

To the National Securities Market Commission

Valencia, July 20th, 2010

Re: Resolutions of the Board of Directors

Dear Sirs,

In furtherance of article 82 of Act 24/1988, of July 28 on the Securities Markets, Iberdrola Renovables, S.A. (“Iberdrola Renovables” or the “Company”) hereby inform you of the following significant event:

We hereby inform you that the Board of Directors of IBERDROLA RENOVBLES, S.A. (the “**Company**”) has unanimously adopted, among others that are not inconsistent therewith, the following resolutions:

- (i) To approve a new restated text of the Regulations of the Board of Directors, enclosed herewith, which shall be submitted for registration to the Commercial Registry of Valencia in accordance with article 115 of the Securities Market Act (*Ley del Mercado de Valores*).

The approval of the new restated text is aimed at adapting the Regulations of the Board of Directors to the recent amendment of the Company’s articles of association and the amendment of the Securities Market Act carried out by Law 12/2010 of 30 June modifying Law 19/1988 of 12 July on the auditing of accounts, Law 24/1988 of 28 July on the securities market, and the restated text of the Companies Act approved by Royal Decree 1564/1989, of 22 December for the implementation of Community regulations.

In addition, the Regulations are intended to reinforce the powers of the Audit and Compliance Committee and to expressly provide for the necessary relations with equivalent organisms created within other companies of the IBERDROLA RENOVBLES Group. Finally, we have taken the opportunity to improve the drafting and arrangement of the Regulations in order to complete and clarify the regulation of some matters, with the purpose of having available a text of the Regulations which is updated and fully adapted to the current circumstances of the Company, in accordance with best corporate governance practices.

- (ii) To formulate the individual and consolidated financial statements corresponding to the first half of fiscal year 2010 made public on the date hereof as a part of the half-yearly financial report.

Yours faithfully,

IBERDROLA RENOVBLES, S.A.
El Secretario del Consejo

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IMPORTANT INFORMATION

This communication does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities. The shares of Iberdrola Renovables, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.

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Regulation of
the Board of Directors
of **IBERDROLA**
RENOVABLES, S.A.

July 19, 2010

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PRELIMINARY TITLE

Article 1.- Purpose.

The Regulations of the Board of Directors of Iberdrola Renovables, S.A. (hereinafter, “Iberdrola Renovables” or the “Company”) establish the guidelines for action by the Board of Directors of the Company, the basic rules for the organization and operation thereof, and the rules of conduct to be observed by its members, in order to achieve the greatest degree of transparency, effectiveness and dynamism, supervision and control of its management duties and representation of the Company’s interests.

These Regulations further develop and supplement the legal and by-law provisions applicable to the Board of Directors of the Company and are an integral part of the Company’s Corporate Governance System, which is organized and structured around the By-Laws, the Corporate Policies, the Internal Corporate Governance Rules and other internal Codes and Procedures applicable to the Company.

These Regulations have been prepared taking into account the principles and standards contained in the most widely recognized Good Governance recommendations, especially those promoted by domestic and international regulatory authorities.

The guidelines for action and rules applicable to the operation of the management decision-making bodies existing at other companies of the Iberdrola Renovables Group shall be governed by their respective internal regulations, if any, the scope of which shall not only be consistent with the level of assurances required by the regulations making up the Corporate Governance System of the Iberdrola Renovables Group and with the principles of coordination and information that must guide the relationships among the management decision-making bodies existing at the companies of the Iberdrola Renovables Group for the purpose of full compliance with their respective duties, but shall also observe the principles set forth in these Regulations, without prejudice to such adjustments as may be required in view of the circumstances of each company.

Article 2.- Scope.

1. These Regulations shall apply to the Board of Directors, the representative decision-making bodies thereof – whether collective or single-person– and its internal Committees or Commissions, as well as to all members thereof who, in the performance of their duties, decide the direction thereof.
2. The persons to whom these Regulations apply shall have the duty to be apprised of them, to comply with them and to enforce them, for which purpose the Secretary of the Board of Directors of the Company shall provide them with a copy, the delivery of which such persons shall acknowledge by means of a signed receipt.
3. For purposes of these Regulations, the Iberdrola group (hereinafter, the “Iberdrola Group”) shall be deemed to consist of Iberdrola, S.A. and of those companies which are, in respect of Iberdrola, S.A., in any of the situations contemplated in Article 42 of the Spanish Commercial Code.
4. Likewise, the Iberdrola Renovables group (hereinafter, “the Iberdrola Renovables Group” or the “Group”) shall be deemed to consist of Iberdrola Renovables, as the controlling company, and of those companies that, pursuant to Article 42 of the Spanish Commercial Code, may be considered subsidiaries of Iberdrola Renovables or controlled by it, without prejudice to their status as subsidiaries of or companies controlled by Iberdrola, S.A. in its capacity as the controlling company of Iberdrola Renovables.

Article 3.- Dissemination.

These Regulations and any amendments hereof shall be reported to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and filed with the Commercial Registry, pursuant to applicable rules and regulations. Furthermore, the current text of the Regulations shall be available on the Company’s website.

Article 4.- Interpretation.

1. These Regulations shall be interpreted in accordance with the legal and regulatory provisions to which Iberdrola Renovables is subject from time to time and in accordance with the Company's Corporate Governance System.
2. Any questions or discrepancies that may arise in connection with the interpretation hereof shall be resolved by the Board of Directors, after a report of the Audit and Compliance Committee and an opinion issued by the Corporate Counsel.

Article 5.- Amendment.

1. The amendment of these Regulations shall be the task of the Board of Directors, acting at the request of its Chairman, of one-third of the Directors, or of the Audit and Compliance Committee, with the proposal to be accompanied by a description of the reasons for and the scope of the amendment sought. In all cases, the Audit and Compliance Committee shall prepare a report on the proposed amendment for submission thereof to the Board of Directors.
2. Notice of the Board of Directors' meeting called to decide upon the above-mentioned proposal shall be given not less than fifteen (15) days in advance of such meeting, and shall be accompanied by the entire text of the proposed amendment, a description of the reasons for the amendment and the report of the Audit and Compliance Committee.
3. In order to be valid, an amendment to these Regulations must be approved by a two-thirds majority of the Directors present at the meeting in person or by proxy.
4. The Board of Directors shall give notice to the shareholders of any amendment approved thereby at the first General Shareholders' Meeting held after such amendment.

TITLE I. STRUCTURE OF THE COMPANY'S MANAGEMENT AND MISSION OF THE BOARD

Article 6.- Structure.

Management of the Company is vested in a Board of Directors, an Executive Committee called the Executive Committee (*Comisión Ejecutiva Delegada*), and, if any and if agreed to by the Board of Directors, a Chief Executive Officer (*Consejero Delegado*).

The Board of Directors shall create, within the Board itself, the advisory Committees mentioned in Sections 3 through 5 of Title V of these Regulations, as well as any others it deems appropriate.

Article 7.- Powers of the Board of Directors.

1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by Law or the By-Laws to the shareholders at a General Shareholders' Meeting.
2. In this regard, the Board of Directors has the widest powers and authority to manage, direct, administer and represent the Company. As a general rule, it shall entrust the day-to-day management of the Company to its representative decision-making bodies and shall focus its activity on the general duty of supervision and on consideration of those matters which are of particular importance to the Company.
3. Those powers reserved by law or the By-Laws for direct exercise by the Board of Directors may not be delegated.
4. Without prejudice to the legal powers, if any, of delegation and proxy-granting for the implementation of any particular resolutions adopted, the Board of Directors shall directly exercise the following powers, which are listed

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by way of example, acting upon its own initiative or at the proposal of the corresponding internal decision-making body:

- a) Draw up the Company's Annual Financial Statements, Management Report and Proposal for the Allocation of Profits or Losses, as well as the consolidated Annual Financial Statements and Management Report, if any, and the financial information that the Company must periodically make public due to its status as listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial condition and the operating income of the Company, pursuant to applicable legal provisions.
- b) Update and continuously improve the Company's Corporate Governance System within the framework of applicable law and of the most widely recognized domestic and international good governance recommendations, by adopting, within its powers, or by proposing to the shareholders at a General Shareholders' Meeting, as applicable, such resolutions as may be deemed required or appropriate.
- c) Designate Directors to fill vacancies by interim appointment and propose to the shareholders the appointment, ratification, re-election or removal of Directors.
- d) Designate, renew and remove internal positions within the Board of Directors and the members of and positions on the Committees established within the Board of Directors.
- e) Set, pursuant to the By-Laws and within the limits established therein, the compensation policy and the compensation of the Directors, at the proposal of the Nominating and Compensation Committee. In the case of executive Directors, the Board of Directors shall fix the additional compensation for their executive duties and other terms and conditions to which their contracts must be subject.
- f) Approve the appointment and removal of senior managers of the Company, as well as set the compensation or indemnification, if any, payable to them in the event of removal, all at the proposal of the Chief Executive Officer, if any, and after a report of the Nominating and Compensation Committee.

As an exception to the foregoing, the Audit and Compliance Committee shall, based on the proposal made for such purpose by the Chairman of the Board of Directors, which the Committee shall adopt, if applicable, propose to the Board of Directors, after a report of the Nominating and Compensation Committee, the appointment and removal of the Director of Internal Audit and the establishment of the compensation or indemnification, if any, payable thereto in the event of removal.

For purposes hereof, senior managers shall be the managers that report directly to the Board of Directors or to the Chief Executive Officer of the Company and, in all cases, the Director of Internal Audit.

- g) Approve the compensation and performance assessment policy, as well as the basic terms and conditions of the contracts with the Company's senior managers, based on the proposal of the Chief Executive Officer, if any, which shall be submitted to the Board by the Nominating and Compensation Committee.
- h) Prepare the dividend policy and submit to the shareholders at a General Shareholders' Meeting the corresponding proposed resolutions regarding the allocation of profits or losses, as well as decide upon the payment of interim dividends.
- i) Enter into strategic alliances with domestic or foreign industrial, commercial or financial groups.
- j) Approve the disposition of substantial assets of the Company and, in general, all kinds of investments or transactions which are strategic in nature due to the large amount or special characteristics thereof, including industrial, commercial or financial transactions which are particularly significant or risky to the Company, establishing, if applicable, the Company's position with respect to the companies that are members of the Iberdrola Renovables Group regarding the aforementioned matters and transactions, without prejudice to the powers of the shareholders at a General Shareholders' Meeting.

- k) Approve mergers, consolidations, split-offs or concentrations affecting any of the relevant companies which are members of the Iberdrola Renovables Group.
 - l) Adopt resolutions regarding the creation or acquisition of interests in special purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature that, due to the complexity thereof, might detract from the transparency of the Iberdrola Renovables Group.
 - m) Decide upon proposals or reports submitted to it by the Executive Committee, the Chief Executive Officer or any of the advisory Committees.
 - n) Declare its position regarding all tender offers submitted for the Company's securities.
 - o) Propose to the shareholders at a General Shareholders' Meeting the amendments of the Regulations for the General Shareholders' Meeting it deems appropriate in order to enhance the operation thereof and the exercise of shareholder rights.
 - p) Approve and amend, pursuant to the provisions hereof, the Regulations of the Board of Directors.
 - q) Prepare the annual corporate governance report of the Company, as well as the annual sustainability report, the annual compensation policy report and any other report that it deems appropriate in order for shareholders and investors to be more fully informed or that is required by applicable regulations at any time.
 - r) Call the General Shareholders' Meeting.
 - s) Carry out resolutions approved by the shareholders at the General Shareholders' Meeting and perform any duties that the shareholders have assigned to it.
 - t) Define the structure of general powers of the Company to be granted by the Board of Directors itself or by the representative management decision-making bodies mentioned in paragraph 2 of this article.
 - u) Make decisions regarding any other matter within its authority which, in the judgment of the Board of Directors, is deemed to be in the interests of the Company or which the Regulations reserve to the Board as a whole.
5. Submit the following transactions to a decision by the shareholders at a General Shareholders' Meeting:
- a) The transformation of the Company into a holding company, through "subsidiarization" or the assignment to dependent entities of core activities theretofore carried out by the Company itself, even though the Company retains full control of such entities.
 - b) Transactions for the acquisition or disposition of essential operating assets when they entail an actual modification of the corporate purpose
 - c) Transactions the effect of which is tantamount to liquidating the Company.
6. The Board of Directors, within the scope of its authority relating to the general duty of supervision, acting on its own initiative or at the proposal of the appropriate internal decision-making body, shall also deal with the matters set forth below (as an example only):
- a) Prepare the Company's strategy and general lines of policy, draft programs and state objectives in order to carry out all business activities included in the corporate purpose. Specifically, it shall approve: (i) the general guidelines for the annual budget; (ii) the investment and financing policy; (iii) the definition of the structure of the Iberdrola Renovables Group and the coordination, within legal limits, of the overall strategy of such Group

in the interests of the Company and of the companies belonging thereto; (iv) the corporate governance policy; (v) the corporate social responsibility policy; (vi) the policy to be adopted by the Company in connection with treasury stock and, especially, the limits thereto; and (vii) any other policies it deems advisable.

