

Investor Presentation

July 2014

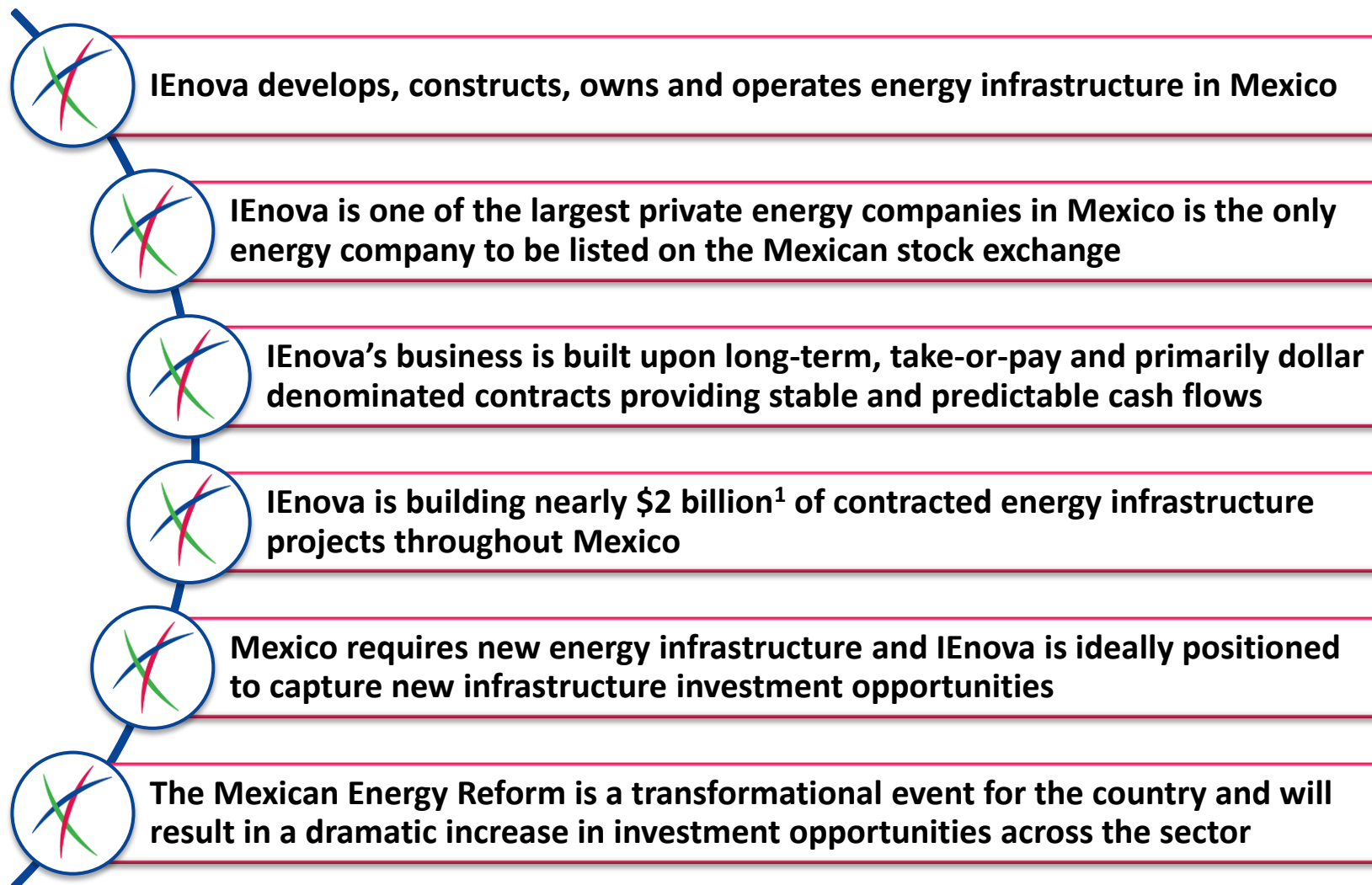
Information Regarding Forward-Looking Statements



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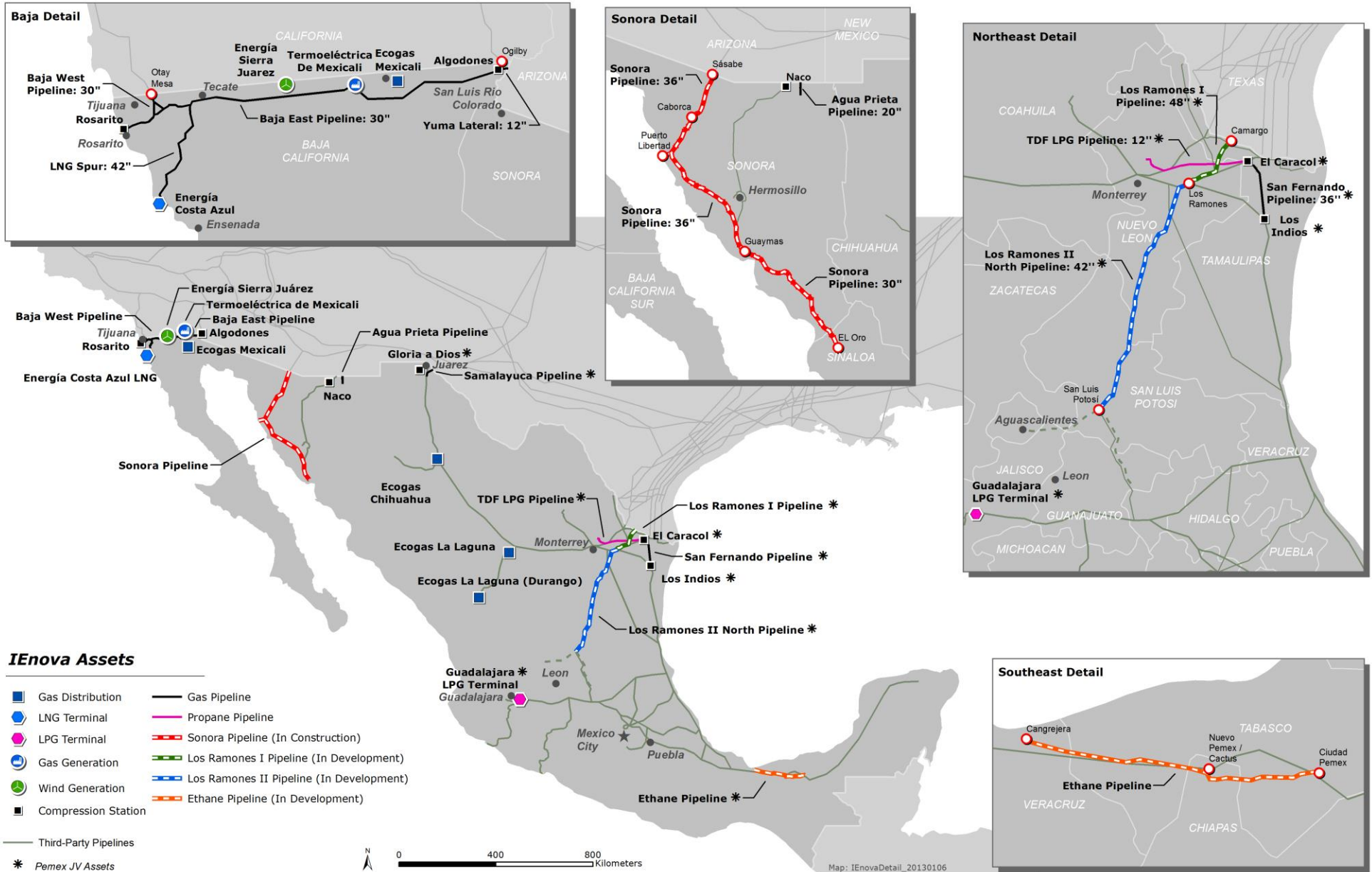
IEnova Today

