



**IBERDROLA
RENOVABLES**

Results 2009

Quarterly report



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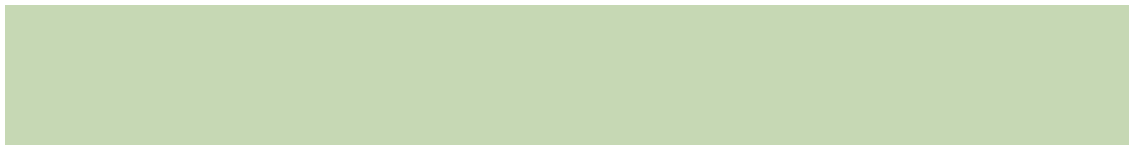
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EXECUTIVE SUMMARY

During 2009, fully operational capacity increased by 2,184 MW, 27.0%, to reach 10,284 MW.

At the end of the financial year, installed capacity reached 10,752 MW, with an increase of 1,450 MW, a growth of 15.6% compared to the end of the previous financial year and reaffirming the worldwide leadership of IBERDROLA RENOVBABLES:

- The geographical breakdown of the new installed capacity is as follows: 715 MW in the United States, 356 MW in Spain, 188 MW in the Rest of the World ("RoW") and 137 MW in the United Kingdom.
- During 2009, the first thermo-solar power plant was started up, in Puertollano, with capacity of 50 MW, as well as the first biomass plant, in Corduente, with 2 MW of capacity, and a 2 MW capacity photovoltaic plant in Greece.
- 51% of installed capacity of IBERDROLA RENOVBABLES is now located outside of Spain.

Production rose 26.4% to reach 21,490 GWh, up 42.9% in the United States, 43.8% in the United Kingdom, and 35.2% in the Rest of the World.

Gross Margin reached € 1,815.6 million, 12.0% higher than in the same period in the previous year, driven by the strong increase in production although affected by the lower energy prices on the Spanish production market. It is important to note that:

- The negative impact on prices in Spain was mitigated by the signing of a production purchase agreement in Spain with Iberdrola Generación, which sets the sale price for two years.
- The contribution of international business to Gross Margin has risen to 53.7%.

EBITDA increased 11.8% to € 1,325.3 million, supported by a significant improvement in cost efficiency.

Net Profit amounted to € 371.1 million.

The Company has a robust financial structure, having low financial leveraging (24.7%) and generating strong FFO¹ of € 1,007.6 million in 2009.

Regulation of the markets in which the company operates is stable, supporting its growth potential.

- As part of the economic stimulus plan, the US Congress approved an extension of tax credits (PTCs) to the year 2012 and the ability to convert them to direct cash assistance, equalling 30% of the investment and payable by the Treasury Department.
- Applying the mentioned stimulus plan during 2009, the Company received grants amounting to \$ 577 million.
- Approval by the European Parliament and subsequent ratification of the European Directive for Renewable Energy Promotion by the European Commission.

¹ Net Profit + Amortisation – Equity Method – Non-Recurring Income

Key Figures

1. INSTALLED CAPACITY AND PRODUCTION OF IBERDROLA RENOVBLES DURING 2009

The following table shows the main operating data for the Company pertaining to the years 2009 and 2008:

Operating Data		2009	2008	Diff. 09-08	%
Installed capacity	MW	10,752	9,302	1,450	15.6%
Spain Wind	MW	4,882	4,526	356	7.9%
US Wind	MW	3,591	2,876	715	24.9%
U.K. Wind	MW	802	665	137	20.6%
Rest of the World	MW	1,081	893	188	21.1%
Mini-Hydro	MW	342	342	-	0.0%
Thermo-solar	MW	50	-	50	
Others	MW	4	-	4	
Gas Storage	bcm	1.40	1.03	0.37	35.9%
Production	GWh	21,490	16,998	4,492	26.4%
Spain Wind	GWh	9,628	8,505	1,123	13.2%
US Wind	GWh	7,731	5,409	2,322	42.9%
U.K. Wind	GWh	1,764	1,227	537	43.8%
RoW Wind	GWh	1,786	1,321	465	35.2%
Mini-Hydro	GWh	560	536	24	4.5%
Thermo-solar	GWh	21	-	21	
Others	GWh		-	-	-

2. SHARE PRICE DATA

The table below shows the main share price data at the end of 2009:

Stock Market Figures		2009
Market capitalisation	MM €	14,024
Earnings per share	€	0.09
Price at end of period	€	3.320
P.E.R. ²	times	37.8

2. Calculated as the sum of Net Profit of the last four quarters.

Key Events for the Period

1. IBERDROLA RENEWABLES OBTAINS \$ 577 MILLION FROM THE US RENEWABLE ENERGIES STIMULUS PLAN

IBERDROLA RENEWABLES benefited from a \$577 million aid package in application of the renewable energy stimulus plan put forth by the US administration.

From over the one thousand seven hundred million dollars delivered as stimulus funds in the initial rounds, the Company succeeded in receiving 33.7% of the total. These renewable energy subsidies replace Production Tax Credits (PTC).

2. IBERDROLA RENEWABLES AWARDED ONE OF THE LARGEST OFFSHORE WIND FARMS WORLDWIDE IN THE UNITED KINGDOM, WITH CAPACITY OF 7,200 MW

IBERDROLA RENEWABLES, and the Swedish company Vattenfall, the top developer of offshore wind energy, have been awarded the rights in the United Kingdom to build one of the largest offshore wind farms in the world, with capacity of up to 7,200 MW in the North Sea.

This installation, awarded within the framework of the third round of the bidding held by the British government through The Crown Estate – the agency owning the property – may get its first permits in 2012 and start construction in 2015.

IBERDROLA RENEWABLES and Vattenfall have formed a mixed 50/50 joint venture named East Anglia Offshore Wind to develop this project, located in the East Anglia region (East Central England).

3. AGREEMENT FOR THE SALE OF WIND PRODUCTION IN THE SPANISH MARKET

IBERDROLA RENEWABLES and Iberdrola Generación have reached an agreement for the purchase and sale of wind energy production on the Spanish market.

This agreement enters into force on 1 July 2009, for a two-year term.

The set price (net of system operating costs, and not including regulated premiums or other additional payments) totals € 46/MWh and will be adjusted in the event of market price fluctuations greater than +/- 10% from a benchmark level of € 49/MWh.

This agreement allows greater visibility to the revenues in the Spanish market, very significantly reducing the company's exposure to commodity prices.

4. IBERDROLA RENOVBABLES WILL EXPAND THE SCOTTISH WIND FARM WHITELEE, THE LARGEST IN EUROPE, TO 593 MW

The Scottish government has announced its authorisation for ScottishPower Renewables, a British company of IBERDROLA RENOVBABLES, to increase the installed capacity of the Whitelee wind farm by 140 MW, to reach 593 MW. This wind farm, located 15 kilometres from Glasgow, is already the largest wind farm existing in Europe.

This is the second expansion of Whitelee authorized by the British government this year (the first was for 130 MW). The construction of both expansions, which could create 200 jobs, will start in 2010.