- b) Promote and supervise the management of the Company, as well as the fulfillment of established objectives.
 - c) Establish the risk control and management policy, identify the principal risks to the Company and organize appropriate internal monitoring and information systems, as well as carry out a periodic monitoring of such systems.
 - d) Set the foundations of the corporate organization in order to ensure the greatest efficiency thereof and effective supervision by the Board of Directors.
 - e) Set policy regarding the provision of information to shareholders and to the markets in general under the standards of transparency and truthfulness of the information.
 - f) Authorize the Company or the companies included within the Iberdrola Renovables Group to enter into any transaction with Directors, with shareholders holding equity interests equal to or greater than those legally deemed to be significant or who are represented on the Board of Directors of the Company, or with Related Persons, upon the terms set forth in Article 49 of these Regulations.
 - g) Ensure, if applicable, the establishment of boards of directors made up of independent directors and audit committees at the companies leading each business within the Iberdrola Renovables Group.
7. On an annual basis, it shall evaluate: (i) its operation and the quality of its work, (ii) the performance of his duties by the Chairman of the Board of Directors and, if applicable, by the Chief Executive Officer of the Company, based on the report submitted thereto by the Nominating and Compensation Committee, and (iii) the operation of its Committees, based on the report submitted thereto by such Committees. For such purpose, the Chairman of the Board of Directors shall organize and coordinate the evaluation process with the Chairmen of the Committees.
8. In connection with such matters mentioned in this article as it may be appropriate, the Board of Directors shall act in coordination with the companies forming part of the Iberdrola Renovables Group, acting for the common benefit and in the common interest of the Company and of the companies forming part of its Group.

Article 8.- Corporate Interest.

1. The Board of Directors shall perform its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in the same position in furtherance of the corporate interest, which shall be understood to mean the common interest of all the shareholders and which shall not prevent consideration of other lawful public or private interests that converge in the development of any business activity, particularly those of the employees, among other stakeholders. In this context, regard shall be paid to the optimization, in a sustained fashion, of the financial value of the Company as an interest common to all the shareholders, and therefore, as a standard that is to govern at all times the action taken by the Board of Directors and its representative decision-making bodies, which shall also focus on the achievement of the corporate purpose pursuant to the provisions of applicable law and the Corporate Governance System.

In addition, the Board of Directors shall ensure that in its relations with other stakeholders, the Company abides by laws and regulations, fulfills in good faith its obligations and contracts, observes the usage and good practices of the industries and regions in which it carries out its business and complies with any other social responsibility standards to which it has voluntarily adhered.

2. By way of application of the above-mentioned standard, the Board of Directors shall formulate and review the business and financial strategies of the Company, and shall establish a reasonable balance between the proposals selected and the risks assumed.

3. In the area of corporate organization, the Board of Directors shall take such measures as are required to ensure:
 - a) That both the Executive Committee and the Chief Executive Officer of the Company pursue the creation of value for the shareholders and have appropriate means to do so.
 - b) That both the Executive Committee and the Chief Executive Officer remain under the effective supervision of the Board of Directors.
 - c) That no person or small group of persons enjoys decision-making power which is not subject to checks and balances.
 - d) That the strategies for the coordination of relations between the Company and the companies which are members of the Iberdrola Renovables Group are established and reviewed on an ongoing basis in order to obtain the greatest possible advantage for the benefit of both the Company and such companies.

TITLE II. COMPOSITION OF THE BOARD

Article 9.- Number of Directors.

1. The Board of Directors shall be composed of a minimum of eight (8) Directors and a maximum of fifteen (15), who shall be appointed or ratified at a General Shareholders' Meeting, subject to applicable legal and by-law provisions.
2. The determination of the number of Directors shall be the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly, through the filling or non-filling of vacancies or the appointment or non-appointment of new Directors within the minimum and maximum numbers mentioned in the paragraph above. Notwithstanding the foregoing, the Board of Directors shall submit a proposal at a General Shareholders' Meeting setting forth the number of Directors that, in view of the circumstances affecting the Company and taking into account the maximum and minimum numbers established in the paragraph above, best suits Good Governance recommendations, in order to ensure a proper degree of representation and the effective operation of the Board and to reflect an appropriate balance between experience and expertise, such that decision-making is thereby enhanced and different points of view are contributed to the discussion of the matters dealt with by the Board.

The foregoing shall be deemed to be without prejudice to the proportional representation system to which the shareholders may claim to be entitled under the provisions of the Law.

Article 10.- Types of Directors.

1. Pursuant to the provisions of the Corporate Governance System, Directors are classified as follows:
 - Executive Director: a Director who performs senior management duties or is an employee of the Company or of the Iberdrola Renovables Group.
 - External Proprietary Directors (representing a major shareholder): (a) those Directors who own a shareholding interest that is greater than or equal to that considered by law as significant, or who have been appointed owing to their status as shareholders, although their shareholding interest does not reach such amount; and (b) those whose appointment has been proposed by shareholders of the type described in the preceding letter (a).

For purposes of the definition above, it shall be deemed that a Director has been proposed by a shareholder when: (a) the Director has been appointed through the exercise of the right to representation; (b) the Director is a director, senior manager or employee of, or a non-sporadic provider of services to, such shareholder or companies forming part of its own group, (c) the corporate documents show that the shareholder accepts that

the Director has been appointed by it or represents it; (d) the Director is the spouse of, a person related by a like relationship of affection to, or a relative up to the second degree of kinship of, a significant shareholder.

- External Independent Directors: those Directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being conditioned by relationships with the Company, its significant shareholders or its managers.
- Other External Directors: those external Directors who cannot be deemed to be proprietary or independent Directors.

2. The following persons may not be appointed as independent Directors:

- a) Those who have been employees or executive directors of companies that are members of the Iberdrola Renovables Group, unless three (3) or five (5) years, respectively, have passed since the end of such relationship.
- b) Those who receive from the Company, or from any other company within the Iberdrola Group, any amount or benefit other than as Director compensation, unless such amount or benefit is not significant.

For purposes of this paragraph, the dividends or pension supplements received by the Director because of his prior professional or employment relationship shall not be taken into account, so long as such supplements are unconditional in nature and therefore the company paying them may not suspend, modify or revoke the accrual thereof at its discretion other than on the grounds of noncompliance with obligations.

- c) Those who are, or have been during the last three (3) years, partners of the external auditor or responsible for the auditor's report, whether in connection with the audit of the Company or of any other company within the Iberdrola Group during such period.
- d) Executive directors or senior managers of another company in which an executive Director or senior manager of the Company is an external Director.
- e) Those who hold, or have held during the last year, a significant business relationship with the Company or with any company within the Iberdrola Renovables Group, whether in their own name or as a significant shareholder, director or senior manager of an entity that holds or has held such relationship.

The relationship entailed by the provision of goods or services, including those of a financial nature, and advisory or consultancy relationships shall be deemed to be business relationships.

- f) Significant shareholders, executive directors or senior managers of an entity that receives, or has received during the last three (3) years, significant donations from the Company or the Iberdrola Renovables Group.

Those who are mere trustees of a foundation receiving donations shall not be deemed included in the provisions of this letter.

- g) The spouse of, persons related by a like relationship of affection to, or relatives up to the second degree of kinship of, an executive Director or senior manager of the Company.
- h) Those who have not been proposed, whether for appointment or re-election, by the Nominating and Compensation Committee.
- i) Those who, with respect to a significant shareholder or a shareholder represented on the Board, are subject to any of the circumstances mentioned in letters a), e), f) or g) of this paragraph. In the case of the kinship relationship mentioned in letter g), the limitation shall apply not only to the shareholder but also to the proprietary directors appointed at the proposal thereof.

Proprietary Directors who cease to have such status as a result of the shareholder which proposed their appointment selling its interest may only be re-elected as independent Directors when the shareholder which has proposed their appointment has sold all of its shares in the Company.

A Director who has a shareholding interest in the Company may have the status of independent Director provided that he satisfies all of the conditions established in this paragraph and, in addition, his interest is not significant pursuant to applicable legal provisions.

3. The Board of Directors shall be composed such that:

- a) External proprietary and independent Directors represent a large majority of the Board of Directors, and the number of executive Directors is the minimum number necessary, taking into account the complexity of the corporate group to which the Company belongs and the shareholding percentage represented by proprietary Directors.
- b) Among external Directors, the relation between the number of proprietary Directors and the number of independent Directors shall tend to reflect, to the extent practicable, the ratio of the capital of the Company represented by proprietary Directors to the rest of the share capital.

The provisions of letters (a) and (b) above shall be mandatory for the Board of Directors, which shall comply with such provisions when exercising its power to propose appointments to the shareholders at a General Shareholders' Meeting and of interim appointment to fill vacancies, and shall merely serve as guidance for the shareholders at a General Shareholders' Meeting.

4. The Board of Directors shall seek to ensure that the number of independent Directors represents at least one-third of the total number of Directors.
5. The Board of Directors shall take into account the guidelines established in the preceding paragraphs in the exercise of its powers to propose the appointment or re-election of Directors to the shareholders at a General Shareholders' Meeting and to designate Directors by interim appointment to fill vacancies.
6. The status of each Director shall be explained by the Board of Directors to the shareholders at the General Shareholders' Meeting at which the appointment thereof must be made or approved, and shall be confirmed or, if appropriate, reviewed each year in the annual corporate governance report, following verification by the Nominating and Compensation Committee.

TITLE III. NOMINATION, APPOINTMENT AND WITHDRAWAL OF DIRECTORS

Article 11.- Nomination.

The Board of Directors (and the Nominating and Compensation Committee within its area of authority) shall endeavor to ensure that the candidates for the office of Director proposed to the shareholders at a General Shareholders' Meeting are respectable and qualified persons, widely recognized for their expertise, competence and experience, and shall be particularly rigorous in connection with the selection of those persons who are to hold office as independent Directors. In addition, it shall endeavor to ensure that, when candidates are selected, an adequate balance between experience and expertise is achieved within the Board, taking into account that Director profiles should be complementary with a view to a better and more effective operation of the Board of Directors.

In the case of a Director that is a legal entity, the individual representing it in the performance of the duties inherent in the position of Director shall also be subject to the requirements of respectability, fitness, expertise, competence and experience mentioned in this article and shall also be personally bound by the duties of a Director set forth in these Regulations.

Article 12.- Appointment.

1. The Directors shall be appointed by the shareholders acting at a General Shareholders' Meeting pursuant to the provisions of the By-Laws and the Law.
2. The proposals for appointment or re-election that the Board of Directors submits to a decision by the shareholders acting at a General Shareholders' Meeting, and the appointment decisions made by the Board of Directors in the exercise of the legally-assigned power to make interim appointments to fill vacancies, shall be preceded by:
 - a) the corresponding proposal of the Nominating and Compensation Committee in the case of independent Directors;
 - b) a report of the Nominating and Compensation Committee in the case of other Directors; the new Director must belong to one of the categories provided for in these Regulations.
3. When the Board of Directors deviates from the proposals or reports of the Nominating and Compensation Committee, it shall give reasons for so acting and shall record such reasons in the minutes.
4. The Company shall provide the required support for new Directors to become rapidly and adequately acquainted with the Company and with the rules and regulations making up its Corporate Governance System, for which purpose it may establish guidance programs. In addition, the Company may establish, when the circumstances make it advisable, update training programs aimed at the Directors.