Highlights



(1) Reflects wholly-owned projects and proportional participation in projects within joint ventures

IEnova asset overview



Contracted growth projects currently underway

Investment
COD

Gas Segment – wholly-owned assets

Sonora natural gas pipeline system

- Natural gas pipeline extending from the U.S. border near Nogales, AZ to the town of El Oro in the Mexican state of Sinaloa
- Northern section has capacity of 770 MMcfd; southern section has capacity of 550 MMcfd

\$1 billion
4Q14
3Q16

Joint venture with Pemex – IEnova (50/50)

Ethane pipeline

- Ethane pipeline located in the states of Tabasco, Chiapas and Veracruz

\$330 million
1Q15

Los Ramones-I natural gas pipeline

- 2,100 MMcfd pipeline located in the state of Nuevo Leon

\$500 million
4Q14

Los Ramones North natural gas pipeline

- 1,430 MMcfd pipeline crossing the states of Nuevo Leon and San Luis Potosí

\$1.4 billion
4Q15

Power Segment

Energía Sierra Juárez wind project

- 155 MW wind project with 47 turbines located near the U.S. border in the state of Baja California
- 50/50 joint venture with InterGen

\$300 million
1Q15

(1) Includes IEnova participation in joint venture projects

IEnova Tomorrow

Growth strategy overview

Near-term Growth Strategy

- Key focus will be public tenders for new natural gas pipelines and wind projects
- Opportunities for optimization of existing assets (e.g. ECA)
- Liquids pipelines

Natural Gas
Pipelines

Wind
Generation

Asset
Optimization

Liquids Pipelines

Energy Reform

- **Timing:** Final approval expected in August
- **Scope:** Broad liberalization across the energy sector including E&P and infrastructure

Post-reform Growth Strategy

- Organic growth opportunities as new market needs are identified
- Diversification of operations via entry into new lines of business following energy reform

Electric
Transmission

Liquids pipelines
& storage

Gathering &
Processing

Generation

Themes underlying growth strategy: NATURAL GAS

Existing Natural Gas System



2018 Natural Gas System



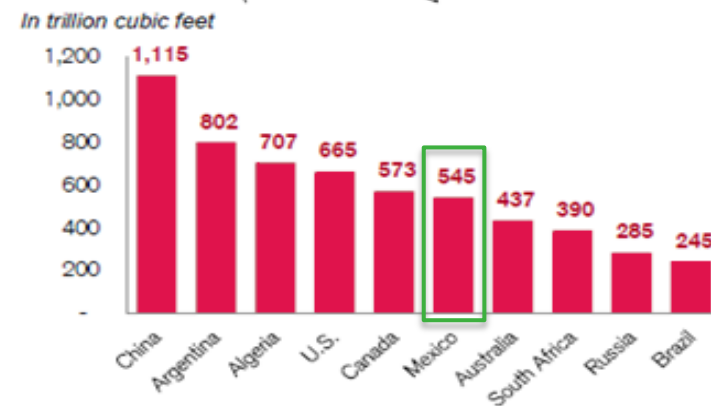
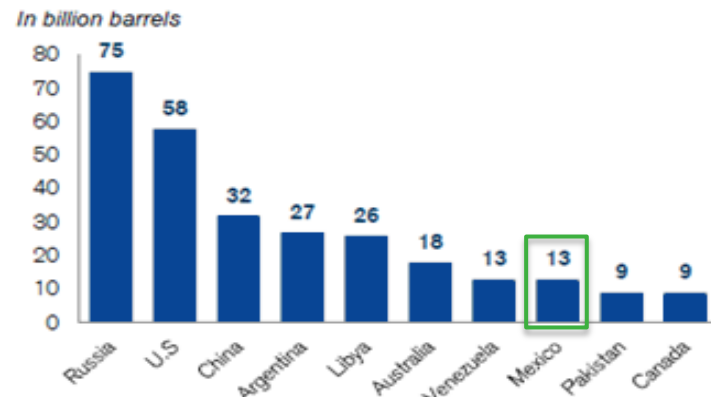
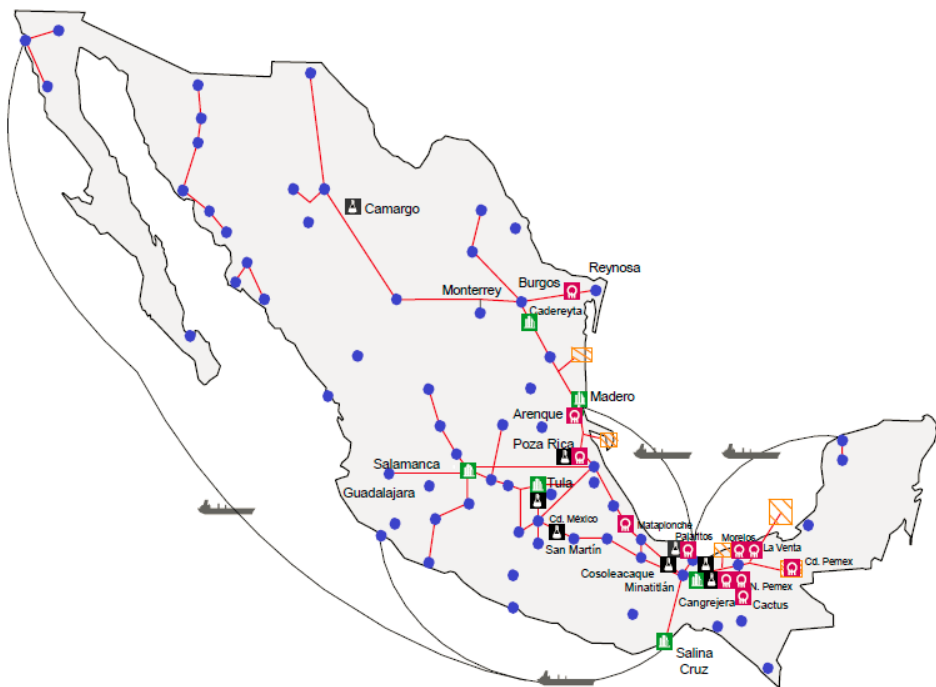
Opportunities