5. IBERDROLA RENOVBABLES SIGNS THREE PURCHASE AGREEMENTS FOR THE PRODUCTION OF THREE WIND FARMS IN THE UNITED STATES

IBERDROLA RENOVBABLES has reached various agreements for the sale of the production of three of its wind farms in the United States.

The first agreement contemplates the sale of all of the energy production of the Big Horn II wind farm to the California company M-S-R Public Power Agency during the next 25 years. The agreement was signed before construction of the wind farm, which will start in spring of 2010, in Klickitat County (Washington).

The second involves an agreement to sell at least half of the energy production of the Star Point wind farm located in Sherman County (Oregon),

which is still in the construction phase, to the public electric utility Modesto Irrigation District (MID) in the State of California, during the next 20 years.

The third involves an agreement for the sale of renewable energy from the Cayuga Ridge wind farm (300 MW), currently under construction, and represents the largest contract in history for IBERDROLA RENOVBABLES in the United States. This agreement has a term of 20 years.

The agreements signed ensure the sales price for the production of the mentioned wind farms, thus assuring the long-term profitability of the projects.

6. IBERDROLA RENOVBABLES AND GAMESA ENERGIA IMPLEMENT THEIR STRATEGIC AGREEMENT

IBERDROLA RENOVBABLES and Gamesa Energía have implemented the strategic agreement that they signed in June 2008 for sharing the businesses of promoting, developing and operating wind farms in specific European countries, after simplifying technical issues.

Under this agreement, which will maximise both companies' pipeline values, IBERDROLA RENOVBABLES and Gamesa Energía will independently manage their promotional businesses within the territory covered by the agreement, subject to monitoring by the Consultative Committee, until 30 June 2011.

Starting 1 July 2011, purchase and sale cross options will become possible on all Gamesa

Energía's wind farm promotions in the European countries covered by the agreement, provided that certain conditions are fulfilled. IBERDROLA RENOVBABLES will be able to acquire these deals for cash or opt to organise a joint venture (held 75% by IBERDROLA RENOVBABLES and 25% by Gamesa Energía) that manages the pipelines of both in the territory of the agreement.

Using this structure, the essence of the strategic agreement signed in June 2008 is maintained, facilitating IBERDROLA RENOVBABLES' potential medium-term acquisition of Gamesa Energía's wind farm promotion portfolio within the territory of the agreement and strengthening its business in markets of high strategic interest, while simplifying technical issues.

7. IBERDROLA RENOVBABLES LAUNCHES AN ADR PROGRAMME IN THE UNITED STATES

IBERDROLA RENOVBABLES has obtained authorisation from the Securities and Exchange Commission (SEC), the US stock market authority, to begin operating a sponsored, Level-I ADR (American Depositary Receipts) programme, which will facilitate access to its shares by US investors.

These certificates, which replace the ones previously issued by other custodian entities in a non-sponsored capacity, represent five IBERDROLA RENOVBABLES shares each, and will be traded on the OTC market with Citibank acting as custodian bank. The ADRs will be traded on the OTC market under the IRVDY ticker.

At the end of 2009, IBERDROLA RENOVBABLES had 10,752 MW of installed capacity.

In year-on-year terms, the additional installed capacity represented an increase of 15.6%, or 1,450 MW, over the end of 2008.

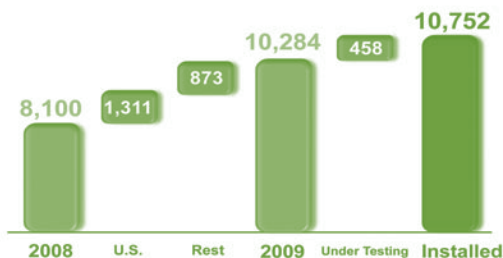
72.4% of installed capacity during the fourth quarter of 2009 and 71.7% of the total for the year was outside of Spain, additional evidence of the process of internationalisation in which the company is engaged.

Operating capacity grew by 2,184 MW (+27%), of which 1,311 MW was in the United States, where 33% of total operating capacity is located.

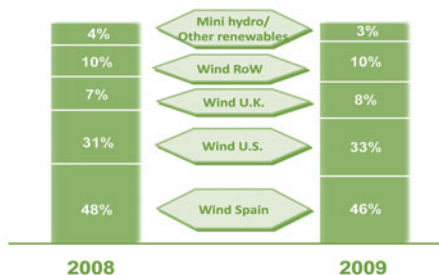
As a result of these additions in capacity, the geographic diversification of the Company's assets has increased, as shown in the following chart, with 51% of the total installed capacity located outside of Spain:

Growth of the Business

Installed and Operating Capacity (MW)



Capacity Breakdown MW



IBERDROLA RENOVBLES has the largest projects portfolio in the world, with a total of 58,416 MW (including the projects covered by the strategic agreement with Gamesa) at various stages of development, both in Spain as well as in other countries.

MW	Total Pipeline	Strategic Agreement	Probable	Likely	Highly Confident
Wind	56,864	~ 10,000	31,107	13,388	2,369
Spain	13,446	~4,750	5,904	2,129	663
U.S.	24,498	0	14,973	8,652	873
U.K.	5,143	0	4,017	762	364
RoW	13,777	~ 5,250	6,213	1,845	469
Other Renewables	1,552	0	1,148	353	51
Spain	950	0	616	284	50
U.S.	503	0	468	35	0
U.K.	1	0	0	1	0
RoW	98	0	64	33	1
Total	58,416	~ 10,000	32,255	13,741	2,420

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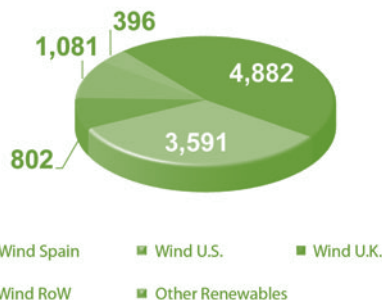
Probable: With site identification, request for first licence, resource estimate or initial design of capacity development agreement; probability of success and achievement: 20%

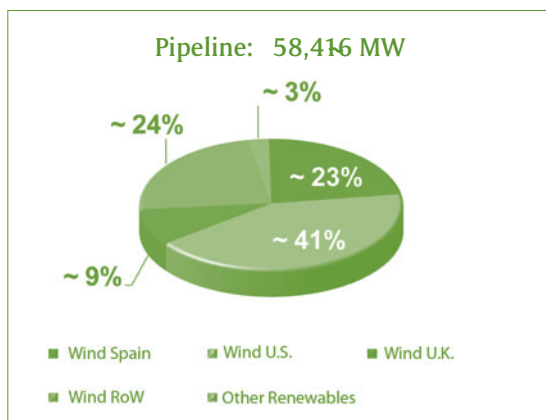
Likely: With installation of metres, basic engineering, resolving of competition bidding or auction procedure, with the principal permits and interconnections required; probability of success and achievement: 40-50%

Highly Confident: With key authorisations already obtained, available connection, approved investment portfolio and turbines available; probability of success and achievement: 95%

Confident: This incorporates the initial estimate for the contribution of Gamesa projects under the strategic agreement reached on 13 June 2008.