Article 13.- Incompatibilities.

The following may not be appointed as Directors:

- a) Domestic or foreign companies competing with the Company, or the directors or managers thereof, or the persons, if any, proposed by such companies in their capacity as shareholders. In no event shall companies belonging to the Iberdrola Group be deemed to be competitor companies.
- b) Persons serving as directors in more than four (4) companies with shares trading on domestic or foreign securities exchanges.
- c) Persons who, during the two (2) years prior to their appointment, have occupied high-level positions in the government which are incompatible with the simultaneous performance of the duties of a director of a listed company under national or autonomous community legislation, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Company operates.
- d) Persons who are under any other circumstance of incompatibility or prohibition governed by provisions of a general nature, including persons who have, in any manner, interests opposed to those of the Company.

Article 14.- Term of Office.

1. The Directors shall serve in their positions for a term of four (4) years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove or dismiss them and they do not resign from their position.
2. Directors may be re-elected to one or more terms of four (4) years.
3. Vacancies which occur may, pursuant to Law, be filled by the Board of Directors from among the shareholders on an interim basis until the next General Shareholders' Meeting, whereat the shareholders shall confirm the appointments or elect the persons who should replace the Directors that have not been ratified, or it shall withdraw the vacant positions.

Article 15.- Re-election.

1. The proposals for re-election of Directors that the Board of Directors resolves to submit to the decision of the shareholders at a General Shareholders' Meeting shall be subject to a formal process of elaboration, which shall include a proposal issued by the Nominating and Compensation Committee, in the case of independent Directors, or a prior report of such Committee, in the case of the other Directors, containing an analysis of the quality of the work performed and the dedication to the position shown by the proposed Directors during the preceding term of office.
2. The Directors sitting on the Nominating and Compensation Committee shall be evaluated by the Committee itself for such purpose, and each of them shall abstain from participating in the debate and voting that may affect them.
3. The Chairman, Vice-Chairmen and, if applicable, the Secretary and Vice-Secretary of the Board of Directors who are re-elected as members of the Board by the shareholders acting at a General Shareholders' Meeting shall continue to perform the duties they previously held within the Board, without the need for a new election and without prejudice to the Board of Directors' power of revocation with respect to such positions.

Article 16.- Resignation and Withdrawal.

1. The Directors shall cease to hold office upon the expiration of the term of office for which they have been appointed and when it is so resolved by the shareholders at a General Shareholders' Meeting in the exercise of the powers granted to them by law or the By-Laws.
2. The Directors shall tender their resignation to the Board of Directors and formally resign from their position in the following cases:
 - a) When, due to supervening circumstances, they are involved in any circumstance of incompatibility or prohibition governed by provisions of a general nature or set forth in the By-Laws or in these Regulations of the Board of Directors.
 - b) When, as a result of any acts attributable to the Director in his capacity as such, serious damage is caused to the value of the Company or the Director ceases to deserve the commercial and professional respect required to be a Director of the Company.
 - c) When they are seriously reprimanded by the Board of Directors because they have breached their duties as Directors and such reprimand is approved by a two-thirds majority of the Directors at the proposal of the Audit and Compliance Committee.
 - d) When their continuance in office on the Board may, due to lack of competence or other reasons, jeopardize, directly or indirectly or through their Related Persons, the faithful and diligent performance of their duties in furtherance of the corporate interest.
 - e) When the reasons why the Director was appointed cease to exist and, specifically in the case of proprietary Directors, when they transfer the shareholding interest in the Company that served as the basis for their appointment, or when the shareholder or shareholders which proposed, requested or determined their appointment sell or transfer their shareholding interest in whole or in part, such that their interest ceases to be significant or otherwise sufficient to serve as a basis for the appointment.
 - f) When an independent Director is affected, at any time following his appointment as such, by any of the prohibitions to hold office provided for in Article 10.2 of these Regulations.
 - g) When a proprietary Director severs his relationship with the shareholder that proposed his appointment.

3. In any of the instances set forth in section 2 above, the Board of Directors shall request the Director to resign from office and, if applicable, shall propose his withdrawal to the shareholders at a General Shareholders' Meeting.

By way of exception, the preceding provisions shall not apply to the cases of resignation described under letters e) and f) above when the Board of Directors believes there are reasons that justify the Director continuing to hold office, without prejudice to the effect that the new circumstances may have on his classification.

4. In the event that an individual representing a Director that is a legal entity falls within any of the circumstances described in section 2 above, such individual shall be barred from acting as such representative.
5. The Board of Directors may only propose the withdrawal of an independent Director prior to expiration of the term of office set in the By-Laws when there is just cause, determined by the Board of Directors after a report from the Nominating and Compensation Committee, especially in the event of breach of the duties inherent in his position or having become subject to any of the circumstances described in section 2 of this article at any time following his appointment. Such withdrawal may also be proposed as a result of tender offers, mergers or similar corporate transactions entailing a significant change in the capital structure of the Company.

Article 17.- Debate and Voting.

The Directors affected by proposals for appointment or re-election to or dismissal from office shall abstain from participating in the debate and voting on such matters.

TITLE IV. INTERNAL POSITIONS OF THE BOARD OF DIRECTORS

Article 18.- Chairman of the Board of Directors.

1. The Chairman of the Board of Directors shall be appointed from among the Directors, after a report of the Nominating and Compensation Committee, and shall be considered the Chairman of the Company and of all of the management decision-making bodies thereof of which the Chairman is a member, which he shall permanently represent.
2. The Chairman shall exercise the following powers in addition to the powers conferred by the By-Laws and the Law:
 - a) To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.
 - b) To preside over the General Shareholders' Meeting and direct the discussion and debate therein.
 - c) To bring to the Board of Directors those proposals which the Chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself and other corporate decision-making bodies, as well as to propose the designation of positions within the Board of Directors.
 - d) To represent the Company before public entities and any industry or employers' bodies.
3. In the event that the Chairman of the Board of Directors is also the Chief Executive Officer of the Company, the Board of Directors shall authorize one of the independent Directors, at the proposal of the Nominating and Compensation Committee, to coordinate and express the concerns of the external Directors and to request that the Chairman of the Board of Directors call a meeting of the Board of Directors when he deems it appropriate. In the event that one of the independent Directors is Vice-Chairman of the Board of Directors, he shall be authorized to perform the duties described in this paragraph.

Article 19.- Vice-Chairman or Vice-Chairmen.

1. The Board of Directors may, acting upon a proposal of the Chairman and after a report of the Nominating and Compensation Committee, appoint one or more Vice-Chairmen from among the Directors to replace the Chairman of the Board of Directors in the event of absence, sickness or inability to act.
2. If there is more than one Vice-Chairman, the person replacing the Chairman of the Board of Directors shall be the Vice-Chairman that is expressly appointed by the Board; in default of the foregoing, the Vice-Chairman having the longest length of service and, in the event of equal lengths of service, the oldest; and if there are no Vice-Chairmen, the Director having the longest length of service, and in the event of equal lengths of service, the oldest.

Article 20.- Chief Executive Officer.

1. The Board of Directors may, acting upon a proposal of the Chairman of the Board and after a report of the Nominating and Compensation Committee, and with the favorable vote of two-thirds of the Directors, appoint a Chief Executive Officer (Consejero Delegado) from among the Directors, with the powers it deems appropriate and which may be delegated pursuant to the provisions of the By-Laws and the Law, with due regard being paid to the standard set forth in Article 7.2 hereof.
2. The Chief Executive Officer shall, if applicable, propose to the Board of Directors, for its approval after a report of the Nominating and Compensation Committee, the definition and reorganization of the Company's management structure, the appointment and removal of senior managers, as well as the compensation or indemnification, if any, payable thereto in the event of removal. By way of exception, the Audit and Compliance Committee shall, based on the proposal made for such purpose by the Chairman of the Board of Directors, which the Committee shall adopt, if applicable, propose to the Board of Directors, after a report of the Nominating and Compensation Committee, the appointment and removal of the Director of Internal Audit and the establishment of the compensation or indemnification, if any, payable thereto in the event of removal.

Moreover, the Chief Executive Officer shall propose to the Nominating and Compensation Committee, for submission thereby to the Board of Directors, the compensation policy as well as the basic terms and conditions of the contracts with the senior managers of the Company.

The Chief Executive Officer shall also have the power to propose to the Board of Directors, after a favorable report of the Nominating and Compensation Committee, the direction of the vote to be cast by the Company in connection with the appointment of members of the board of directors and of the audit committees established at the companies leading each business within the Iberdrola Renovables Group.

3. The position of Chief Executive Officer entails the power to represent the Company in court and out of court, acting individually.
4. In the event of a vacancy in the office or sickness or disability of the Chief Executive Officer, the Chairman of the Board of Directors shall immediately call the Board of Directors to hold a meeting in order to deliberate and resolve upon the appointment, if appropriate, of a new Chief Executive Officer. In the event that the same person holds office as Chairman of the Board of Directors and Chief Executive Officer, the replacement provisions set forth in Article 19 above shall apply.
5. In the performance of his duties, the Chief Executive Officer shall have the power to collect and obtain (directly or through the senior management of the Company) the information he deems appropriate to ensure that the Company is at all times exercising effective management of the Iberdrola Renovables Group. The information so obtained may only be used to exercise the effective management of the Iberdrola Renovables Group, and shall be subject to the general rules and regulations governing the use and communication of non-public information. For the purposes hereof, the information obtained shall be deemed as if it were information regarding the Company itself.

6. If so requested by whoever has similar executive powers at Iberdrola, S.A. (the company exercising effective management of the group in which the Company is included), the Chief Executive Officer may provide (directly or through the senior management of the Company) the information regarding the Company that is requested of him, as set forth in the Framework Agreement executed by the Company and Iberdrola, S.A. on November 5, 2007 (hereinafter, the "Framework Agreement").

In all cases, such information shall be provided for purposes of:

- a) Facilitating compliance by Iberdrola, S.A. with its legal obligations, such as: (i) the preparation of its financial statements, both individual and consolidated; (ii) compliance with its obligations to provide periodic information to the National Securities Market Commission and other competent authorities, and (iii) the performance of analyses and monitoring of tax issues, for purposes of tax consolidation;
- b) Designing the policy of the Iberdrola Group and the exercise of its unitary management; and
- c) Meeting any other purposes that are appropriate to the corporate interest of Iberdrola Renovables and of Iberdrola, S.A., such as, among other things, obtaining and renewing credit ratings.

In addition, it shall be stated for the record in all events that the addressees of the information shall be subject to the same duties of secrecy and limitations on use that apply to the sender.

Article 21.- Secretary and Vice-Secretary of the Board and Corporate Counsel of the Company.

1. At the proposal of its Chairman, and after a report of the Nominating and Compensation Committee, the Board of Directors shall appoint a Secretary and, if appropriate, a Vice-Secretary, who need not be Directors. The same procedure shall be used to decide the withdrawal of the Secretary and, if applicable, the Vice-Secretary.
2. If there is a Vice-Secretary, such person shall replace the Secretary in the absence thereof at the meetings of the management decision-making bodies. In the absence of the Secretary and the Vice-Secretary, the Director appointed by the Board from among those attending the meeting in question shall act as such.
3. The Secretary of the Board of Directors shall have the following duties in addition to those assigned thereto by the Law and the Company's Corporate Governance System:
 - a) Keep custody of the corporate documents, duly record the proceedings of meetings in the minute books, and attest to the resolutions adopted by the collective management decision-making bodies.
 - b) Ensure the formal and substantive legality of all action taken by the Board of Directors and by the Committees for which he acts as Secretary, as well as compliance with regulations and by-law provisions, and ensure observance of the principles or standards contained in the regulations making up the Company's Corporate Governance System.
 - c) Give advice to the Board of Directors regarding the status of the Company's Corporate Governance System from time to time and report on new initiatives in the area of corporate governance at the domestic and international level.
 - d) Verify that all action taken by the Board of Directors and by the Committees for which he acts as Secretary complies with orders of regulatory entities, and that the recommendations thereof, if any, are taken into consideration.
 - e) Generally act as a channel in relations between the Company and the Directors in connection with all matters relating to the operation of the Board of Directors, in compliance with the instructions of the Chairman of the Board of Directors.