- 17 new natural gas transportation projects to be bid in the next 2 years requiring more than \$13 billion estimated investment
 - Two large natural gas pipeline tenders are currently active requiring a total investment of approximately \$1.2 billion; these bids are due in September and will be awarded in October
- Underground natural gas storage along the Gulf coast
- Natural gas gathering and processing

Themes underlying growth strategy: MIDSTREAM

Existing PEMEX Infrastructure

Shale Oil and Gas Reserves

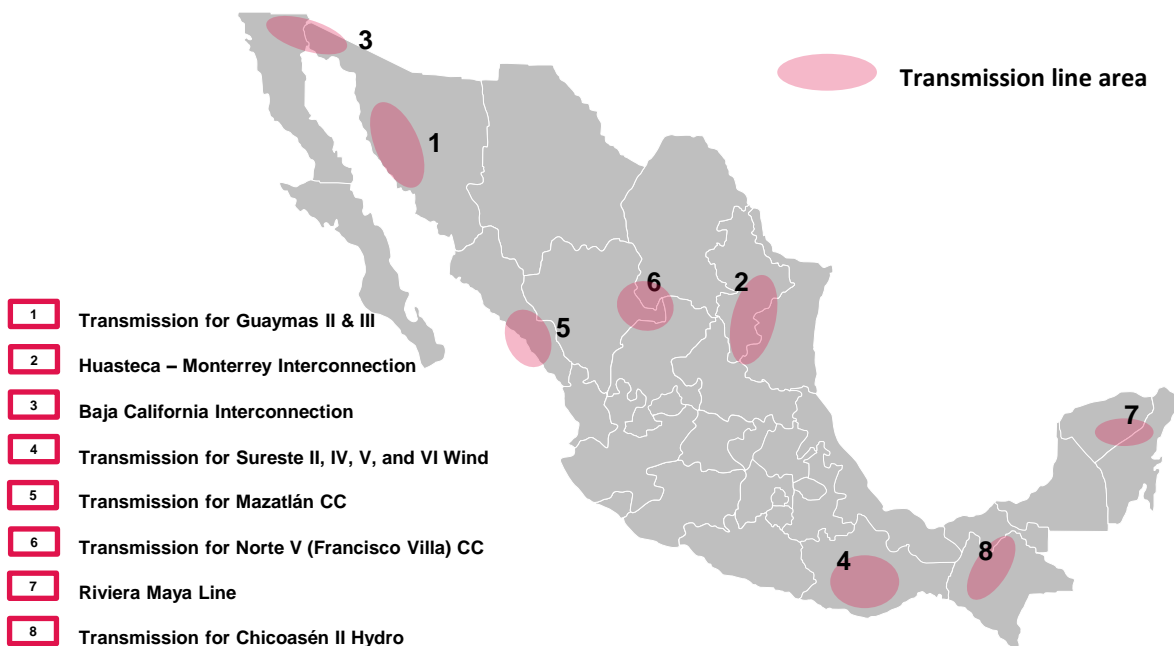


Opportunities

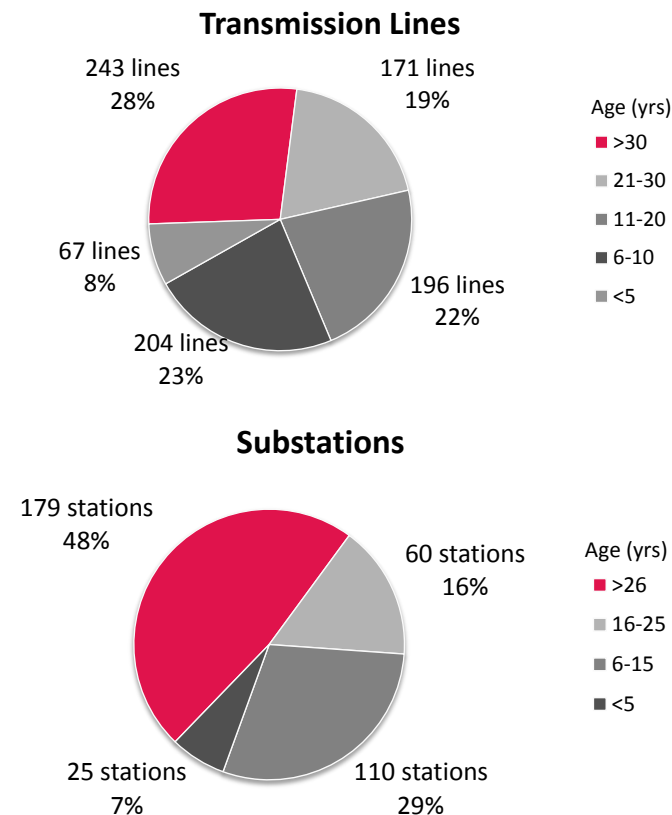
- Upgrades to existing PEMEX infrastructure, including pipelines and storage
- New crude and refined products pipelines, including jet fuel pipelines
- New infrastructure required to support new shale production areas
- Marine terminals