Installed Capacity: 10,752 MW





1. WIND ENERGY

After adding 1,396 MW during 2009, IBERDROLA RENEWABLES continues to display world leadership in the wind energy business, with total capacity of 10,356 MW. The geographic breakdown is as follows: 4,882 MW for Spain, 3,591 MW for the United States, 802 MW for the United Kingdom and 1,081 MW for the Rest of the World.

1.1. Spain

The installed capacity at the close of 2009 was 4,882 MW, 7.9% greater than at the close of the previous year.

The new capacity installed in Spain as of the end of financial year 2009 reached a total of 356 MW, with the installation of the following: 186 MW in Castilla-León, 98 MW in Andalucía, 70 MW in Murcia and 2 MW in Galicia.

At the end of the third quarter of 2009, the portfolio of projects totalled 13,446 MW.

1.2. United States

The Company has a presence in 16 States, with a total of 3,591 MW installed. This installed capacity represents growth of 24.9% in relation to 2008.

During 2009, 715 MW was installed, representing 49.3% of the total capacity installed by IBERDROLA RENEWABLES during 2009. It is worth noting that, during the fourth quarter of 2009, 132 MW was installed, pertaining to 3 wind farms.

The portfolio of projects amounts to 24,498 MW, approximately 41% of the total projects portfolio of the company.

1.3. United Kingdom and Republic of Ireland

The Company has 802 MW in operation, making it the leader in the United Kingdom in terms of installed onshore capacity, with 787 MW in the United Kingdom and 15 MW in the Republic of Ireland.

At the end of 2009 the portfolio of projects totalled 5,143 MW in this area.

1.4. Rest of the World

1.4.1. Greece

At the end of financial year 2009, the Company had 217 MW in operation in Greece.

On March 17, 2008, IBERDROLA RENEWABLES became the 100% owner of the Rokas Group, upon completing the squeeze-out process

(process of the forced sale of ordinary and preferred shares that it did not own by way of the voluntary takeover bid).

The General Shareholders' Meeting of Rokas, the largest Greek wind operator, also approved the delisting from the Athens Stock Exchange of the company's ordinary and preferred shares representing its total equity, which had been authorised by the CMC, the Greek securities market regulator.

The process of acquiring the ordinary and preferred shares of the Rokas Group that IBERDROLA RENOVBABLES did not own was thus completed.

In this transaction, IBERDROLA RENOVBABLES has confirmed its commitment to the Greek market, where it has had a presence since December 2004, when it acquired 21% of the regular share capital of Rokas. Since that date, the Company has continued to increase its stake in the Greek wind energy leader, to the point of acquiring 100%.

1.4.2. France

During 2009, an additional 61 MW was installed in France. Thus, the total installed capacity increased at the end of the period to reach 275 MW, 28.5% above the end of 2008. The growth in the last quarter of 2009 is remarkable, due to the entry into operation of 5 wind farms with a combined total capacity of 30 MW.

1.4.3. Poland

At the end of 2009, the installed capacity reached 161 MW, by virtue of the installation of 18 MW in the period.

IBERDROLA RENOVBABLES thus became one of the top wind energy generators in Poland, a country where it is envisioned that wind energy will develop significantly in the coming years.

1.4.4. Portugal

The Company has 92 MW installed, with the notable amount of 42 MW of the Alvao wind farm.

1.4.5. Germany

The Company had a total of 63 MW installed as of the end of 2009.

1.4.6. Italy

In 2008, IBERDROLA RENOVBABLES signed a loan agreement with a series of financial institutions for the purpose of forming part of the strategic alliance with the Italian energy group API Holding, for the construction and operation of approximately 350 MW of wind power in Italy through 50/50 joint ventures set up with API Nova Energia, a subsidiary of API Holding.

During 2009 there was continued development of the agreement described previously, with the start-up of two more new wind energy projects during the fourth quarter, with a combined total capacity of 9 MW. These projects, added to the

start-ups during the remainder of 2009, mean that the total installed capacity in this country as of the end of financial year 2009 reached 66 MW.

1.4.7. Mexico

At the end of 2009, IBERDROLA RENOVBABLES had installed capacity in Mexico reaching 80 MW, attributable to the La Ventosa wind farm in the State of Oaxaca.

During the second quarter of 2009, the Comisión Federal de Electricidad de México (CFE) awarded IBERDROLA RENOVBABLES the construction of the La Venta III wind farm through an international public bid invitation process. This wind farm is located in the Municipality of Santo Domingo Ingenio, also located in the Mexican State of Oaxaca. It will have total capacity of 103 MW.

Its construction began during this year 2009, and the farm is expected to enter into commercial operation in 2010.

1.4.8. Hungary

During 2009, 42 MW was installed in Hungary, 28 MW of which pertains to two wind farms installed during the fourth quarter of 2009, thus increasing the total capacity in that country to a total of 78 MW.

2. OTHER RENEWABLE TECHNOLOGIES

2.1. Thermo-Solar Energy

During 2009, the first plant of 50 MW in Puertollano (Ciudad Real) was synchronised and brought on line. IBERDROLA RENOVBABLES has a 90% interest in this facility, and Instituto para la Diversificación y Ahorro de la Energía (IDEA) has 10%.

There are currently twelve other thermo-solar energy projects under development using parabolic cylinder collector technology, with a capacity of 50 MW for each of the projects. Meteorological stations to measure solar resources have been installed in the projects in Seville, Ciudad Real, Badajoz, Albacete and Teruel. In addition, we are participating in an R+D Direct Vapor Generation (DVG) project of 3 MW located at the Almeria Solar Platform. This portfolio of thirteen projects represents a total capacity of 603 MW.

2.2. Photovoltaic Energy

During 2009, a 2 MW installation was brought into service in Greece.

IBERDROLA RENOVBABLES also has a presence in this technology in Spain, in Castilla-La Mancha, and another facility of smaller size in Greece.

2.3. Biomass

During 2009, the biomass plant at Corduente (2 MW) was inaugurated and started up in operation; this is the first facility in Spain to exclusively use forest residues deriving from fire prevention and clean-up campaigns to generate electrical energy.

IBERDROLA RENOVBLES has three forest biomass plants in Spain in development for a total of 25 MW. The development of the projects will be carried out very selectively, while always ensuring the long-term supply of raw materials.

2.4. Marine Energy

During 2009 the initial phase of tests was successfully completed for the first undersea substation in the world dedicated to renewable energies. This substation is part of the wave energy pilot plant project at Santoña (Cantabria), which will become the first plant of its kind to be commissioned in Europe.

Also last year, detailed research started on developing a marine energy project west of the Scottish coast, called Sound of Islay. This project will consist of 10 marine turbines and its start-up in operation is planned for 2012 or 2013, using Hammerfest Strong technology that has gone through a rigorous testing process throughout 2009 in Norway. The Sound of Islay marine project will be one of the first of this type in the world.