- f) Process all requests from the Directors regarding the information and documentation of those matters that fall within the purview of the Board of Directors.
 - g) Act as Secretary of the Executive Committee.
 - h) Act as Secretary for the General Shareholders' Meeting.
4. The Secretary, and the Vice-Secretary, if any, of the Board shall have the duties entrusted to Directors in these Regulations which, because of their nature, are applicable thereto.
 5. The Board of Directors shall appoint a Corporate Counsel to the Board and its Committees if such position is required under applicable law. The Secretary or the Vice-Secretary, if any, may perform the duties of Corporate Counsel if they are practicing attorneys-at-law and satisfy the other requirements established by applicable law and it is so determined by the Board of Directors. Specifically, the Corporate Counsel shall have access to the minutes of the meetings of the Board of Directors and its Committees in order to verify that they comply with applicable law and with the Company's Corporate Governance System.

TITLE V. COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees of the Board of Directors

Article 22.- Committees of the Board of Directors.

1. The Board of Directors shall create and maintain, on a permanent basis, an Executive Committee, an Audit and Compliance Committee, a Nominating and Compensation Committee, and a Related-Party Transactions Committee. These Committees shall be composed in such manner and shall have such duties as are described in the following articles.
2. The Board of Directors may also create other Committees or Commissions of purely internal scope, with such powers as determined by the Board of Directors. The Chairman, the Secretary and the remaining members of such Committees and Commissions shall be appointed by a simple majority of the Directors.
3. The Chairman of each Committee shall inform the Board of Directors of the activities performed and the resolutions adopted by it, and the Board may make any and all suggestions or recommendations that it deems advisable.
4. The Committees shall be governed by their own specific rules and regulations approved by the Board of Directors.

In the absence of specific rules and regulations, there shall apply to the Committees, to the extent that they are not incompatible with the nature and duties thereof, the provisions of these Regulations regarding the operation of the Board of Directors, and in particular, those governing the call to meetings, the grant of a proxy to another Director, plenary meetings, voting in writing and without a meeting, chairman of and secretary for the meetings and approval of the minutes thereof.

5. The Committees may, through their Chairmen, request the cooperation of any Director and, through the Chief Executive Officer, if any, and in the absence thereof, through the Chairman of the Board of Directors, the cooperation of any manager or employee of the Company and its Group for the better performance of its duties, so long as there is no legal impediment thereto. When so required in view of the complexity of a particular matter, the Committees may also request the cooperation or advice of external professionals, who shall address their reports directly to the Chairman of the relevant Committee.
6. Minutes of the meetings of the Committees shall be prepared by their Secretary, and shall be approved at the same meeting or at the one held immediately thereafter.

Section 2. Executive Committee

Article 23.- Composition and Positions.

1. There shall be an executive committee permanently operating as the representative of the Board of Directors, which committee shall be called the Executive Committee (*Comisión Ejecutiva Delegada*).

The Committee shall be composed of the number of Directors decided by the Board of Directors, with a minimum of three (3) Directors and a maximum of six (6). The Board of Directors shall establish rules governing the operation of the Executive Committee.

The appointment of the Committee members by the Board of Directors shall require the favorable vote of two-thirds of the Directors. The members of this Committee shall hold office as long as their appointment as Directors of the Company remains in effect, and their renewal as members of the Executive Committee shall occur at the same time as their re-election as Directors, without prejudice to the Board of Directors' power of revocation.

2. The Company shall endeavor to ensure that, to the extent practicable, the structure of participation of the various categories of Directors in the Executive Committee, excluding the executive Directors, is similar to that of the Board of Directors, and shall also endeavor to ensure that the Executive Committee includes the Chairman of the Board of Directors, who shall preside over its meetings, the Vice-Chairman or Vice-Chairmen, and the Chief Executive Officer, if any. The Secretary of the Board of Directors or, in the absence thereof, the Vice-Secretary of the Board of Directors, and in the absence of both, the Director appointed by the Executive Committee from among those who sit thereon and are in attendance at the meeting in question, shall act as Secretary of the Executive Committee.

Article 24.- Powers and Duties.

1. Unless otherwise resolved by the Board of Directors, there shall be delegated to the Executive Committee all of the powers of the Board of Directors that may be delegated under the Law and the By-Laws. Specifically, it shall deal with all matters within the power of the Board which, in the sole judgment of the Committee, should be resolved without further delay, excepting only the preparation of the financial statements, the presentation of the balance sheets at the General Shareholders' Meeting, those powers which are given by the shareholders to the Board of Directors without the power of delegation, and the powers of the Board of Directors which are non-delegable under the Law or the By-Laws.
2. In addition, the Executive Committee shall monitor, on an ongoing basis, the Company's corporate social responsibility policy, which must be approved by the Board of Directors pursuant to Article 7.6 of these Regulations.

Article 25. Meetings and Adoption of Resolutions.

1. The Executive Committee shall meet at least one (1) time per month and as many other times as deemed appropriate by the Chairman thereof, who may also suspend one or more of the ordinary meetings when deemed appropriate in the sole judgment of the Chairman. In addition, it shall meet when so requested by two (2) of the Directors sitting on the Committee.
2. Meetings of the Executive Committee shall be validly held with the attendance, in person or by proxy, of one-half plus one of the Directors sitting on the Committee.
3. Resolutions of the Executive Committee shall be adopted by majority of the Directors sitting on the Committee who are present at the meeting in person or by proxy. In the event of a tie in voting, the Chairman of the Committee shall have the tie-breaking vote.
4. The Executive Committee shall inform the Board of Directors, at the next meeting thereof following the meetings of the Committee, of the matters dealt with and the resolutions adopted by it during its meetings.

Section 3. Audit and Compliance Committee

Article 26. Composition and Positions.

1. The Board of Directors shall create a permanent Audit and Compliance Committee, which shall be composed of a minimum of three (3) Directors and a maximum of five (5) Directors appointed by the Board of Directors from among the external Directors who are not members of the Executive Committee. The Audit and Compliance Committee shall have a Chairman, who shall necessarily be an independent Director sitting on the Committee, with adequate expertise and availability to provide greater dedication to the Committee than the other Directors sitting thereon, and a Secretary, who need not be a Director, appointed by the Board of Directors.

The Board of Directors shall endeavor to ensure that the Directors who are members of the Audit and Compliance Committee, and especially the Chairman thereof, have such background knowledge and experience in accounting, audit or risk management matters as is required by the duties they are called upon to perform, provided, however, that they need not be experts in these fields.

2. The Directors who are members of this Committee shall carry out their duties as long as their appointment as Directors of the Company remains in effect, unless the Board of Directors otherwise resolves, and provided they maintain their status as external Directors and are not members of the Executive Committee. The renewal, re-election and withdrawal of the Directors sitting on the Committee shall be governed by the resolutions of the Board of Directors. The office of Chairman shall be held for a maximum period of (4) years, after which period such person may not be re-elected until the passage of one year from ceasing to act as such, without prejudice to such person continuing or being re-elected as a member of the Committee.

Article 27. Powers.

1. The activities of the Committee shall cover Iberdrola Renovables and the companies forming part of the Iberdrola Renovables Group, without prejudice to the provisions regarding guidelines for action and rules governing the internal operation of the audit committees of the companies leading each business, pursuant to Article 28 of these Regulations.
2. Without prejudice to the powers assigned by the By-Laws or to such powers as may be expressly assigned to it by the Board of Directors of the Company, the Audit and Compliance Committee shall have the power to:
 - a) Report to the General Shareholders' Meeting with respect to matters raised therein by shareholders regarding its powers.
 - b) Propose appointments of the Company's Auditors to the Board of Directors for submission to the General Shareholders' Meeting.
 - c) Supervise the management of Internal Audit, which shall be functionally controlled by the Chairman of the Audit and Compliance Committee.
 - d) Know the process for gathering financial information and associated systems for monitoring risks relevant to the Company.
 - e) Receive information from the Auditors regarding matters that might jeopardize the independence thereof which are related to the auditing procedure and generally regarding any other information provided for in legislation regarding the auditing of financial statements and in the technical auditing regulations in effect at any time.
 - f) Report in advance on the Company's annual corporate governance report and ensure compliance with legal requirements and those of the Codes of Ethics or Professional Conduct and Good Governance adopted by the Board of Directors.

- g) Inform the Board of Directors in advance regarding (i) all matters within its area of authority provided for in Title IX of these Regulations and (ii) the financial information that the Company must periodically make public due to its status as listed company. In this regard, the Committee shall make sure that the interim financial statements are prepared in accordance with the same accounting standards as the annual financial statements and, for such purpose, it shall consider the suitability of a limited review by the external Auditor.
 - h) Report to the Board of Directors, prior to the adoption by it of the corresponding decision, regarding the creation or acquisition of interests in special purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature that, due to the complexity thereof, might detract from the transparency of the Iberdrola Renovables Group.
 - i) Report on proposed amendments to the Regulations of the Board of Directors and report to the Board, prior to the adoption of a resolution thereby, on any questions or discrepancies that may arise in connection with the application or interpretation of these Regulations.
 - i) Exercise such other powers, if any, as may be assigned to it by the By-Laws, these Regulations or the Board of Directors.
3. The following shall be the main functions of the Committee regarding Internal Audit:
- a) See to the independence and effectiveness of Internal Audit. In this regard, the Chairman of the Board of Directors shall, in agreement with the Chairman of the Audit and Compliance Committee, approve the Basic Internal Audit Regulations as well as the budget of the Internal Audit Division.
 - b) Approve the direction and plans of the Internal Audit Division and ensure that its activities focus primarily on the significant risks of Iberdrola Renovables and of the Iberdrola Renovables Group, and receive periodic information on the activities carried out by Internal Audit and on observance of its recommendations. In this regard, the Director of Internal Audit shall submit an activities report to the Committee at the end of each fiscal year.
 - c) Verify that senior management takes into account the conclusions and recommendations made in its reports.
 - d) Ensure that Internal Audit has sufficient resources and suitably-qualified professionals for the successful performance of its function. Within the area of its specific duties, the Internal Audit Division shall be the ordinary channel of communication between the Committee and the rest of the Company, and shall be responsible for preparing the information required at Committee meetings, which it shall attend, at the request of its Chairman, if the Committee deems it appropriate.
 - e) Based on a proposal made by the Chairman of the Board of Directors, which the Committee shall adopt, if applicable, propose to the Board of Directors, after a report of the Nominating and Compensation Committee, the appointment and removal of the Director of Internal Audit and the establishment of the compensation or indemnification, if any, payable thereto.
4. The following shall be the main functions of the Committee in connection with internal monitoring and risk management systems:
- a) Periodically review internal monitoring and risk management systems to ensure that the main risks are identified, managed and properly disseminated.
 - b) Ensure that the risk control and management policy identifies, at a minimum:
 - i. The various kinds of risk (operational, technological, financial, legal, reputational, etc.) facing the Company, including, under financial or economic risks, contingent liabilities and other off-balance sheet risks.