Themes underlying growth strategy: TRANSMISSION

Identified electric transmission projects



Aging existing infrastructure

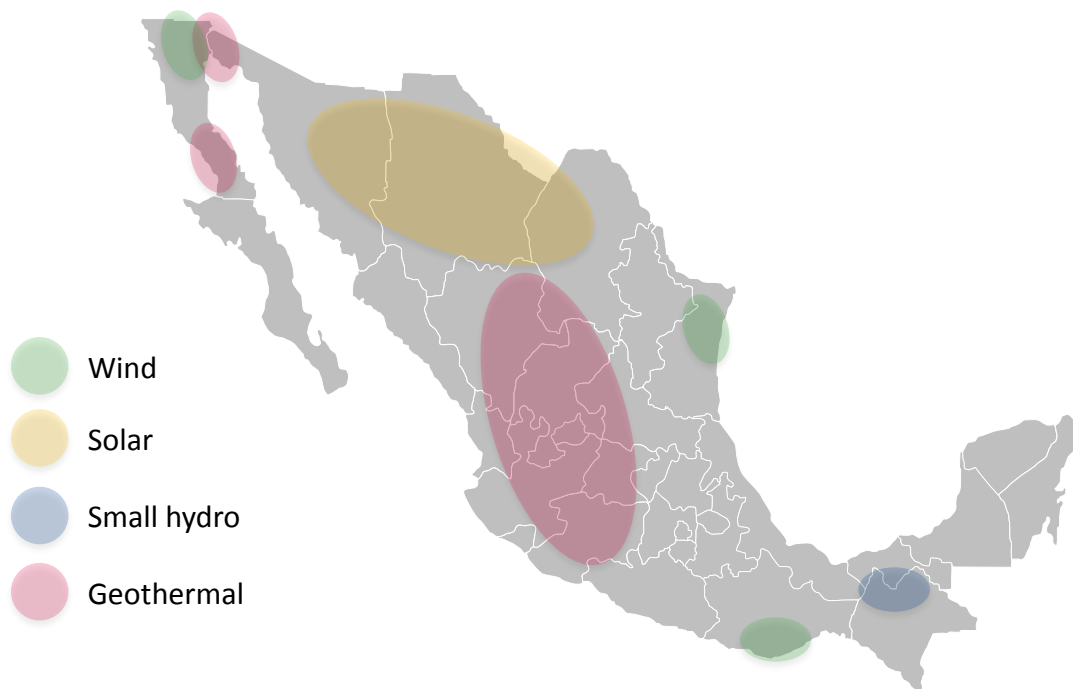


Opportunities

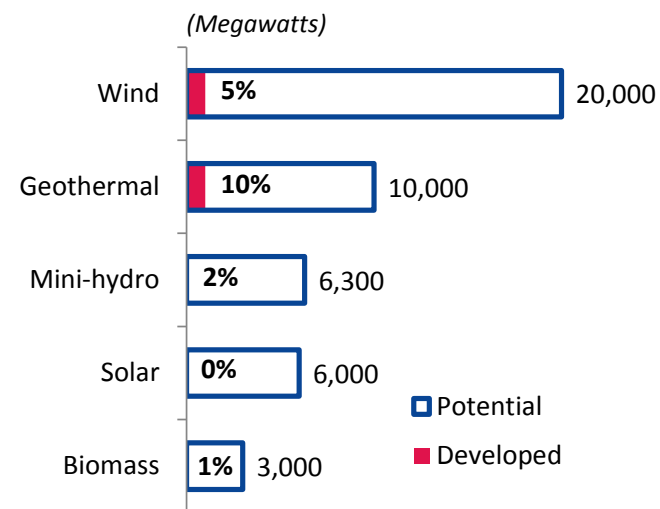
- New transmission projects identified requiring >\$2 billion near-term investment
- Replacement of existing transmission infrastructure

Themes underlying growth strategy: RENEWABLES

Mexico Renewable Resources



Renewable Potential



Opportunities

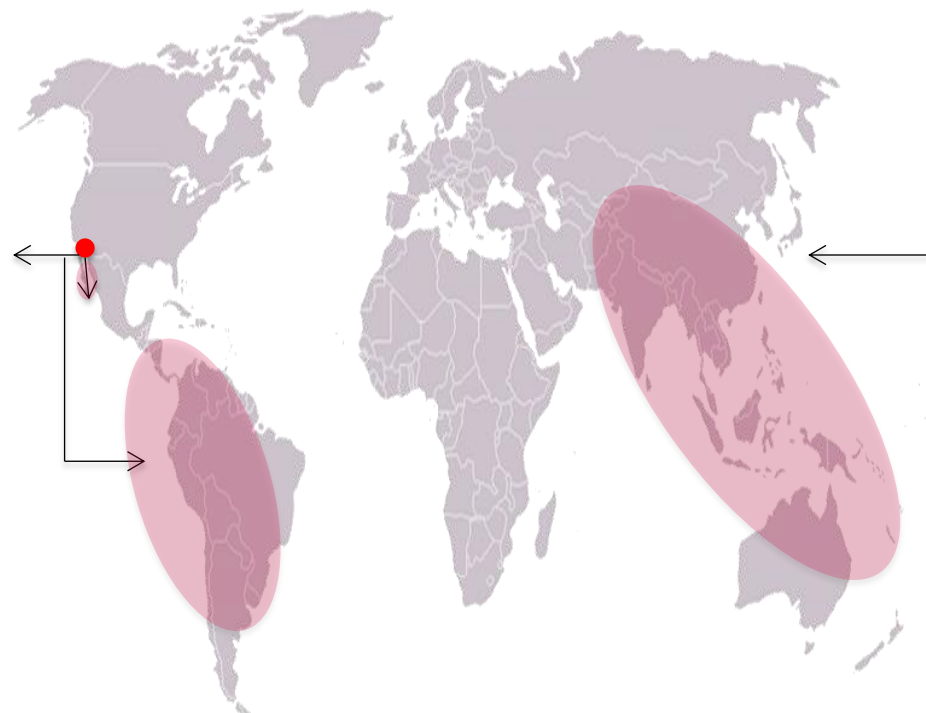
- Potential build-out of Energía Sierra Juárez up to 1,200 MW
- Increasing investment opportunities in wind, solar, small hydro and geothermal electricity generation

Optimizing existing assets: ECA liquefaction



- We are currently analyzing the feasibility of constructing a liquefaction facility at ECA
- ECA can be the first liquefaction terminal in the North American Pacific Coast
- ECA may be able to serve Asian and Latin-American markets, as well as supply gas to the isolated market of Baja California Sur
- Conservative investment opportunity approximately USD \$2-3 billion

Potential LNG Markets



Conclusion

- Leading energy infrastructure company in Mexico
- Proven project execution and operation expertise
- Selective and disciplined investment in existing opportunities
- Access to attractive sources of capital to maintain high growth and profitability
- Potential to win significant near-term growth opportunities
- Well positioned to take advantage of Energy Reform opportunities