2.5. Offshore

IBERDROLA RENOVBLES is presently developing offshore wind projects in the United Kingdom, Germany, France and Spain.

In the UK area, development of the West of Duddon project has continued, located in the Irish Sea, with forecast capacity of 500 MW. Its completion is planned for early 2014. IBERDROLA RENOVBLES is sharing the development of this project with the company Dong Energy.

During 2009, IBERDROLA RENOVBLES was awarded exclusivity in investigating the installation of an offshore wind energy farm, Argyll Array, in the west of the Isle of Tiree in Scotland. It is estimated that between 500 and 1,800 MW could be installed at the site, and energy supplied to between 270,000 and one million families.

In December of 2009, as part of the “Round 3” United Kingdom Offshore Wind Energy Programme, the Crown Estate – the agency owning the property – granted to a 50/50 joint venture composed of IBERDROLA RENOVBLES and Vattenfall the exclusive right to develop offshore wind energy farms in the East Anglia zone of the North Sea (Zone 5). The project covers an area of almost 6,000 km², with high interest given the depths and its relative proximity to land. This zone has installed potential of 7,200 MW and could obtain its first permits in 2012, starting construction in 2015.

2.6. Mini-hydro

IBERDROLA RENOVABLES has installed capacity of 342 MW, all of it in Spain. Within the portfolio of projects, the Company has 172 MW in Spain and 88 MW in Greece.

Of the 342 MW that IBERDROLA RENOVABLES has installed, 211 MW come under the Ordinary Production Scheme for electrical energy and the rest come under the Special Scheme.

3. GAS CYCLE PLANTS

IBERDROLA RENOVABLES has 2 gas cycle plants in the USA, adding up to a total of 621 MW and broken down as shown in the following table:

USA	MW
Klamath Generating Plant	100
Klamath Cogeneration	521
TOTAL MW	621

The capacity of the Klamath cogeneration plant has been increased by 15 MW over the end of the 2009 quarter, thanks to the maintenance and improvement work that has enabled the yield of the facility to increase.

4. GAS STORAGE

The Company has four installations totalling 1.40 bcm and, in addition, 2.73 bcm of capacity under contract or under management.

USA/CANADA	BCM
Enstor Katy Storage	0.59
Enstor Grama Ridge Storage	0.22
Freebird	0.22
Caledonia	0.37
TOTAL OWNED CAPACITY	1.40
TOTAL CAPACITY UNDER MANAGEMENT OR CONTRACTED	2.73
TOTAL CAPACITY	4.13

The Company also owns two storage facilities that are under development: (i) Enstor Waha Storage and Transportation, L.P. ('Waha'), a facility located in West Texas, and (ii) Enstor Houston Hub Storage and Transportation, L.P. ('Houston Hub'), a facility located near Houston, Texas.

5. REGULATIONS

This section has the aim of providing a description of the support mechanisms for electricity production using renewable resources, as well as the principal changes to them, in the main markets where IBERDROLA RENOVABLES has operating assets.

5.1. European Directive for the Promotion of Renewable Energies

In January 2007, the European Commission published an initiative to develop an energy policy for the EU, which it sent to the European Council and Parliament, introducing an action plan to achieve three objectives in the EU by 2020: a 20% reduction in greenhouse gas emissions, that 20% of end-user energy consumption come from

renewable sources and a 20% increase in energy efficiency.

On 23 January 2008, the European Union Commission published a proposed European Directive for the Promotion of Renewable Energies, as one of the basic regulatory foundations of what is known as the “Climate Change and Energy Package.”

In December 2008, the European Parliament approved the Directive’s final text, along with the remainder of the package of directives, concluding the policy discussion process that had been underway throughout 2008 between the European Parliament, Council, and Commission. After its approval by the Council this past 6 April, the June 5th edition of the Official Journal of the European Union published **European Parliament and Council Directive 2009/28/EC of 23 April 2009, on fostering the use of energy from renewable sources and amending and repealing Directives 2001/77/EC and 2003/30/EC.**

This Directive defines a new legal framework, which will translate into a clear incentive for the development of renewables throughout the European Union. The text sets ambitious and binding objectives for every country, representing a large-scale market to be developed over the next decade. The initiative is especially relevant to companies such as Iberdrola Renovables with a very significant pipeline in Europe.

The significant features of the Renewable Energy Directive are the following:

1. Various binding objectives are defined for each Member State for renewable energy participation, such that the goal for the EU as a whole in the year 2020 is 20%, starting from the 8.5% established in 2005. Moreover, with a view to continuing to meet these goals, biannual (non-binding) interim objectives were set beginning with the 2011-2012 period.
2. It requires that each Member State create a National Action Plan, which must be submitted to the European Commission before 30 June 2010. The plan must specify the measures the country will adopt to meet the objectives that have been established.
3. In addition to the national support systems for promoting the use of renewable energy, the original Proposal defines a voluntary Guarantee of Origin trading system operating at the European level. However, in the approved final version, the Guarantee of Origin system ceases to be a flexibility mechanism and becomes an information vehicle to consumers on the renewable sources of electricity, by facilitating, under current regulations, green energy labelling.

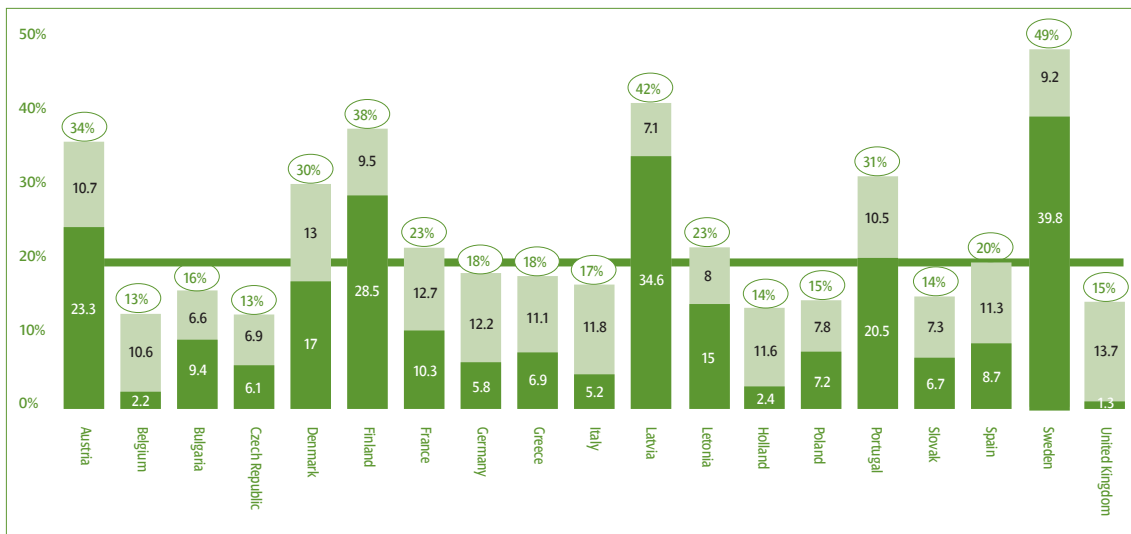
4. To enable efficient compliance with national objectives, mechanisms for cooperation between Member States are defined, which may under no circumstances jeopardise national support systems. These flexibility mechanisms include the possibility of energy “data exchanges” among Member States, which may develop projects jointly, or allow the support framework of one country to be used to promote the development of renewable energy in another Member State.
5. Priority access to the transport and distribution networks.
6. In the Directive’s first draft, the country objectives provided that at least 10% of energy used for transport must originate from renewable sources, specifically bio-fuels, that meet a number of sustainability requirements defined in the Directive. Finally, electric vehicles have been included as an option for meeting this objective, in defining the minimum mandatory target of 10 % that all Member States must achieve as the share of final energy consumed in transport that must be obtained from renewable sources, and not merely bio-fuels.
7. Review in 2014. The European Commission will present a report evaluating implementation of the Directive in 2014, and if it believes it appropriate, it will send proposals to the European Council and Parliament for amendment of the Directive. In no event will these proposals affect the Community objective of 20% nor control of the Member States over their own national