- ii. The determination of the level of risk that the Company considers acceptable.
 - iii. The measures provided for to mitigate the impact of the risks identified, should they materialize.
 - iv. The reporting and internal monitoring systems to be used to control and manage the above-mentioned risks, including contingent liabilities or off-balance sheet risks.
5. The following shall be the main functions of the Committee in connection with the auditing of financial statements:
- a) Give guidance on and propose to the Board of Directors of Iberdrola Renovables the selection, appointment, re-election or replacement of the Auditors of Iberdrola Renovables and of the Iberdrola Renovables Group for approval thereof by the shareholders acting at a General Shareholders' Meeting.
 - b) Approve the Iberdrola Renovables Group's policy on hiring Auditors, proposing to the Board of Directors the terms on which Auditors are to be hired and ensuring that such terms are complied with.
 - c) Ensure the independence of the Auditors and, for such purpose:
 - i) ensure that the Company and the Auditor observe current rules and regulations on the provision of services other than audit services, the limitations on the concentration of business of the Auditor and, generally, other rules and regulations established to ensure the independence of the Auditors; and
 - ii) in the event of resignation of the Auditor, examine the circumstances that caused such resignation.
 - d) Review the content of the Audit Reports and, if applicable, of the limited review reports on interim financial statements prior to issuance thereof, in order to prevent the making of comments and qualifications, the content and scope of which, if any, shall be clearly explained to the shareholders by the Chairman of the Committee.
 - e) Assess the results of each audit and supervise the responses of senior management to its recommendations.
 - f) Favor the Auditor of the Iberdrola Renovables Group taking responsibility for the audits of the companies belonging to such Group.
 - g) Act as a channel of communication between the Board of Directors and the Auditors.
 - h) Ensure that the Company notifies the National Securities Market Commission of the change of Auditor as a significant event (hecho relevante).
 - i) Regularly receive from the Auditor information regarding the audit plan and the results of implementation thereof and monitor the recommendations proposed by the Auditor, with the power to request its cooperation when deemed required.
 - j) Request of the Auditor, on an annual basis, a statement of independence (in respect of Iberdrola Renovables or entities directly or indirectly related to Iberdrola Renovables) of the firm as a whole and of the team members participating in the audit of the annual financial statements of the Iberdrola Renovables Group, and supervise the application of the internal procedures for quality assurance and the protection of independence implemented by the Auditor.
 - k) Authorize, prior to approval thereof, the hiring of the Auditor or of entities related thereto by Iberdrola Renovables, or by entities belonging to its Group, for the provision of services other than the audit of financial statements. In addition, the Committee shall receive from the Auditor information regarding additional services

of any kind provided by the Auditor or entities related thereto to companies that are directly or indirectly related to the Company other than those forming part of the Iberdrola Renovables Group.

- l) Issue each year, prior to the issuance of the audit report, a report setting forth an opinion on the independence of the Auditor. This report shall, in all cases, include an opinion regarding the provision of the additional services mentioned in letter k) above.
 - m) Receive information regarding the engagement at Iberdrola Renovables and the Iberdrola Group of professionals coming from the audit firm.
6. The following shall be the main functions of the Committee in connection with the preparation of financial information:
- a) Supervise the process of preparation and submission of regulated financial information. Specifically, it shall supervise the process of preparation and the integrity of the financial information relating to the Company and to its consolidated Group, ensuring in this regard that the semi-annual financial reports and the quarterly management statements are prepared in accordance with the same accounting standards as the annual financial reports, for which purpose, it shall consider the suitability of a limited review of the semi-annual financial reports by the Auditor.
 - b) Monitor compliance with legal requirements, the proper delimitation of the scope of consolidation and the correct application of generally accepted accounting standards and international financial reporting standards applicable to the economic/financial information relating to the Company and its consolidated Group.
 - c) Evaluate any proposed changes in accounting policies and practices suggested by senior management.
7. The following shall be the main functions of the Committee in connection with the annual corporate governance report and compliance with legal requirements and Good Governance recommendations:
- a) Report to the Board of Directors on the annual corporate governance report prior to submission thereof to the Board for approval.
 - b) Ensure compliance with laws, internal regulations and regulatory provisions governing the activities of Iberdrola Renovables and of the Iberdrola Renovables Group.
 - c) Review the degree of compliance with Good Governance recommendations by Iberdrola Renovables and by the companies belonging to the Iberdrola Renovables Group, if applicable, reviewing the results thereof from time to time and submitting the proposals for improvement that it deems appropriate to the Board of Directors.
 - d) Establish and supervise a mechanism to allow employees to report on a confidential and, if deemed appropriate, anonymous basis, potentially important irregularities, particularly of a financial and accounting nature, observed in the company, complying in all cases with the rules and regulations regarding the protection of personal data and the fundamental rights of the parties involved.
 - e) Provide specific investigation in the event of third-party claims against the Company or of irregular or anomalous conduct, in accordance with the provisions of letter d) above.
 - f) Report to the Board of Directors on all matters within its area of authority pursuant to the Regulations of the Board and, generally, on any other matters required by the Board of Directors.

Article 28.- Relationship with the Audit Committees of Other Companies of the Iberdrola Renovables Group

1. For the proper discharge of the duties assigned to the Audit and Compliance Committee of Iberdrola Renovables in these Regulations, and with due regard to the scope of action thereof, such Committee shall also establish

the proper framework of relations of coordination and information with the audit committees that may be established at companies belonging to the Iberdrola Renovables Group, taking into account for such purpose the special characteristics that may be derived from the nationality or any other circumstance that may affect specific companies of the Iberdrola Renovables Group.

2. Such relations shall be channeled through the Chairman of the Audit and Compliance Committee of Iberdrola Renovables and the Chairman of the Audit Committee of the relevant company belonging to the Iberdrola Renovables Group, and the purpose thereof shall be to enable the Audit and Compliance Committee of Iberdrola Renovables, as parent company, to become apprised of the matters dealt with by such audit committees which may have a significant impact at the Group level.
3. The guidelines for action and rules applicable to the internal operation of the audit committees existing at other companies of the Iberdrola Renovables Group shall be set forth in their respective internal regulations, whose scope shall not only be consistent with the level of assurances required by the regulations making up the Corporate Governance System of the Iberdrola Renovables Group and with the principles of coordination and information that must guide the relationships among the audit committees existing at the companies of the Iberdrola Renovables Group for the purpose of full compliance with their respective duties, but shall also observe the provisions of these Regulations, without prejudice to such adjustments as may be required in view of the circumstances of each company.
4. Any information or appearance of managers, employees or directors of a company belonging to the Iberdrola Renovables Group and having its own Audit Committee that is requested by the Audit and Compliance Committee of Iberdrola Renovables in the performance of its duties shall be processed and carried out through the Audit Committee of the company involved, whose Chairman shall provide the information directly to the Chairman of the Audit and Compliance Committee of Iberdrola Renovables.
5. The audit committees existing at other companies of the Iberdrola Renovables Group shall ensure the independence and effectiveness of their respective internal audit divisions.
6. For purposes of the performance of the duties assigned in these Regulations to the Audit and Compliance Committee of Iberdrola Renovables in connection with Internal Audit, the head of the Internal Audit Division of Iberdrola Renovables shall establish a proper framework of relations of coordination and information with the internal audit divisions of the companies forming part of the Iberdrola Renovables Group.

Article 29. Meetings and Adoption of Resolutions.

1. The Committee shall meet as many times as its Chairman deems necessary for the fulfillment of its obligations, and at least one (1) time per quarter, or when requested by at least one-half of its members.

The Chairman of the Board of Directors and the Chief Executive Officer, if any, may request informational meetings with the Committee, on an exceptional basis.

2. Meetings of the Committee shall be validly held when one-half plus one of its members are present in person or by proxy.
3. The Committee may also require that the Auditor attend its meetings.
4. The resolutions of the Committee shall be adopted by a majority of votes of the members present thereat in person or by proxy. In the event of a tie, the Chairman shall have the tie-breaking vote.
5. Within three months following the end of each fiscal year, the Audit and Compliance Committee shall submit to the Board of Directors for its approval a Report on its activities during the previous fiscal year, which shall subsequently be made available to the shareholders and investors for purposes of the call to the ordinary General Shareholders' Meeting. In addition, at the first meeting of the Board of Directors that is held following the

meetings of the Committee, the Chairman of the Audit and Compliance committee shall report to the Board on the resolutions and significant events, if any, that occurred at Committee meetings.

Section 4. Nominating and Compensation Committee

Article 30. Composition and Positions.

1. The Board of Directors shall create a permanent Nominating and Compensation Committee, which shall be an internal informational and consultative body without executive powers, and which shall have the informational, advisory and proposal-making powers within its scope of action set forth in Article 31 below.
2. The Nominating and Compensation Committee shall be composed of a minimum of three (3) Directors and a maximum of five (5), appointed by the Board of Directors from among the external Directors, and the majority of the Directors sitting on the Committee must be classified as independent Directors. The Board of Directors shall also appoint the Chairman thereof from among the members of such Committee, who shall necessarily be one of the independent Directors, with adequate expertise and availability to provide greater dedication to the Committee than the other Directors sitting thereon, as well as its Secretary, who need not be a Director, at the proposal of the Nominating and Compensation Committee.
3. The Board of Directors shall endeavor to ensure that the Directors sitting on the Nominating and Compensation Committee have the capacity, skills and experience required by the duties they are called upon to perform.

The Directors sitting on the Committee shall meet the following conditions:

- a) have, in the opinion of the Board of Directors, proven experience as Directors or in the discharge of other important responsibilities in the business field;
 - b) not have performed executive duties at the Company or the companies of the Iberdrola Renovables Group, unless the Board of Directors, on an exceptional basis and considering the time that has passed since the Director stopped performing such duties, as well as the qualities of the Director, resolves to waive the application of this requirement.
4. The Directors sitting on the Committee shall hold office for so long as they continue to be Directors of the Company and for so long as they retain the status of external Directors, unless the Board of Directors resolves otherwise. The renewal, re-election and withdrawal of the Directors sitting on the Committee shall be governed by the provisions established by the Board of Directors.

Directors sitting on the Committee who are re-elected as Directors of the Company by resolution of the shareholders acting at a General Shareholders' Meeting shall continue to hold their positions within the Committee, without the need for a new election, unless the Board of Directors resolves otherwise.

Article 31. Powers.

1. The Nominating and Compensation Committee shall have the power to supervise the procedure for selecting the members of the Board of Directors and senior managers of the Company (the latter at the proposal of the Chief Executive Officer, if any), as well as to assist the Board of Directors in the determination and supervision of the compensation policy for such persons. In addition, within the legal limits and within the framework of coordination of the interests of the Company and the affiliated companies forming part of the Iberdrola Renovables Group, the Committee shall be apprised of, and, if appropriate, report to the Board of Directors on the selection, appointment and compensation policy for directors and senior managers of the main affiliated companies.

The Chief Executive Officer shall provide the Committee with the information it needs for the exercise of its powers in connection with the directors and senior managers of the main affiliated companies.

2. Without prejudice to the foregoing and, specifically, the Nominating and Compensation Committee shall have the power to:

- a) Report on and review the criteria that should be followed in composing the Board of Directors and in selecting candidates, defining their duties and required qualifications and assessing the time and dedication required for the proper performance of their duties. In the exercise of this power, the Committee shall take into account, regarding external Directors, the relation between the number of proprietary Directors and the number of independent Directors, such that this relation reflects, as far as possible, the ratio of the Company's capital represented by proprietary Directors to the rest of the capital.
- b) Submit, in the case of independent Directors, nominations for the interim appointment thereof to fill a vacancy or, as the case may be, for submission of such proposals to a decision of the shareholders at a General Shareholders' Meeting, as well as proposals for the re-election or removal of such Directors by the shareholders at a General Shareholders' Meeting.

Report to the Board of Directors on the proposals for the appointment of non-independent Directors on an interim basis to fill a vacancy or, if appropriate, for submission to the decision of the shareholders at a General Shareholders' Meeting, as well as on the proposals for the re-election or removal of such Directors by the shareholders at a General Shareholders' Meeting, and, in general, ensure that those persons who are to serve or to be re-elected as Directors satisfy the requirements of respectability, fitness, expertise, competence and experience and do not fall under any circumstance of incompatibility, prohibition, or conflict of interest with those of the Company governed by provisions of a general nature or contemplated in the By-Laws or in these Regulations.