Appendix 1: project detail



- The main objectives of the Plan relating to the energy sector:
 - Optimize the use of the country's oil and liquids processing and refining facilities
 - Expansion of the country's energy transportation infrastructure
 - Increase the relative use of clean and renewable energy
- The Energy Plan contemplates 262 projects for a total investment of USD \$296 billion, including:
 - **17** natural gas pipeline projects, USD \$13 billion
 - **15** power generation projects, USD \$14 billion
 - **7** electric transmission projects, USD \$2 billion
 - **8** petroleum refining projects, USD \$12 billion
 - Numerous E&P projects for both petroleum and natural gas, investment of USD \$94 billion

Announced Natural Gas Pipeline Projects

Natural Gas Pipelines				
Project Name	KM	CAPEX (USD\$ Million)	Tender Date	COD
Ojinaga - El Encino	254	393	2014	1Q 2017
El Encino - La Laguna	423	639	2014	1Q 2017
Waha - Samalayuca	300	540	2014	1Q 2016
Waha – Ojinaga	230	393	2014	1Q 2017
Ehrenberg - Algodones - SLR*	160	246	2014	1Q 2017
Mérida – Cancún	300	457	2014	3Q 2016
Natural Gas to Baja California Sur	NA	589	2014	2Q 2017
Texas – Tuxpan	625	2,947	2014	2Q 2018
Tula - Villa de Reyes	279	413	2014	2Q 2017
Tuxpan – Tula	237	393	2014	1Q 2017
Samalayuca - Sásabe	558	825	2014	2Q 2017
Colombia - Escobedo	254	368	2015	2Q 2017
Jaltipán - Salina Cruz	247	635	2015	4Q 2017
Los Ramones - Cempoala	855	1,986	2015	4Q 2017
Villa de Reyes - Aguascalientes - Guadalajara	355	545	2015	4Q 2017
La Laguna - Centro	601	884	2015	4Q 2018
Lázaro Cárdenas - Acapulco	331	450	2015	2018
Salina Cruz -Tapachula	440	436	2015	2018
Total	6,449	13,140		

*SLR= San Luis Río Colorado

Pipelines on the US side of the border

Announced Power Generation Projects

Power Generation				
Project Name	Capacity (MW)	CAPEX (USD\$ Million)	State	COD
Escobedo CC	1006	1,419	Nuevo Leon	2H 2017
Lerdo CC	957	838	Durango	1H 2018
Nuevo Guerrero Hydro	455	1,084	Guerrero	NA
Paso de la Reina Hydro	543	1,173	Sinaloa	NA
Topolobampo II CC	820	1,040	Sinaloa	2H 2018
Norte III CC	928	982	Chihuahua	2H 2016
Topolobampo III CC	680	912	Sinaloa	1H 2018
Guaymas II CC	714	815	Sonora	1H 2017
Guaymas III CC	714	697	Sonora	2H 2017
Valle de México II	543	738	Estado de México	1H 2017
Southeast Wind II, III, IV, and V	1169	1,977	Oaxaca	NA
Fourteen 30 MW solar projects	420	943	Sonora	NA
Mexicali Geothermal	27	43	Baja California	NA
Las Cruces Hydro	240	781	Guerrero	NA
Jalisco Geothermal	107	148	Jalisco	NA
Total	9,323	13,588		

CC= Combined Cycle

Announced Power Transmission Projects

Transmission Projects		
Project Name	CAPEX (USD\$ Million)	KM
Transmission for Guaymas II and III CC	272	NA
Huasteca – Monterrey Interconnection	238	427.9
Baja California Interconnection	319	423
Transmission for Sureste III, IV, V, and VI Wind	448	1,164.6
Transmission for Mazatlán CC	183	465
Transmission for Norte V CC (Francisco Villa)	148	400.5
Riviera Maya Line Conversion	63	NA
Transmission for Chicoasén II Hydro	2	NA
Total	1,673	

Appendix 2: Energy Reform detail

Energy reform creates new opportunities for IEnova

The bill allows private sector participation in exploration & production activities, petrochemicals, refining, oil and oil products storage, transportation and distribution and electricity generation, marketing, transmission and distribution

Impact to the sector

Exploration & Production

- Profit sharing contracts, production sharing contracts, and license contracts; concessions remain prohibited
- Recognition of reserves for accounting purposes