support mechanisms, nor the flexibility mechanisms defined in the Directive.

According to estimates by Spain’s Ministry of Industry and Energy, the designated target for Spain (20% of energy consumption, starting from 8.7% in 2005) requires obtaining some 40% of its electricity from renewable sources, equivalent to 35 to 40 GW of wind capacity installed in 2020. For the European Union, as a whole, the European Wind Energy Association estimates that as a result of this regulation, some 180 GW will be in operation by 2020.

With regard to the national support schemes that have already been defined, the new regulation would, in any case, not affect the existing mechanisms for promoting renewable energy.

According to the methodology set by the European Directive on the Promotion of Renewable Energies, the targets indicated for major member countries are shown in the following table, where the lower section of each bar (green) represents the 2005 starting point, and the upper section (orange) represents the percentage increases to be achieved by 2020 to meet the target.



On 30 June 2009, the European Commission published on its web page the template for developing National Action Plans for the respective Member States. These NAPs must be sent to the EC before 30 June 2010.

Moreover, before 31 December 2009, the Member States must communicate to the Commission their estimates on the use of flexibility mechanisms, but figures given in their projections need not match those of the NAPs, given the possibility that they may desire to adapt them in view of projections presented by other Member States.

5.2. Spain

R.D. 661/2007

The compensation structure supporting renewable energy under the Special Scheme set by Royal Decree 436/2004 was revoked in May 2007 by Royal Decree 661/2007. The new Royal Decree revised some compensation items, while maintaining the criteria of priority access to the network and guaranteed sales of energy of renewable origin. As far as the economic framework under which the Iberdrola Renovables Group operates is concerned, the main aspects of this Royal Decree are the following:

- Owners of facilities commissioned after 31 December 2007 must choose – for periods of not less than 1 year – between the following two options:

- Sell electricity to the system through the transport or distribution network, and receive a regulated tariff for that service, expressed in Euro cents per kilowatt-hour (7.7471 € Cts/kWh for wind energy in 2010, according to the updating of tariffs for 2010 in ITC Order 3519/2009 published in the BOE on 31 December).
- Sell the electricity on the electric power generation market, in which case the sales price for the electricity will be the price that comes out of the organised market or the price freely negotiated by the owner of the facility, supplemented, where applicable, by a premium in euro cents per kilowatt hour (3.0988 € Cts/kWh for wind energy in 2010, according to ITC Order 3519/2009). In this case, an upper limit (a ceiling of 8.9866 € Cts/kWh for wind energy in 2010) and a lower limit (a floor of 7.5405 € Cts/kWh for wind energy in 2010) have also been set, so that the premium decreases as the market price increases, without an upper limit on the price obtained on the market. In turn, the lower limit guarantees a minimum return, regardless of the market price. For the levels of the regulated tariff, the ceiling and the floor are updated annually on the basis of the $CPI - X$ (where X is 25 bp until 2012 and 50 bp from then on).

b) Facilities commissioned by 31 December 2007 must decide by 1 January 2009 whether to stay with the scheme established by Royal Decree 436/2004 or to change over to the new compensation structure. Royal Decree 436/2004 set down two remuneration options. The first calls for selling electric power to the electric power distribution company at a fixed price as

a percentage of the reference electricity rate defined in Royal Decree 1432/2002, which ranges from 90% to 80%, throughout the entire life of the facility. The second option assumes electricity is sold on the electric power generation market at market price plus the regulated premium (a percentage of the reference electricity rate) and it is to remain in force up to 31 December 2012.

Royal Decree Law 6/2009. Pre-assignment registry for renewable facilities

This past 7 May saw the publication of Royal Decree-Law 6/2009, which was approved in the Spanish Parliament on 21 May 2009. The basic purpose of this RDL is to regulate various technical and economic aspects of the Spanish electricity sector. Moreover, the text promulgates a new pre-assignment registry for the special scheme (except solar photovoltaic) and the single carrier of the gas transport network.

Regarding the Special Scheme, the RDL seeks to prevent the targets for technologies described in RD 661/2007 from being exceeded, and controls the rate of installation, limiting the costs for the system of premiums and tariffs of the technologies in question. In the pre-assignment registry, facilities being developed may be registered, provided they meet a series of requirements: having the authorisations and permits, demonstrating financing capacity, having equipment supply agreements and issuing a new guarantee. Since the publication date, a period of 30 days is allowed for registering projects that meet those requirements. If the registered projects do not exceed the target power, the RD 661/2007 economic scheme

will be extended until the target in question is met. If the registered power exceeds the target, compensation under RD 661/2007 will be exhausted with the registered facilities, but annual restrictions may be set on their execution and entry into service. It was also intended that through an RD, a new legal and economic framework is to be approved for the facilities entered in the registry, once the compensation scheme currently in force is depleted.

This past 24 November, a Decision of the Secretary of State for Energy was published in the BOE announcing the Council of Ministers Resolution of 13 November 2009 organising the facilities submitted to the compensation pre-assignment registry for electrical energy production facilities provided for in RDL 6/2009.

Extension of the compensation structure of RD 661/2007 to what is accepted in the pre-assignment registry is recognised and, given that what is contemplated in PER 2005-2010 is going to be exceeded, certain delays will arise in the rate of investment so as “not to compromise the technical and economic stability of the system.” The text confirms the Administrative Authorisation as the criterion for chronological prioritisation of the projects.

The final list of facilities accepted in the Registry for pre-assignment, as published by the MITyC, reaches 6.439 MW in wind energy and 2.342 MW in the case of thermo-solar.

5.3. United States

Both the Federal government and most state governments have adopted support measures designed to promote the development of electric power generation from renewable sources. The main steps taken to support the development of wind power in the United States are: (i) Renewable Portfolio Standards (RPS) at the state level, (ii) tax credits at the Federal level, such as the PTCs (Production Tax Credits) and (iii) the possibility of doing accelerated depreciations of assets relating to wind energy facilities (MACRS).