- c) Report on nominations for internal positions within the Board of Directors and propose to the Board of Directors the members who should make up each of the Committees.
- d) Examine or organize, in such manner as is deemed appropriate, the succession of the Chairman and of the Chief Executive Officer, if any, of the Company and, if applicable, make proposals to the Board of Directors for such succession to occur in an orderly and well-planned fashion.
- e) Propose to the Board of Directors the system and amount of the annual compensation of Directors, as well as the individual compensation of executive Directors and other terms and conditions of their contracts, in all cases pursuant to the provisions of the By-Laws.
- f) Report to the Board of Directors, prior to the adoption thereby of the corresponding decision, regarding the appointment or removal of the Chairman of the Board of Directors.
- g) Report to the Board of Directors, prior to the adoption thereby of the corresponding decision at the proposal of the Chairman of the Board of Directors, regarding the appointment and/or removal of the Vice-Chairman or Vice-Chairmen of the Board of Directors and of the Chief Executive Officer, if any.
- h) Report to the Board of Directors, prior to the adoption thereby of the corresponding decision at the proposal of the Chairman of the Board of Directors, regarding the appointment and/or removal of the Secretary and of the Vice-Secretary, if any, of such management decision-making body.
- i) Provide information to the Board of Directors regarding the appointment and/or removal of senior managers of the Company, as well as regarding the compensation or indemnification, if any, that may be established in the event of removal of such senior managers, all at the proposal of the Chief Executive Officer, if any. In the case of the Director of Internal Audit, the proposal shall be submitted by the Audit and Compliance Committee, based on the proposal made for such purpose by the Chairman of the Board of Directors, which the Audit and Compliance Committee shall adopt, if applicable.

- j) Submit to the Board of Directors, together with the corresponding reports, the proposals submitted thereto by the Chief Executive Officer, if any, regarding the compensation policy applicable to senior managers and the basic terms and conditions of their contracts.
 - k) Provide information regarding incentive plans and pension supplements.
 - l) Periodically review the compensation programs, evaluating the adequacy and results thereof.
 - m) Ensure compliance with the compensation policy of the Company and, specifically, with the compensation policies applicable to the Directors and senior managers, and report on the documents to be approved by the Board of Directors for general dissemination thereof regarding information on the compensation of the Directors or Senior Managers, including the annual corporate governance report and the annual compensation policy report.
 - n) Ensure that when new vacancies are filled or new Directors are appointed to the Board, the selection procedures are free from any implied bias entailing any kind of discrimination and take into account, if applicable, standards ensuring that Director profiles are complementary with a view to a better operation of the Board of Directors.
 - o) Exercise such other powers, if any, as are assigned to it by the By-Laws, these Regulations or the Board of Directors.
3. The Committee shall have unrestricted access to any kind of information or documents in the possession of the Company and that it deems necessary for the performance of its duties.

Article 32. Meetings and Adoption of Resolutions.

1. The Nominating and Compensation Committee shall meet as often as required for the performance of its duties, in the opinion of its Chairman, and at least once every quarter or when requested by at least one-half of the Directors sitting on the Committee.

The Chairman of the Board of Directors and the Chief Executive Officer, if any, may request informational meetings with the Committee, on an exceptional basis.

2. Meetings of the Committee shall be validly held when one-half plus one of the Directors sitting on the Committee are present in person or by proxy.
3. The resolutions of the Committee shall be adopted by a majority of the Directors sitting thereon who are present at a meeting in person or by proxy. In the event of a tie, the Chairman shall have the tie-breaking vote.
4. Within three months following the end of each fiscal year, the Nominating and Compensation Committee shall submit to the Board of Directors for its approval a Report on its activities during the previous fiscal year. In addition, at the first meeting of the Board of Directors that is held following the meetings of the Nominating and Compensation Committee, the Chairman thereof shall report to the Board on the resolutions and significant events, if any, that occurred at Committee meetings.

Section 5. Related-Party Transactions Committee

Article 33. Composition and Positions.

1. Pursuant to the provisions of the Framework Agreement, the Board of Directors shall create a Related-Party Transactions Committee, which shall be an informational and consultative body without executive powers and shall have the informational, advisory and proposal-making powers within its scope of action set forth in Article 34 below.

2. The Committee shall be composed of a minimum of three (3) Directors and a maximum of five (5), appointed by the Board of Directors from among the non-proprietary Directors, provided, however, that the majority of the Directors sitting on the Committee shall be independent Directors. The Board of Directors shall also appoint from among its members the Chairman thereof, who shall necessarily be one of the independent Directors, as well as its Secretary, who need not be a Director.
3. The Directors sitting on the Committee shall continue to hold office for so long as they remain Directors of the Company and for so long as they retain the status of non-proprietary Directors, unless the Board of Directors resolves otherwise. Renewal and re-election to and withdrawal from office of the Directors sitting on the Committee shall be governed by resolution of the Board of Directors.

Directors sitting on the Committee who are re-elected as Directors of the Company by resolution of the shareholders adopted at a General Shareholders' Meeting shall continue to hold their positions within the Committee, without the need for a new election, unless the Board of Directors resolves otherwise.

Article 34. Powers.

1. The Related-Party Transactions Committee shall have the power to:
 - a) Report in advance on the essential elements (price, term and purpose) of related-party transactions between the Company and Iberdrola, S.A. or among any of the companies of their respective Groups that require the approval of the Board of Directors or, in urgent cases, of the Executive Committee, pursuant to the Framework Agreement. As regards transactions within the ordinary course of business that are of a customary or recurring nature, it shall be sufficient for the report to refer to generic authorization by the Board of the line of transactions and of the conditions for performance thereof.
 - b) Report in advance on semi-annual information and information included in the Company's annual corporate governance report with respect to the Framework Agreement and related-party transactions between Iberdrola, S.A. and the Company, or among any of the companies of their respective Groups.
 - c) Report in advance on the decision of the Company and the companies belonging to its Group to relinquish the business opportunities mentioned in the Framework Agreement.
 - d) Report periodically on compliance with the Framework Agreement.
 - e) Report in advance on any proposed amendment to the Framework Agreement, as well as possible proposed settlements intended to resolve disputes that may arise between the parties on the basis of the Framework Agreement.
 - f) Make recommendations and proposals for improvement on the matters within its purview.
2. The period allowed the Committee to report on the matters described under a) and b) above shall be ten days as from the date of receipt of the respective notice. Such period may be extended by way of exception.
3. The reports issued and recommendations made by the Related-Party Transactions Committee shall not be binding upon the management decision-making bodies that are to adopt the resolutions or decisions to which such reports or recommendations refer, but the above-mentioned bodies shall, in every case, state the reasons why they did not follow the opinion expressed in the reports or the recommendations of the Committee.
4. In the exercise of its powers, the Committee may make verifications and request any relevant information.

Article 35. Meetings and Adoption of Resolutions.

1. The Related-Party Transactions Committee shall meet with the frequency required for the performance of its duties, and at least semi-annually.

The Chairman of the Board of Directors and the Chief Executive Officer, if any, may request exceptional meetings with the Committee for the provision of information.

2. Meetings of the Committee shall be validly held when one-half plus one of the Directors sitting thereon are present in person or by proxy.
3. Resolutions of the Committee shall be adopted by a majority of the Directors sitting thereon who are present at a meeting in person or by proxy. In the event of a tie, the Chairman shall have the tie-breaking vote.
4. At the first meeting of the Board of Directors that is held following the meetings of the Committee, the Chairman thereof shall report to the Board of Directors on the resolutions and significant events, if any, that occurred at Committee meetings, and shall promptly notify the appropriate bodies of the prior reports issued by the Committee in connection with related-party transactions and with the decision to relinquish business opportunities.

TITLE VI. OPERATION OF THE BOARD OF DIRECTORS

Article 36.- Meetings.

1. The Board of Directors shall meet with the frequency it deems appropriate, but at least once a month unless the Chairman of the Board of Directors, in his sole judgment, deems it appropriate to suspend any of such sessions.
2. Prior to the commencement of each fiscal year, the Board of Directors shall set a schedule for its ordinary meetings. Such schedule may be modified by a resolution adopted by the Board of Directors or upon a decision made by the Chairman of the Board, who shall report the modification to the Directors not less than five (5) days in advance of the date originally set for the meeting or of the new date set in lieu thereof, if the latter date occurs earlier.
3. The Board of Directors shall also meet when the Chairman thereof resolves to call an extraordinary meeting thereof, when such extraordinary meeting is requested of it by one-fourth of the Directors, or when so requested of it by the Independent Director entitled thereto pursuant to the provisions of Article 18 above. In the latter two cases, the meeting shall be held within ten (10) days of the request.
4. The call to meeting of the Board of Directors shall be carried out by letter, fax, telegram, e-mail or any other means, and shall be authorized under the signature of the Chairman of the Board of Directors, or under the signature of the Secretary or Vice-Secretary by order of the Chairman of the Board of Directors. Notice of the call shall be given as much in advance as is necessary for the Directors to receive it not later than the third day prior to the date of the meeting, except in the case of emergency meetings. Excepted from the foregoing provision shall be those instances in which these Regulations prescribe that greater notice be given. The call shall always include the place, date and time of the meeting, the agenda for the meeting and, if appropriate, an attachment containing any information deemed necessary.
5. Without prejudice to the foregoing, extraordinary meetings of the Board of Directors may be called when the Chairman thereof deems it justified in the circumstances, by telephone, fax, telegram, e-mail or any other means, in which case the requirements and formalities for a call to meeting mentioned in the preceding paragraphs of this article shall not apply.

6. The Chairman shall decide on the agenda for the meeting. The Directors may submit a request to the Chairman for the inclusion of matters in the agenda, and the Chairman shall be required to include them when such request has been made not less than two (2) days in advance of the date set for the meeting.
7. Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call if all of the Directors are present in person or by proxy and unanimously agree to hold the meeting as a plenary meeting and to the items of the agenda to be dealt with.
8. If no Director is opposed thereto, voting by the Board may occur in writing without a meeting. In this instance, the Directors may deliver to the Chairman of the Board of Directors (or to the Secretary or Vice-Secretary acting on behalf of the Chairman of the Board) their votes and the considerations they wish to appear in the minutes, using the same methods mentioned in paragraph 4 above. Resolutions adopted by this procedure shall be recorded in minutes prepared pursuant to the provisions of the Law.
9. Technical experts, whether they be the Company's own in-house experts or external, may attend meetings of the Board of Directors as invitees in order to provide assistance to the Directors when so deemed necessary by the Chairman of the Board of Directors.

Article 37.- Place of Meetings.

1. Meetings of the Board of Directors shall be held at the registered office of the Company, or at such other place, either in Spain or abroad, as is designated in the call to meeting.
2. Meetings of the Board of Directors may also be held in several places connected by a conference system (including videoconference, telepresence or any other similar systems) which permits the recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation in discussion and the casting of votes, all in real time. Attendees at any of such places shall be deemed to have attended the same meeting for all purposes relating to the Board of Directors. The meeting shall be deemed to have been held where the majority of the Directors are located and, if they are located in different places in equal numbers, where the Director chairing the meeting is located.

Article 38.- Conduct of the Meetings.

1. A quorum of the Board of Directors shall validly exist with the attendance, in person or by proxy, of at least one-half plus one of the Directors.
2. The Directors shall use their best efforts to attend the meetings of the Board of Directors and, when unable to attend in person, they shall endeavor to give a proxy to another Director, to whom they shall give any appropriate instructions. The proxy granted shall be a special proxy for the Board meeting in question, and may be communicated by any of the means set forth in Article 36.4 above in connection with notice of the call to meetings.
3. The Chairman of the Board of Directors shall organize the debate, stimulating the participation of all of the Directors in the deliberations of the Board, and may, when so required by the circumstances, adopt any measures necessary to ensure the confidentiality of the deliberations and of the resolutions adopted during the meetings of the Board of Directors.
4. Resolutions shall be adopted by absolute majority of the Directors attending the meeting in person or by proxy, except in the following cases:
 - a) Permanent delegation of powers of the Board of Directors to the Executive Committee or to the Chief Executive Officer, if any, and the appointment of Directors who must occupy such positions, which shall require the favorable vote of two-thirds of the Directors in order to be valid.

- b) Amendments to the Regulations of the Board of Directors, which shall require the favorable vote of two-thirds of the Directors present at the meeting in person or by proxy in order to be valid.
- 5. In the event of a tie, the Chairman of the Board of Directors shall have the tie-breaking vote.

TITLE VII. COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Article 39.- Compensation of the Directors.