Midstream & Downstream

- Private sector investment in all midstream and downstream activities

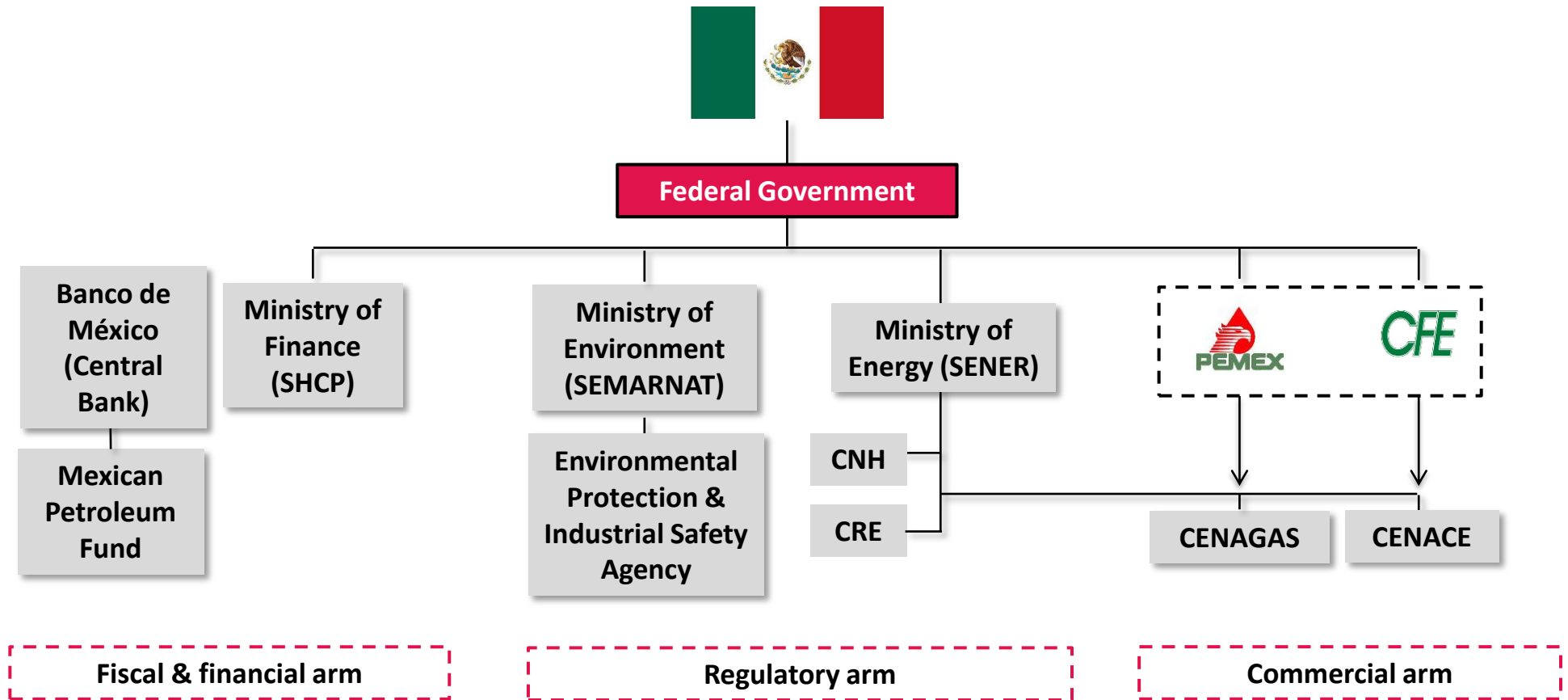
Power

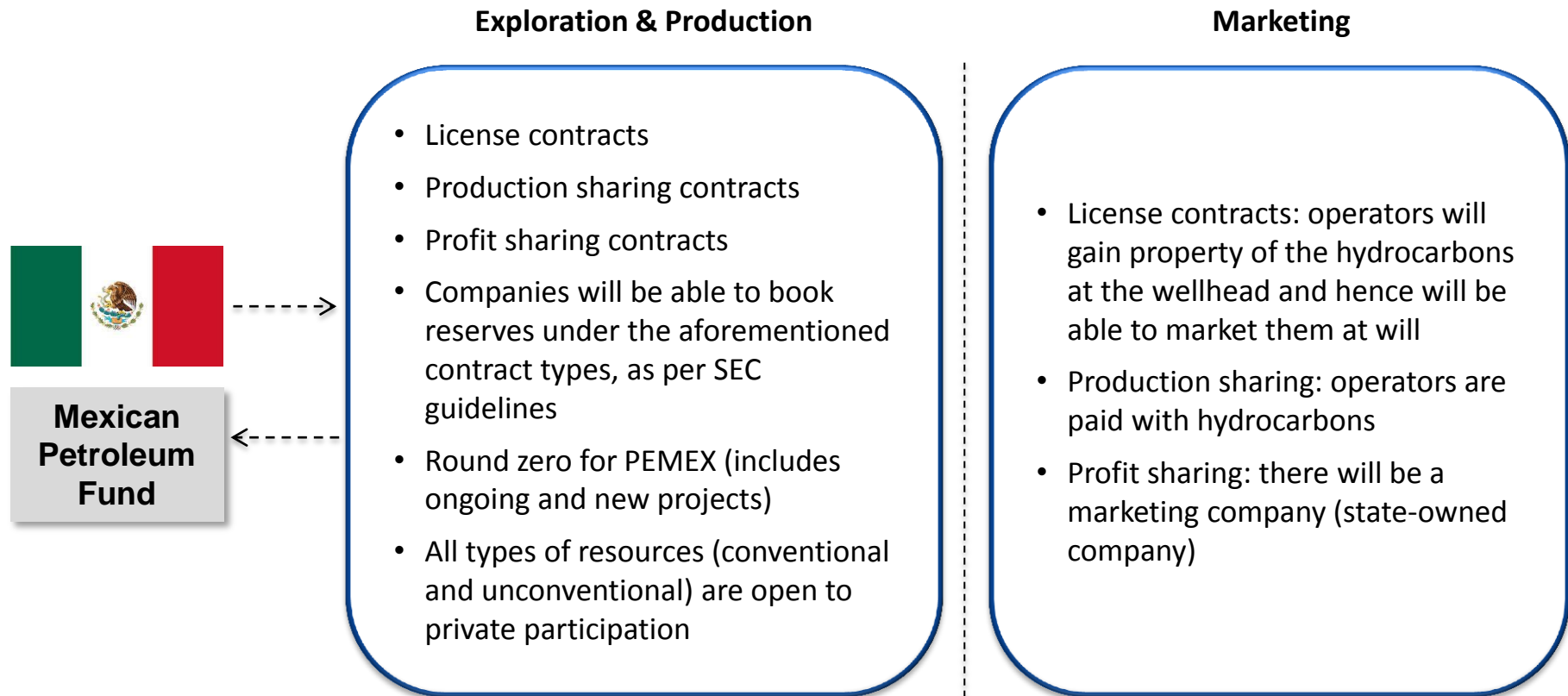
- Fully opens the generation and marketing of electricity allowing for direct power purchase agreements
- Private sector investment in transmission and distribution through contracts with the CFE

Opportunities for IEnova

- **Transportation & storage of gas and liquids**
- **Natural gas gathering & processing**
- **Renewable power generation**
- **Electric transmission & distribution**

New energy sector institutional arrangement





Hydrocarbons production outlook:

- Replacement rate above 100%
- Increase in crude oil production from 2.5 MMBD to 3 MMBD in 2018 and 3.5 MMBD in 2025
- Increase in natural gas production from 5.7 BCFD to 8 BCFD in 2018 and 10.4 BCFD in 2025

Midstream & Downstream (Petroleum)

Crude Processing


- Private sector participation in the construction and operation of refineries and petrochemicals production facilities
- Regulated services. Private sector participation will be through a permit regime. It remains unclear who will impose/define technical regulation

Storage & Transportation

- Private sector participation in the construction and operation of oil products storage & transportation facilities
- Regulated services. Private sector participation will be through a permit regime

Distribution & Marketing

- Private sector participation in the distribution and marketing of all oil products
- Regulated services. Private sector participation will be through a permit regime

 Opportunity for IEnova

Gas Processing


- Private companies will be able to participate in the construction and operation of gas processing facilities
- Permits will be granted by SENER.