RPS is a renewable energies support framework voluntarily established by certain States. It requires that a minimum proportion of the electricity supply derive from renewable energies, such as wind power, biomass, mini-hydroelectric, geothermal or solar energy. Each State voluntarily defines the conditions and the renewable quotas called for under RPS. Most fall between 10% and 25% of the renewable supply in the years 2010 to 2030. Currently, 30 states and the District of Columbia have implemented the RPS mechanism. RPS compliance is implemented through a system of negotiable certificates that verify that a kWh of electricity was generated by a renewable source. These certificates are referred to as RECs, or Renewable Energy Credits. At the end of each year, electric power generators must have enough certificates to cover their annual quota of renewable energy. If they fail to meet their annual quota, they are fined.

In 1992, the United States adopted the PTC system, which provided a \$ 15/MWh (adjusted for inflation) tax deduction for wind-generated electrical power, as part of the Energy Policy Act. In 2009, the PTC was set at \$ 21/MWh for the first 10 years of the operation of wind turbines. Once the PTC has been granted for a project, it is good for 10 years. The purpose of PTCs is to assist a specific source of renewable production in becoming more competitive with fossil fuels and nuclear energy, which receive significant government subsidies. For solar technology (thermal or photovoltaic), there is a similar tax incentive called the ITC (Investment Tax Credit), which represents 30% of the initial investment and is granted the year the facility goes on stream. The ITC is in effect until the end of 2016.

Existe también otro beneficio fiscal ligado a la capacidad del propietario del parque eólico de aprovecharse de la amortización acelerada en la mayoría de los activos de capital (MACRs), que se pueden trasladar fiscalmente a un período de cinco años,

There is also another tax benefit, linked to the ability of the owner of a wind farm to take advantage of accelerated depreciation of most capital assets (MACRs), which can be changed to a five-year period for tax purposes.

This past 17 February, U.S. President Barack Obama signed into law the Stimulus Bill, a package of measures to reactivate the economy, drafted jointly by the U.S. House of Representatives and Senate, which includes incentives to promote energy of renewable origin, including: an extension of the PTC to year-end

2012, and the possibility of monetising PTCs by converting them to ITCs, thereby creating a subsidy equal to 30% of eligible costs, which the Treasury Department will implement. The primary difference is that the PTC is a tax credit applied to production, while the ITC is applied to the basis of the investment already made and is paid in cash. Further, a loan guarantee program will be created for projects involving the development of renewable energies and improved transmission totalling approximately \$ 8 billion, for projects where construction starts before 1 October 2011.

Since September, Iberdrola Renovables has received a total of \$ 577 million awarded by the US Treasury Department in the context of the Stimulus Plan for renewable energies. These subsidies involve a total of nine wind farms that represent 1,041 MW. The Company will reinvest the stimulus funds in their entirety in renewable energy projects in the United States.

Finally, as a result of the measures set out in the U.S. President's electoral programme, in which the federal RPS was announced, and the setting out of several targets for electricity produced from renewable sources by 2012, which will be increased in subsequent years, work is being done on a new legislative initiative called the Energy and Climate Bill.

5.4. United Kingdom

Renewable Obligation Order

In April 2002, the United Kingdom adopted the Renewables Obligation Order (ROO), which requires suppliers to generate an increasing percentage of their annual electricity sales from renewable energy sources. Subsequently, the various Renewables Obligation Orders were adjusted (regulatory developments of the ROO for England, Scotland and Northern Ireland). Thus, on 1 April 2009, the 2009 Renewables Obligation Order, approved 24 March, entered into force. Up to that date, a Renewables Obligation Certificate (ROC), a negotiable certificate, was issued for each MWh generated using renewable energy sources. As a new feature, the latest revision introduced a banding system, i.e., each renewable production technology matches a specified number of ROCs per MWh. Thus, the equation whereby 1 ROC = 1 renewable MWh will only continue to be valid for certain technologies, such as land-based wind power. On the other hand, for marine wind power, 1 MWh of energy produced corresponds to 1.5 ROCs. Furthermore, this past 22 April, the British Economics Minister presented the 2009 Budget, which included an extension of ROCs to offshore energy of 1.5 to 2 ROC/MWh in 2009-2010, and 1.5 to 1.75 ROC/MWh in 2010-2011. However, the Pre-Budget was submitted in December and it will be the basis for working out the 2010 Budget. That document includes an extension of the period in which offshore production will be accredited with 2 ROC/MWh from April 2010 to 2014.

From 1 April of this year, a specific number of ROCs will be required to be presented for each MWh of electricity supplied. Thus, banding is reflected in compliance with the ROO. Mechanisms are also being considered to prevent retroactive modification of credits in the form of ROCs to certain facilities in operation or those with administrative authorisation prior to the entry into force of this grandfathered revision as well as a mechanism (referred to as headroom) that adjusts the cover electricity demand targets to ensure that the supply of ROCs does not exceed demand, and therefore that their price will not fall to zero. In the 2009 Pre-Budget, the percentage on the ROCs of this revision clause is increased from 8% to 10%, to take effect starting for the 2011-2012 period.

In order to meet the Renewables Obligation, suppliers may opt to acquire ROCs or pay a fine (the so-called “buy-out price”) of £ 37.19/MWh in 2009/2010 (the price is adjusted each year in line with the Consumer Price Index, which was £ 37.19/MWh in 2002). If they pay the fine, a fund will be created with the money collected, to be distributed among all suppliers that have submitted ROCs. In this way the mechanism creates an additional amount for distribution known as an ROC Recycle. Thus, the true value of an ROC will be the sum of the buy-out price (fine avoided) plus the Recycle (additional amount distributed).

Moreover, consumption of electricity generated from certain renewable sources, such as onshore and offshore wind power, biomass, solar, hydroelectric and wave power, is exempt from the Climate Change Levy (CCL), an environmental tax on the use of energy (i.e., a tax penalty for contributing to climate change) paid by non-domestic end consumers (industrial and commercial supply). Levy Exemption Certificates, or LECs, certify the renewable source of the energy, and provide a tax exemption. Their 2009 value is £ 4.66/MWh.

Current law requires that by the year 2015, some 15.4% of energy sold in the United Kingdom be renewable in origin, although an extension to 20% is anticipated in 2020. The framework defined by the Renewables Obligation expires in 2027, although on 25 November 2008 the British Economics Ministry announced it would be extended until at least 2037. After that, in July 2009, the Renewable Energy Strategy 2009 sent to Parliament by the Department of Energy and Climate Change (DECC) will consider the possibility of extending it yet again.

White Paper on Energy

Measures have also been proposed to promote access to renewable production transmission and distribution networks. These were included in a report completed in June 2008, but had already been proposed in the 2007 Energy White Paper. These measures include not only technical actions but also economic incentives for network owners to increase their capacity.

Other Laws

On 26 November 2008, the United Kingdom signed a package of laws, including the Energy Act, which provides for implementation of a system of regulated tariffs for renewable energy facilities of up to 5 MW, and the Planning Act, which will allow flexible administrative procedures for major projects.