1. The Directors shall be entitled to the compensation provided for in the By-Laws.
2. Within the limits established in Article 44 of the By-Laws, the Board of Directors shall ensure that the compensation payable to the Directors is commensurate with the compensation paid at similarly-sized companies carrying on similar business in the market and with the same dedication to the Company.
3. The Board of Directors shall formulate a compensation policy that will include fixed compensation, variable compensation items (indicating the parameters thereof and the hypotheses or objectives taken as a reference), pension systems and the principal terms and conditions to be contained in the contracts with executive Directors.

Compensation tied to the results of the Company shall take into account possible qualifications contained in the report of the external auditors that reduce such results.

In the case of variable compensation, the compensation policy shall include the technical precautions needed to ensure that such compensation bears a relation to the professional performance of the beneficiaries thereof and does not derive simply from general changes in the markets or the Company's industry or other similar circumstances.

Compensation systems implemented by the Company, consisting of the delivery of shares of the Company or of companies within its Group, stock options, or instruments referenced to the value of shares, variable compensation linked to the Company's performance or pension systems shall, as a rule, be limited to the executive Directors, provided, however, that the external Directors may participate in compensation systems entailing the delivery of shares when such delivery is made contingent upon maintenance of the shareholding until the Director ceases to serve as such.

The Board of Directors shall prepare, on an annual basis, a report on the compensation policy for the current fiscal year and the application of the compensation policy in effect in the previous fiscal year, which shall be made available to the shareholders, in such manner as the Board deems fit, on occasion of the call to the ordinary General Shareholders' Meeting.

4. The Board shall ensure the transparency of the Directors' compensation, and for such purpose, it shall include in the Company's report an itemized and detailed account of all compensation received by the Directors, whether in their capacity as such or in their capacity as managers, as the case may be, or in any other capacity, and whether it has been paid by the Company or by the other companies of the Iberdrola Renovables Group, in accordance with good governance recommendations in effect from time to time to which the Company has voluntarily adhered.
5. In addition, the Board of Directors shall ensure that the amount of the compensation of external Directors is such that it provides incentives to their dedication while not jeopardizing their independence.

TITLE VIII. INFORMATION TO DIRECTORS

Article 40.- Powers of Information and Inspection.

1. A Director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other records of corporate transactions, to inspect its facilities, and to communicate with the senior managers of the Company.
2. The exercise of the powers of information shall first be channeled through the Chairman of the Board of Directors, the Chief Executive Officer, if any, the Secretary, or the Vice-Secretary of the Board of Directors.

Article 41.- Assistance of Experts.

1. In order to be assisted in the performance of his duties, any Director may request the hiring of legal, accounting, technical, financial, commercial or other expert advisors, whose services shall be paid for by the Company.

The assignment must deal with specific issues of certain significance and complexity arising during the performance of the Director's duties.

2. The request for an expert to be hired shall be channeled through the Chairman of the Board of Directors or the Secretary, who may subject it to the prior approval of the Board of Directors; such approval may be denied in well-founded instances, including the following circumstances:
 - a) That it is not necessary for the proper performance of the duties entrusted to the Directors.
 - b) That the cost thereof is not reasonable in light of the significance of the issues and the assets and income of the Company.
 - c) That the technical assistance sought may be adequately provided by the Company's own experts and technical personnel.
 - d) That it may entail a risk to the confidentiality of the information that must be made available to the expert.

TITLE IX. DUTIES OF DIRECTORS

Article 42.- General Duties.

1. In the performance of his duties, a Director shall act in good faith and with the diligence of a prudent businessman and a faithful representative, and shall comply with the duties prescribed by the Law, the By-Laws and the regulations making up the Company's Corporate Governance System, acting in furtherance of the corporate interest.
2. Without prejudice to such other duties as may be set forth in the Regulations, a Director is specifically required to:
 - a) Properly prepare the meetings of the Board of Directors and, if applicable, the meetings of the Executive Committee or of the Committees of which the Director is a member, for which purposes the Director must diligently inform himself of the running of the Company and the matters to be discussed at such meetings.
 - b) Attend the meetings of the Decision-Making Bodies and Committees of which the Director is a member and actively participate in the deliberations in order that the Director's opinion may be an effective contribution to decision-making. In the event that, due to well-founded reasons, the Director is unable to attend a meeting of which notice has been given, the Director shall give instructions to the Director who is to represent him.

- c) Fulfill any specific obligation which is entrusted to the Director by the Board of Directors, by the Chairman of the Board or by the Chief Executive Officer, if any, and which reasonably falls within the Director's scope of dedication.
- d) Inquire into and give notice to the Board of Directors of any irregularities in the management of the Company of which the Director may have had notice, and monitor any situation of risk.
- e) Propose, upon the terms set forth in Article 36 of these Regulations, a call to an extraordinary meeting of the Board of Directors or the inclusion of new matters in the agenda of the next meeting to be held, in order that deliberations may be conducted on such issues as the Director deems advisable.
- f) Oppose resolutions which are contrary to the Law, the By-Laws, any of the regulations making up the Company's Corporate Governance System or the corporate interest, request that such opposition be recorded in the minutes, and seek the invalidation or annulment, if applicable, of such resolutions. Independent Directors and other Directors who are not affected by a potential conflict of interest shall ensure that the Company's interests prevail in such situations, provided that this does not result in any unlawful damage to any shareholder or third party affected thereby.

Article 43.- Duty of Confidentiality.

1. A Director shall keep confidential the deliberations of the Board of Directors, of the Executive Committee or of the Committees of which the Director might be a member and, in general, shall not disclose any information, data, reports or background information to which the Director may have had access while in office or use any of the foregoing for the Director's own benefit or for the benefit of the shareholder, if any, that has proposed or made his appointment or of any other third party, without prejudice to the duties of transparency and information imposed by applicable law.

The foregoing obligation shall not prevent the communication of confidential information to third parties when such communication takes place during the ordinary exercise of his duties and the duty of secrecy of the addressee of the information is adequately assured. In particular, it shall be deemed that the Directors are acting in the ordinary course of their duties when they provide information:

- (i) To the managers and employees of the Company in appropriate furtherance of their tasks and responsibilities;
- (ii) To the administrative and management decision-making bodies of Iberdrola, S.A., as the parent company of Iberdrola Renovables, to the extent that the information is supplied for the purpose of:
 - a) Facilitating compliance with its legal obligations, such as: (i) the preparation of its financial statements, both individual and consolidated; (ii) compliance with its obligations to provide periodic information to the National Securities Market Commission and other competent authorities, and (iii) the performance of analyses and monitoring of tax issues, for purposes of tax consolidation.
 - b) Designing the policy of the Iberdrola Group and the exercise of its unitary management; and
 - c) Meeting any other purposes that are appropriate to the corporate interest of Iberdrola Renovables and of Iberdrola, S.A., such as, among other things, obtaining and renewing credit ratings.
- (iii) To the external advisors of the Company (auditors, attorneys, investment banks, etc.) for purposes of due compliance with the mandate that they have been given.

2. The Director's duty of confidentiality shall survive even after the Director has ceased to hold such position.

Article 44.- Duty Not to Compete.

1. A Director may not be a director or manager of, or provide services to, another company whose corporate purpose is totally or partially analogous to the corporate purpose of the Company or which is a competitor of the Company. Excepted from the foregoing restriction are the duties that may be performed and the offices that may be held (i) at companies belonging to the Iberdrola Group, (ii) at companies at which the Director acts as a representative of the interests of the Iberdrola Group, (iii) at companies in which any of the companies belonging to the Iberdrola Group has an interest and at which the Director does not act as a representative of the interests of the Iberdrola Group, unless the Board of Directors, following a report of the Audit and Compliance Committee, believes that the Company's interests are jeopardized; and (iv) in those other instances in which the Board of Directors, following a report of the Audit and Compliance Committee, relieves the Director from observing such restriction based on the belief that the interests of the Company are not at risk.
2. A Director who ends his term of office or who, for any other reason, ceases to act as such, may not be a director or manager of, or provide services to, any other entity whose corporate purpose is totally or partially similar to that of the Company or which is a competitor of the Company, for a term of two (2) years. The Board of Directors may, if it deems it appropriate, relieve the outgoing Director from this restriction or reduce it to a lesser period.

Article 45.- Conflicts of Interest.

1. A conflict of interest shall be deemed to exist in those cases in which there is a conflict, whether direct or indirect, between the interests of the Company or of the companies forming part of the Iberdrola Renovables Group and the personal interest of the Director. A personal interest of the Director shall be deemed to exist when a matter affects the Director or a Related Person or, in the case of a proprietary Director, the shareholder or shareholders that proposed or made his appointment or persons directly or indirectly related thereto.

For purposes of these Regulations, the following shall be deemed Related Persons:

- a) The Director's spouse or other persons related to the Director by a like relationship of affection.
- b) The ascendants, descendants or siblings of the Director or of the Director's spouse (or another person related to the Director by a like relationship of affection).
- c) The spouses of the Director's ascendants, descendants and siblings.
- d) The companies in which the Director or Persons Related thereto, acting personally or through a third party, fall within any of the cases provided for in Article 42 of the Spanish Commercial Code.
- e) The companies or entities in which the Director or any Person Related thereto, whether personally or through a third party, holds a management position or from which they receive compensation for any reason.

Notwithstanding the foregoing, the companies or entities mentioned in letter e) above shall not be regarded as Persons Related to a Director in those cases in which the Director does not exercise, directly or indirectly and simultaneously, a significant influence on the financial and operational policies of such companies or entities and on those of Iberdrola Renovables.

In the case of a legal entity acting as Director, the following shall be deemed to be Related Persons:

- a) The shareholders who, in respect of the legal entity acting as Director, fall within any of the cases provided for in Article 42 of the Spanish Commercial Code.
- b) The companies that form part of the same group, as such is defined in Article 42 of the Spanish Commercial Code, and the shareholders thereof.

- c) The individual acting as a representative, the directors (in fact or in law), and the liquidators of, and the representatives holding general powers of attorney granted by, the legal entity acting as Director.
 - d) Those persons who, in respect of the representative of the legal entity acting as Director, are deemed Related Persons pursuant to the provisions of the preceding paragraph applicable to individuals acting as Directors.
2. Without prejudice to the provisions of Articles 13 and 16 of these Regulations, conflicts of interest shall be governed by the following rules:
- a) Communication: the Director must give notice to the Board of Directors, in the person of the Chairman of the Board or the Secretary, of any conflict of interest in which the Director is involved.
 - b) Abstention: the Director shall not attend or participate in the deliberation and voting on those matters in which the Director is affected by a conflict of interest, and such Director shall not be counted as an attendee at the meeting for purposes of determining the number of Directors to be used to calculate the majority required for approval of the resolution in respect of which the Director is in a situation of conflict. The provisions of this paragraph shall apply to meetings of the Board of Directors and of all Committees created within the Board.
 - c) Transparency: in the annual corporate governance report, the Company shall report any cases of conflict of interest involving the Directors and of which the Company is aware by reason of notice given thereto by the Director affected by such conflict or by any other means.

Notwithstanding the foregoing, in those instances in which the conflict of interest situation is, or can reasonably be expected to be, of such nature that it constitutes a structural or permanent situation of conflict between the Director (or a Person Related thereto or, in the case of a proprietary Director, the shareholder or shareholders that proposed or made his appointment or persons directly or indirectly related thereto) and the Company or the companies forming part of the Iberdrola Renovables Group, it shall be deemed that the Director lacks, or has ceased to possess, the competence required to hold office as such for purposes of the provisions of Articles 13 and 16 of these Regulations. There shall be no structural or permanent conflict in respect of the controlling shareholder, Iberdrola, S.A., or in respect of the other companies of its group or those in which Iberdrola, S.A. directly or indirectly exercises significant influence.

3. The provisions of this article may be further developed into corresponding rules that may be made by the Board of Directors of the Company.

Article 46.- Use of Corporate Assets.

- 1. A Director may not use the Company's assets or profit from the Director's position therein in order to obtain any financial benefit, unless adequate consideration has been paid.
- 2. On an exceptional basis, the Director may be relieved from the obligation to provide such consideration, but in any such case, the financial benefit shall be deemed indirect compensation and shall be approved by the Board of Directors following a report of the Audit and Compliance Committee.

