



Presidencia del gobierno

Complejo de la Moncloa

Avda. Puerta de Hierro, s/n.

28071 Madrid

D. José Luis Rodríguez Zapatero, President of the Spanish Government

Copy to: D. José Enrique Serrano, Chief of Staff of the Presidency

Madrid, May 27, 2010

Subject: Proposed Spanish retroactive reduction of solar PV feed-in tariffs

Dear President,

We are a group of international investors and investment managers who invest long-term capital on behalf of global pension funds and insurance companies whose beneficiaries are millions of workers – both governmental and private – around the world. Collectively we hold investments in Spanish solar photovoltaic projects with a value of about €3 billion. These projects have been financed with nearly €400 million of our clients' and shareholders funds and with approximately €2.6 billion of loans from Spanish and European banks. Our investors seek low-risk, regulated assets, thus we made these investments relying on the regulatory assurances of the Spanish Government that the Solar PV tariff under Royal Decree 661/2007 would not be changed or reduced during the life of these projects.

In recent weeks, it has been reported that the Spanish Government might be considering to a reduction in the Royal Decree 661/2007 tariff for legally built and operating projects, including those owned by us. Having followed previous tariff negotiations for new renewable energy projects, we are inclined to believe that such an outcome is not likely. However, as the Spanish Government has not publicly ruled out retroactivity, we have heightened concerns that Spain may in fact be considering such an unprecedented and potentially damaging step. We want to register our strongest possible objection to the consideration of any such retroactive reduction. It would result in the loss of all or nearly all of our shareholders' funds and clients' pension and insurance funds invested in the equity of these projects. A substantial portion of the debt funds lent by international and Spanish banks (including some of the more constrained Cajas) would also be lost and it could have very serious long-term ramifications for Spain's ability to attract foreign investment.

We understand that that an unprecedented retroactive change is potentially warranted because based on mistaken beliefs of "excessive profitability," a contribution to the "tariff