Analysis of Results for the period

1. 2009 RESULTS

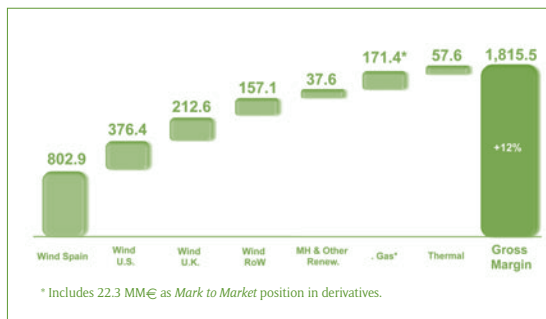
The most significant results at the end of 2009 compared to the previous financial year are the following:

MM€	2009	2008	vs 08 %
GROSS MARGIN	1,815.5	1,621.1	12.0%
EBITDA	1,325.3	1,185.5	11.8%
EBIT	685.7	709.6	-3.4%
NET PROFIT	371.1	390.2	-4.9%

Consolidated Gross Margin grew 12.0%, while consolidated EBITDA was up 11.8%, and EBIT dropped 3.4% and Net Profit 4.9%.

The change in the results reflects strong growth in production, partially affected by the negative impact of the decline in electricity prices in the Spanish market.

1.1. Gross Margin



Gross Margin was € 1,815.5 million, up 12% from 2008.

The renewables business Gross Margin rose 14.7%, as a result of greater operating power, which pushed up production 26.4%, though this rise was affected by the 16.4% price drop in Spain, in relation to the same period of the previous year.

The wind business Margin in the U.S. grew 50.9%. We also note a 53.5% increase in the Gross Margin in the wind business in the United Kingdom and 48.4% in the Rest of the World compared to 2008.

The international business now contributes 53.7% of the Gross Margin.

1.2. Net Operating Expenses and Taxes

The items Net Operating Expenses and Taxes reached € 490.2 million, representing an increase of 12.5% over the same period the previous year.

This increase is significantly less than the growth in operating power, reflecting the Company's efforts to contain spending and increase operating efficiency. As a result, the cost per Operating MW declined 16.4%.

1.3. EBITDA / Gross Operating Income



EBITDA grew 11.8% to reach € 1,325.3 million, a figure in line with the growth in Gross Margin (+12.0%) and supported by the greater efficiency in costs, as mentioned.

1.4. EBIT / Net Operating Income

EBIT dropped 3.4% due to the mentioned impact of prices in Spain, reaching the figure of € 685.7 million.

	2009	vs 08%
EBITDA	1,325.3	11.8 %
Depreciation and Amortisation	-639.6	34.4 %
EBIT	685.7	-3.4 %

Depreciation/amortisation grew 34.4%, slightly above the increase in average operating power (+29.4%). The main reason for this is the appreciation of the dollar compared to 2008, among other effects.

Depreciation includes depreciation deriving from the allocation of the Price Purchase Allocation in the amount of € 83.8 million.

1.5. Financial Results

Financial Income reached € 170.5 million, 39.9% higher than during the same period in the previous year, resulting from the increase in average debt, although favoured by a low interest rate environment.

Financial results is broken down as follows:

MM€	2009	2008
Net Interest Expense	-171	-122
Financial Revenues	156	113
Interest Expenses	-327	-235
Breakdown of Net Financing:	-171	-122
Group	-97	-67
Third parties	-23	-39
TEI	-69	-56
- Group	-10	0
- Others	-59	-56
Exchange rate variances	-4	1
Activated expenses	31	63
Other	-9	-24

Interest expense increased 39.1% to a total of € 327 million, due to:

- Growth in average debt. In 2008 average net debt was € 2,263.7 million, compared to average debt of € 3,908.3 million in 2009.
- Reduction in the average cost of financing debt, reaching 3.4% from the 5.0% of the previous year. This decrease in the cost of debt is explained by the drop in interest rates, which benefited the indexed portion of the debt.

1.6. Net Profit

Profit Before Taxes reached € 518.3 million.

	2009	vs 2008%
EBIT	685.7	-3.4%
Financial Result	-170.5	40.0%
Resultado No corriente	+3.1	-
BAI	518.3	-11.0%
Corporate Taxes	-141.4	-23.5%
Minorities	-5.8	-19.4%
Net Profit	371.1	-4.9%

The effective tax rate is 27.3%, mainly due to non-recurring deductions in Spain and a tax reimbursement in the US. Without this impact, the effective tax rate of the period would have been 31.6%.

Finally, Net Profit reached € 371.1 million, down 4.9%.

2. 2009 RESULTS BY BUSINESS UNIT

Following are details of the results for the period by business unit.

2009	TOTAL	WIND SPAIN	WIND US	WIND UK	RoW	MINI-HYDRO & OTHER RENEWABLES	THERMAL	GAS	OTHER
Gross Margin	1,815.5	802.9	376.4	212.6	157.1	37.6	57.6	171.4	
Net Operating Expenses and Taxes	-490.2	-197.5	-108.5	-45.7	-52.1	-20.8	-12.2	-60.4	6.9
EBITDA	1,325.3	605.4	267.8	166.9	105.0	16.8	45.4	111.0	6.9
Depreciation, Amortisation and Provisions	-639.6	-253.0	-181.0	-78.4	-63.1	-13.2	-12.0	-38.0	-0.9
EBIT	685.7	352.4	86.9	88.5	41.9	3.6	33.4	73.0	6.0

2008	TOTAL	WIND SPAIN	WIND US	WIND UK	RoW	MINI-HYDRO & OTHER RENEWABLES	THERMAL	GAS	OTHER
Gross Margin	1,621.1	848.8	249.4	138.5	105.8	40.8	74.1	163.6	0.1
Net Operating Expenses and Taxes	-435.6	-174.4	-84.7	-42.2	-43.9	-15.4	-13.7	-61.3	
EBITDA	1,185.5	674.4	164.7	96.3	61.9	25.4	60.4	102.3	0.1
Depreciation, Amortisation and Provisions	-476.0	-217.2	-112.7	-57.3	-41.1	-10.3	-9.9	-25.0	-2.5
EBIT	709.5	457.2	52.0	39.0	20.8	15.1	50.5	77.3	-2.4

2.1. Wind Energy Business In Spain

The principal operating items of the business are described below:

Operating Data	2009	Diff. 08 %
Installed Capacity (MW)	4,882	7.9 %
Production (GWh)	9,628	13.2 %
Pipeline (MW) ³	13,446	4.5 %

Installed capacity rose 7.9% to reach 4,882 MW at the end of 2009.

Production in Spain increased 13.2% to reach 9,628 GWh. This significant growth is due, in addition to the increased installed capacity, to greater wind resources than in the previous year.

³ Includes approximately 4,750 MW from the Gamesa portfolio contributed to the JV on the basis of the strategic agreement.

The pipeline increased to 13,446 MW⁴.