Storage & Transportation

- CENAGAS will be in charge of the operations of the National Pipeline & Storage System (current PEMEX infrastructure)
- Independent private systems remain unchanged

Distribution & Marketing

- A market deepening is expected as a by-product of the opening of other value chain segments
- Entrance of new marketers is expected, as marketing is an unregulated service

 Opportunity for IEnova

Defining Details:

- CENAGAS will be created upon approval of the secondary law (CENAGAS law) as an independent central operator, granting open access to the system
- Upon publication of the CENAGAS law, PEMEX must immediately transfer all its storage and transportation contracts to CENAGAS. Secondary law will define the terms and timing for CENAGAS to acquire all PEMEX's storage and transportation assets
- CRE remains as first-hand sales, storage, transportation and distribution regulator
- PEMEX keeps processing facilities

Generation


Fully open generation market
(all kinds except nuclear, and including geothermal)

Transmission

- Private parties will be able to build and operate transmission lines via contracts and associations with CFE
- There will be an independent central operator of the National Electricity Network

Distribution

Retail sales will partially remain controlled by CFE

 Opportunity for IEnova

Defining Details:

- CENACE will be created upon approval of the amended secondary law as a independent central operator, granting open access to the system and establishing electric dispatch based on the lowest energy costs (CENACE Law)
- Upon publication of the amended law, CFE must immediately transfer all its transmission and distribution contracts to CENACE. The CENACE Law will define the terms and timing for CENACE to acquire all CFE's transmission and distribution assets
- CRE remains as regulator: in charge of granting generation permits, issuing open seasons for transmission and determining transmission and distribution rates
- CFE keeps old generation facilities and remains as a marketer

Appendix 3: additional Company detail

Corporate structure and assets in operation



Gas Segment



Wholly-owned Pipelines

- 360km of pipelines and three compression stations
- 19% of the market's transportation capacity



Energía Costa Azul

- One LNG receipt, storage and regasification terminal with a send-out capacity of 1,000 MMcfd



Ecogas

- Natural gas distribution utility with more than 100,000 customers

Power Segment



Termoeléctrica de Mexicali

- 625MW natural gas combined-cycle electricity generation plant

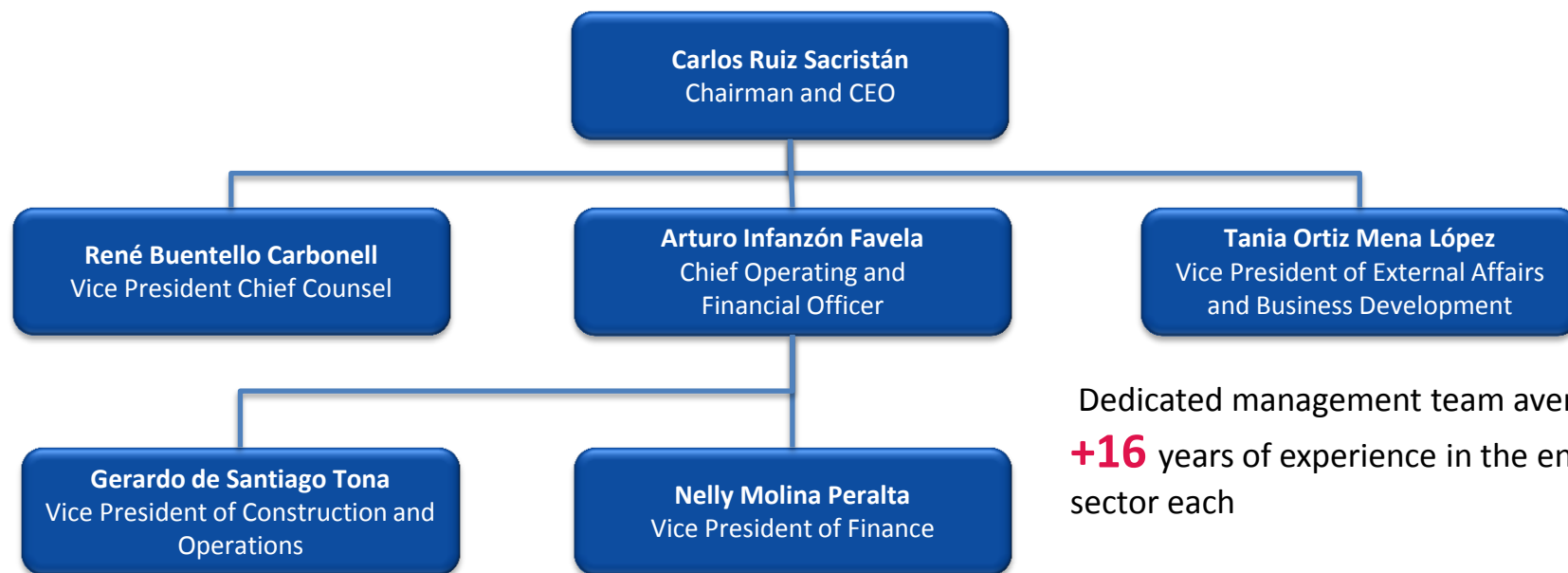


Joint-Venture with Pemex (50/50)

- 151km of pipelines (21% of the market's transportation capacity)
- 190km LPG transportation pipelines and 120,000Bbl of LPG storage
- Three compression stations

USD \$2.4 billion of assets in operation

Experienced management team



Dedicated management team averaging **+16** years of experience in the energy sector each

Board of Directors⁽¹⁾

3 of **9** independent board members

- Carlos Ruiz Sacristán (*Chairman*)
- George Liparidis
- Mark Snell
- Joseph Householder
- Eduardo Pawluszek
- Arturo Infanzón (CP)
- Andres Conesa (IM/CP/AC)
- Aaron Dychter (IM/CP/AC)
- Jeffrey Davidow (IM/CP/AC)

Note: IM – Independent Member, CP – Corporate Practices, AC – Audit Committee.

(1) James Lambright serves as Alternate Director to Mark Snell. Randall Clark, René Buentello and Rodrigo Cortina serve as non-member Secretary, Pro-Secretary and Pro-Secretary, respectively.