Article 47.- Non-Public Information.

- 1. The Director may use non-public information of the Company for private purposes only if the following conditions are satisfied:
 - a) That such information is not applied in connection with transactions for the purchase or sale of securities or financial instruments of the issuer to which the information directly or indirectly refers.
 - b) That it does not place the Director in a position of advantage vis-à-vis third parties, including suppliers and clients.

- c) That the use thereof does not cause any harm to the Company.
 - d) That the Company does not own proprietary rights in, or is not in a similar legal position with respect to, the information that the Director wishes to use.
2. Additionally, the Director shall observe the rules of conduct established in the legal provisions governing the securities market and, in particular, those contained in the Internal Regulations for Conduct in the Securities Markets (Reglamento Interno de Conducta en los Mercados de Valores) of Iberdrola Renovables, S.A.

Article 48.- Business Opportunities.

1. A Director may not take a business opportunity of the Company, either for the Director's own benefit or for the benefit of Related Persons, unless the investment or transaction has previously been offered to the Company, the Company has chosen not to take advantage of it without any pressure from the Director, and the Director has been authorized by the Board to profit from the transaction, following a report of the Audit and Compliance Committee.
2. For purposes of the preceding paragraph, a business opportunity shall be deemed to be any possibility of making an investment or a business transaction that has arisen or has been discovered in connection with the Director's performance of duties as such, or through the use of means and information belonging to the Company, or in circumstances such that it is reasonable to believe that the third party's offer was in fact addressed to the Company.
3. Likewise, the Director shall not use the Company's name and shall not invoke his position as Director of the Company in order to carry out transactions for the Director's own account or for the account of Related Persons.

Article 49.- Transactions by the Company with Directors and Shareholders.

1. Any transaction by the Company or the companies forming part of its Group with Directors, with shareholders that own a shareholding interest that is greater than or equal to that considered by law to be significant or who are represented on the Board of the Directors of the Company, or with the respective Related Persons, shall be subject to the approval of the Board of Directors, or in urgent cases, of the Executive Committee, upon a prior report of the Audit and Compliance Committee. In the event that authorization is granted by the Executive Committee on an emergency basis, it shall be submitted for subsequent ratification by the Board of Directors.
2. The Board of Directors, through the Audit and Compliance Committee, shall ensure that transactions between the Company or the companies forming part of the Iberdrola Renovables Group and the Directors, the shareholders mentioned in the preceding paragraph or the respective Related Persons, are carried out under arm's length conditions and with due observance of the principle of equal treatment of shareholders.
3. In the case of transactions within the ordinary course of business that are customary or recurring, it shall be sufficient to give a generic approval of the line of transactions and of the conditions for performance thereof.
4. However, no authorization of the Board of Directors shall be required in connection with transactions that simultaneously satisfy the following three conditions: (i) that they are conducted under contracts whose terms and conditions are standardized and apply en masse to a large number of clients; (ii) that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question, and (iii) that the amount thereof does not exceed one (1%) percent of the consolidated annual income of the Company, based on the audited annual financial statements for the last fiscal year ending prior to the date of the transaction in question.
5. The Company shall report the transactions mentioned in this article in the semi-annual financial report and in the annual corporate governance report, in those cases and with the scope provided for by Law. Likewise, the Company shall include in the notes accompanying the annual financial statements information regarding the transactions by the Company or by the companies that form part of the Iberdrola Renovables Group with the Directors and those

persons who act for the account of the latter when such transactions are conducted other than in the ordinary course of the Company's business or other than under arm's length conditions.

6. The provisions of this article may be further developed into corresponding rules that may be made by the Board of Directors of the Company.
7. Excluded from the provisions of this article are the related-party transactions made between the Company and Iberdrola S.A., or between any of the companies belonging to their respective Groups, which shall be governed by the provisions of the Framework Agreement and in respect of which the competent body to report thereon shall be the Related-Party Transactions Committee.

Article 50.- Duty of Information.

1. A Director shall disclose to the Company any interest that the Director may hold in the capital of any company pursuing a business that is the same as or similar or complementary to the business which the corporate purpose of the Company consists of, as well as any offices held or duties performed therein and the conduct, for the Director's own account or for the account of another, of any kind of business that is complementary to the business that the corporate purpose of the Company consists of. Such information shall be included in the notes to the annual financial statements and in the annual corporate governance report, in compliance with legal requirements.
2. A Director must also disclose to the Company:
 - a) All positions the Director holds in and services the Director provides to other companies or entities, as well as his other professional commitments. In particular, before accepting office as Director or manager in another company or entity (except for the positions he is called upon to hold at companies belonging to the Iberdrola Renovables Group or at other companies at which he acts on behalf of the interests of the Iberdrola Renovables Group), the Director shall give notice thereof to the Audit and Compliance Committee.
 - b) Any substantial change in the Director's professional status that may affect the condition or capacity by virtue of which the Director may have been appointed as Director.
 - c) Any judicial, administrative or other proceedings instituted against the Director which, because of their significance or characteristics, may seriously reflect upon the reputation of the Company. In particular, in the event that a Director becomes subject to an order for further criminal prosecution upon indictment or an order for the commencement of an oral trial is issued against him for the commission of any of the crimes that, pursuant to the Law, will derive in a prohibition to act as Director. Such Director shall give notice thereof to the Company, in the person of the Chairman of the Board of Directors. In such instance, the Board of Directors shall review the case as soon as practicable and shall adopt the decisions it deems fit taking into account the interests of the Company.
 - d) In general, any fact or event that may be relevant to the holding of office as a Director of the Company.
3. Directors shall provide the Company with an e-mail address as well as a mobile telephone number such that meetings of the Board of Directors may be called by those means, if so desired, and the corresponding information, if any, may so be provided to them.

Article 51.- Extension of Obligations.

The duties prescribed in this Title of the Regulations in connection with the relations between the Directors and the Company shall also be deemed applicable by analogy to their potential relations with companies forming part of the Iberdrola Renovables Group.

TITLE X. POLICY REGARDING THE PROVISION OF INFORMATION AND THE RELATIONSHIPS ESTABLISHED BY THE BOARD OF DIRECTORS

Section 1. Policy regarding the Provision of Information

Article 52. Annual Corporate Governance Report.

1. The Board of Directors shall, on an annual basis and following a report by the Audit and Compliance Committee, annually approve a corporate governance report for the Company which shall include all specifications provided for by law and any others which the Board of Directors deems appropriate to include therein. The approval of the annual corporate governance report shall also be preceded by a report of the Nominating and Compensation Committee regarding the information on compensation of the Directors and Senior Managers contained therein, and by a report of the Related-Party Transactions Committee regarding the information it contains in connection with the Framework Agreement and in connection with related-party transactions between Iberdrola, S.A. and the Company or among any of the companies of their respective groups.
2. The annual corporate governance report shall be approved prior to the publication of the call of the Company's ordinary General Shareholders' Meeting for the fiscal year to which such report refers, and shall be made available to the shareholders together with other documents relating to the General Shareholders' Meeting.
3. In addition, public notice shall be given of the annual corporate governance report as provided in the securities market rules and regulations.

Article 53. Website.

1. The Company shall maintain a website containing information for shareholders and investors, which shall include, at a minimum, the documents and information established by applicable law and in the Company's Corporate Governance System, as well as any other documents and information that the Board of Directors deems it appropriate to make available to shareholders and investors through this means.
2. The Board of Directors must determine the information for shareholders and investors that must be included in the Company's website in compliance with the duties established in the securities markets regulations, and shall be responsible for the update thereof pursuant to the provisions of applicable law.

Section 2. Policy regarding Relationships

Article 54.- Relationships with the Shareholders.

1. The Board of Directors shall establish any appropriate channels to hear proposals that the shareholders may make in connection with the management of the Company.
2. The Board of Directors, assisted by such members of the senior management as it deems appropriate, may organize meetings for the provision of information on the progress of the Company and of the Iberdrola Renovables Group or other matters of interest to the shareholders residing in locations with the most relevant financial markets in Spain and abroad. The Board of Directors shall guarantee equality of treatment in its relationships with the shareholders.
3. Likewise, the Board of Directors shall establish appropriate mechanisms for the regular exchange of information with those investors that are holders of a significant financial interest in the share capital of the Company and are not represented on the Board; provided, however, that in no event may such mechanisms imply the provision to the above-mentioned investors of any information that places them in a privileged or advantageous position vis-à-vis the other shareholders.
4. All public requests for delegation of voting powers made in favor of any Director shall disclose, where applicable, the existence of a conflict of interest, and shall provide detailed reasons for the direction in which

the representative shall vote in the event that no instructions are given by the shareholder, subject always to the provisions of Law.

5. The Board of Directors shall encourage the informed participation of the shareholders at the General Shareholders' Meeting, and shall take all such measures as may be appropriate to make it easier for the shareholders acting at a General Shareholders' Meeting to effectively exercise the powers conferred upon them by the By-Laws and the Law, with due observance of the provisions set out in the Regulations for the General Shareholders' Meeting.

Article 55.- Relationships with the Securities Markets.

1. The Board of Directors shall immediately inform the public regarding:
 - a) All significant events that might materially influence the stock exchange prices of securities issued by the Company.
 - b) All changes in the Company's ownership structure, such as fluctuations in significant direct or indirect interests and private shareholders' agreements (pactos parasociales) of which the Board of Directors has had notice.
 - c) All substantial amendments to the rules and regulations making up the Company's Corporate Governance System.
 - d) The treasury stock policy, if any, that the Company intends to pursue on the basis of any approvals granted by the shareholders at a General Shareholders' Meeting.
 - e) All changes to the composition and to the rules of organization and operation of the Board of Directors and the Committees thereof, or to the duties and positions of each Director, as well as any other significant modification in the Corporate Governance System.
2. The Board of Directors shall adopt appropriate measures to ensure that the semi-annual, quarterly and any other financial information that it may be prudent to make available to the Securities Markets is prepared in accordance with the same principles, standards and professional practices used to prepare the annual financial statements and is as reliable as such financial statements. For this latter purpose, such information shall be reviewed by the Audit and Compliance Committee.
3. The Board of Directors shall prevent its conduct from influencing the free formation of the price of the Company shares and, if applicable, of the shares of the companies forming part of the Iberdrola Group as well as, specifically, of the Iberdrola Renovables Group.

Article 56.- Relationships with the External Auditor.

1. The Board of Directors shall establish an objective, professional and ongoing relationship with the Company's External Auditor, and shall have the utmost respect for its independence.
2. The relationship referred to in the preceding paragraph shall be channeled, as a rule, through the Audit and Compliance Committee provided for in these Regulations. The Audit and Compliance Committee shall not submit a proposal to the Board of Directors, and the Board of Directors shall not submit a proposal to the shareholders at a General Shareholders' Meeting, for appointment as the Company's Auditor of an audit firm when it has evidence that (i) such firm is affected by any circumstance of incompatibility pursuant to the legal provisions governing audits, or (ii) the fees that the Company intends to pay it for any and all services are greater than five (5%) percent of its total income in the domestic field during the last fiscal year.
3. The Board of Directors shall make public the fees that the Company has paid the audit firm, both in consideration for audit services and for services other than auditing, by specifying the fees paid to the Auditors and those paid to

any company forming part of the same group of companies to which the Auditor belongs or to any other company to which the Auditor is related under a relationship of joint ownership, management or control.

4. The Board of Directors shall use its best efforts to prepare the financial statements such that there is no room for reservations or qualifications by the Auditor. However, when the Board of Directors believes that its opinion must prevail, it shall provide a public explanation of the content and scope of the discrepancy.

Article 57.- Relationships with Senior Managers of the Company.

Relations between the Board of Directors and the Company's senior managers, as provided in these Regulations, must be channeled through the Chief Executive Officer or, in the absence thereof, through the Chairman of the Board of Directors, the Secretary or the Vice-Secretary of the Board.



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Prepared by: IBERDROLA RENOVABLES
Desing and layout: IBERDROLA



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