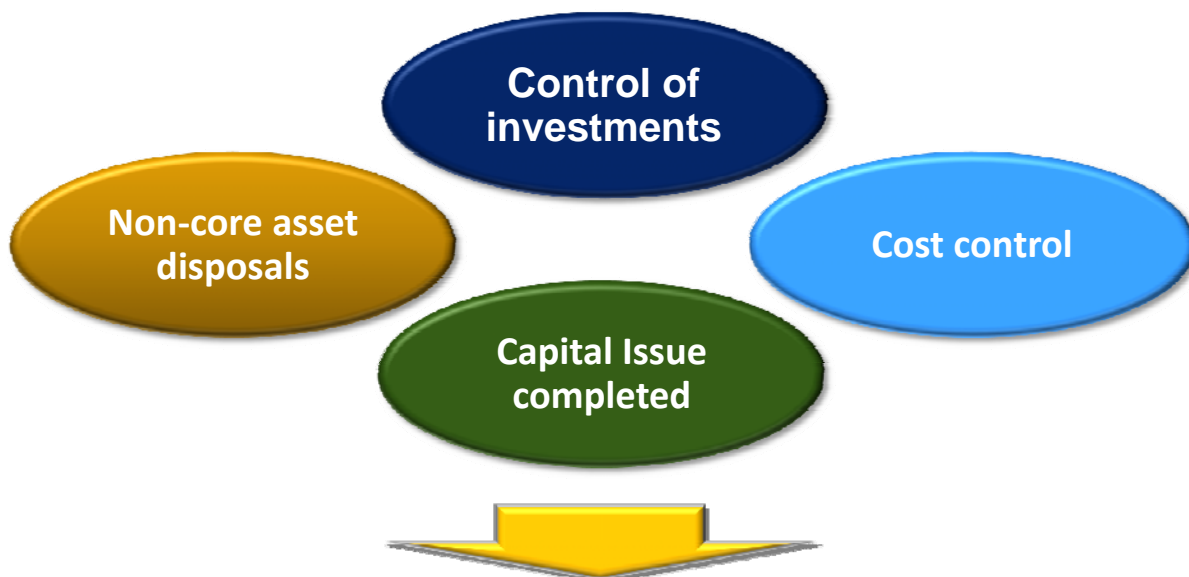
Targeted capital structure achieved

Confirmed dividend policy: pay-out

Enhanced flexibility to continue implementing asset disposals program



Strong commitment to financial strength ...



... whilst maximising long term shareholder value