IEnova – natural gas portfolio

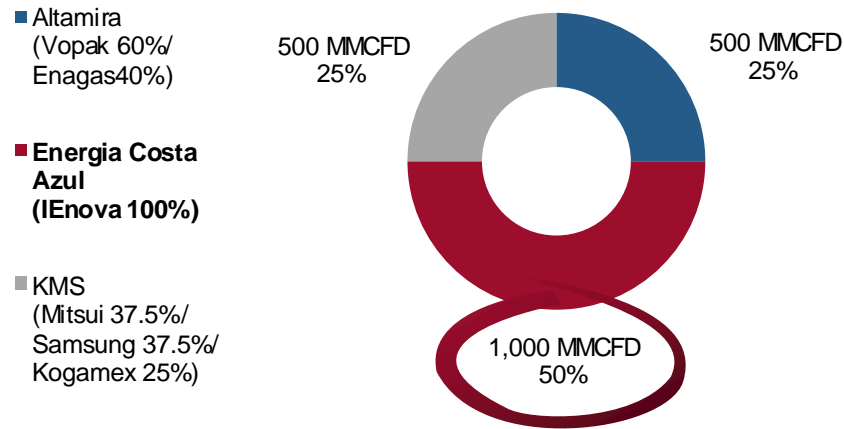
	Ownership	Length of Pipelines (km)	Capacity	% of Capacity under Long Term Contract	Contract term (yrs)	Commercial Operational Date	Customers
Natural Gas Systems							
Baja East Pipeline System	100%	302	3,450MMcfd	90%	20	Aug-02	Shell, Gazprom, Sempra LNG Marketing Mexico, InterGen, North Baja Pipeline (TransCanada), TdM power generating facility (affiliate company)
Baja West Pipeline System	100%	45	940MMcfd	100%	20	Jun-00	
Aguaprieta Pipeline	100%	13	200MMcfd	25%	25	Nov-02	Kinder Morgan
San Fernando Pipeline*	50%	114	1,000MMcfd	100%	20	Nov-03	Pemex Gas
Samalayuca Pipeline*	50%	37	272MMcfd	51%	Annual	Dec-97	Pemex Gas, CFE
Naco Compression Station	100%	NA	90MMcfd	100%	20	Sep-01	Pemex Gas
Gloria a Dios Compression Station	50%	NA	60MMcfd	100%	20	Oct-01	CFE
Los Ramones ⁽¹⁾	50%	110	2,100MMcfd		20	2H 2014	Pemex Gas
LPG System							
TDF Pipeline*	50%	190	30,000 Bld	100%	20	Dec-07	Pemex Gas
LPG Storage Facilities							
Guadalajara LPG Storage Terminal*	50%	NA	80,000 Bbld	100%	15	1H13	Pemex Gas
Sonora Pipeline Expansion							
Sasabe-Guaymas	100%	505	770MMcfd	100%	25	Oct-14	CFE
Guaymas-El Oro	100%	330	510 MMcfd	100%	25	Oct-16	CFE
LNG Facilities							
Energia Costa Azul	100%	NA	1 Bcf/d	100%	20	May-08	Sempra LNG Marketing (who sells to CFE), Gazprom and Shell
Ethane Transportation							
Ethane Pipeline	50%	226	152 MMcfd	100%	21	3Q 2014	Pemex Gas

*Assets under 50%JV with Pemex Gas

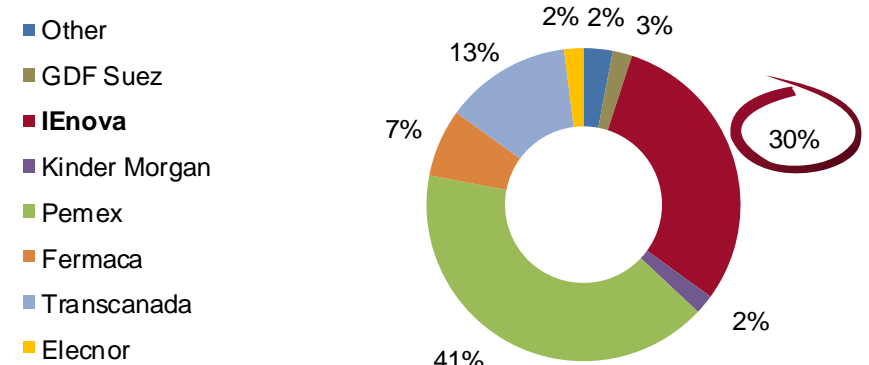
(1) Represents phase 1 of Los Ramones project only.

Competitive landscape

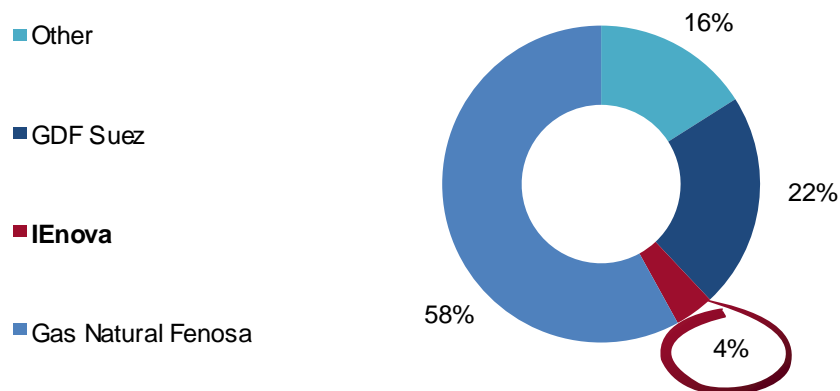
LNG Terminals⁽¹⁾



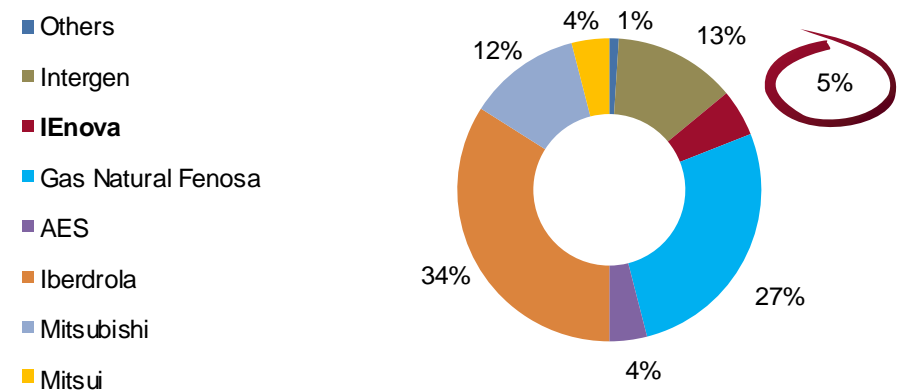
Natural Gas Pipelines⁽¹⁾



Natural Gas Distribution (proportional # of clients)



Electricity Generation Plants (MW)



Source: "Prospectiva de Gas Natural 2010–2025"; "Prospectiva del Sector Eléctrico 2010–2025", CFE

Note: Natural Gas Pipelines breakdown includes Los Ramones pipeline.

(1) Million cubic feet per day.

Comparison of Mexico and US natural gas pipelines