The most relevant business and financial data are the following:

MM€	2009	Var 08 %
Gross Margin	802.9	-5.4%
EBITDA	605.4	-10.2%
EBIT	352.4	-22.9%

a) Gross Margin

Despite the higher production, the Gross Margin for the period was € 802.9 million, down 5.4% in relation to the same period in 2008, due to the 74.3% drop in electricity prices on the Spanish production market. This circumstance led to a decline of 16.4% in the average price billed in Spain compared to the previous year.

b) EBITDA

EBITDA declined some 10.2% to € 605.4 million due to the 13.2% increase in Net Operating Expenses resulting from the increase in installed power.

c) EBIT

EBIT fell 22.9 % to € 352.4 million, affected by the decline in Gross Margin growth described above and a 16.5% increase in depreciation, as a result of increased installed power.

2.2. Wind Business in the Us

The key operating figures for this business are:

Operating Data	2009	Var 08 %
Installed Capacity (MW)	3,591	24.9%
Production (GWh)	7,731	42.9%
Pipeline (MW)	24,998	8.4%

Installed capacity rose 24.9% over the end of 2008 to reach 3,591 MW.

US production totalled 7,731 GWh, up 42.9% over financial year 2008, despite the fewer wind resources during the last half of this year.

The pipeline increased 8.4% over the same period last year, reaching 24,998 MW:

The most relevant Business and Financial data are the following:

MM€	2009	Var 08 %
Gross Margin	376.4	50.9 %
EBITDA	267.8	62.6 %
EBIT	86.8	66.6 %

The changes compared to the figures in 2008 reflect that:

Consolidated Gross Margin grew 50.9%, consolidated EBITDA was up 62.6% and EBIT was up 66.6%.

4. Includes approximately 4,750 MW from the Gamesa portfolio contributed to the JV on the basis of the strategic agreement.

a) Gross Margin

Gross Margin rose 50.9% to € 376.4 million, due to growth in production and a 5.6% increase in euro prices, driven by an approximately 1% increase in dollar prices plus the positive impact of the average exchange rate in 2009 in relation to the 2008 average, estimated at € 19.7 million.

It is important to point out that, if the PTC system had been chosen instead of grants for capacity put on line in 2009, the average price in dollars would have been \$ 5.1/Mwh higher, that is, 7.5% more.

b) EBITDA

EBITDA increased 62.6% to € 267.8 million, driven by significant containment of Net Operating Expenses, which rose 28.2%, set against the mentioned 42.9% production increase.

c) EBIT

EBIT increased 66.6% to € 86.8 million, after depreciation of € 181.0 million.

2.3. Wind Business in the UK

The key operating figures for this business are:

Operating Data	2009	Var 08 %
Installed Capacity (MW)	802	20.6 %
Production (GWh)	1,764	43.8 %
Pipeline (MW)	5,144	-0.2 %

Installed capacity increased 20.6% to 802 MW.

Production was 1,764 GWh, increasing 43.8% over the previous financial year, due to increased operating capacity during last year and to solid wind resources during the last half of the year.

The pipeline totals 5,144 MW.

The most relevant Business and Financial data are the following:

MM€	2009	Var 08 %
Gross Margin	212.6	53.5%
EBITDA	166.9	73.3%
EBIT	88.5	127.0%

The following factors stand out in terms of the trend in the UK Wind business in 2009:

a) Gross Margin

Gross Margin grew 53.5%, totalling € 212.6 million, reflecting higher production and a euro price 6.8% higher over the same period the previous year

b) EBITDA

EBITDA amounted to € 166.9 million, up 73.3% over the previous period due to an increase in the Gross Margin and tighter net operating expenses, which increased only 8.3%, a level much below the growth in power.

c) EBIT

EBIT rose to reach € 88.5 million, a 127.0 % increase over last year. This increase stems from the higher EBITDA and a decrease in euro-denominated depreciation impacted by the loss of value of the British pound, representing a negative impact of € 25.0 million in Gross Margin terms.

2.4. Wind Business in the Rest of the World

The key operating figures for this business are:

Operating Data	2009	Var 08 %
Installed Capacity (MW)	1,081	21.1%
Production (GWh)	1,786	35.2%
Pipeline (MW) ⁵	13,777	2.0%

Total installed power rose 21.1% (+189 MW) compared to the same period of the previous year, to reach 1,081 MW. This increase in capacity translated into a 35.2% increase in wind energy production, to reach 1,786 GWh.

The most relevant Business and Financial data are the following:

MM€	2009	Var 08 %
Gross Margin	157.1	48.4 %
EBITDA	105.0	69.7 %
EBIT	42.0	101.3 %

a) Gross Margin

The increase in production and the higher prices in euros (+9.8%) caused a 48.4% rise in the Gross Margin, putting it at € 157.1 million.

b) EBITDA

EBITDA posted an increase of 69.7%, affected positively by the change in net operating expenses (+18.5%), which grew less than operating power due to containment of expenses in the growth and development area, which declined compared to the same period of the previous year.

c) EBIT

Amortisation, Depreciation and Provisions increased to reach € 63.1 million, basically due to the mentioned addition of newly installed power during the financial year.

EBIT reached € 42.0 million, 101.3 % higher than in 2008.

⁵ Includes approximately 5,250 MW from the Gamesa portfolio contributed to the JV on the basis of the strategic agreement.

2.5. Mini-Hydro and other Renewables

The key operating figures for this business are:

Operating Data	2009	Var 08 %
Installed Capacity (MW)	396	15.7%
Production (GWh)	581	8.4%

Mini-hydro installed capacity remained unchanged at 342 MW. Mini-hydro production reached 560 GWh, 4.5% more than the same period of the previous year, as a result of greater hydraulic resources during 2009.

We note that, during the second quarter of 2009, the Puertollano thermo-solar plant and the Corduente biomass plant, with 50 MW and 2 MW, respectively, came on stream. Further, in the third quarter a photovoltaic plant was placed into operation in Greece with 2 MW of installed power. This plant's production, combined with that of the other two mentioned above, totalled 21 GWh.

The most relevant Business and Financial data are the following:

MM€	2009	Var 08 %
Gross Margin	37.6	-8.3 %
EBITDA	16.8	-30.5 %
EBIT	3.6	-70.2 %

Regarding the change in income, we note the following factors:

a) Gross Margin

Gross Margin was € 37.6 million, down 8.3%, basically due to the significant drop in sale prices in Spain, down 20.3%, which were not offset by the increase in mini-hydro production, which was up 4.5% over the same period of the previous year.

b) EBITDA

EBITDA for the mini-hydroelectric and other renewables business came to € 16.8 million, 30.5% lower than in the same period of the previous year.

We note that net operating expenses included € 6.5 million from other renewables businesses, especially thermo-solar and biomass, which have not yet seen significant income despite the recent start-up but which indeed already show net operating expenses.

c) EBIT

EBIT is € 3.6 million, 70.2% lower than the same period of the previous year.

This change can be explained by the start-up of production at the Puertollano thermo-solar plant, the Corduente biomass plant and the photovoltaic plant, which increased depreciation by 28.2% over the same period of the previous year, without yet contributing significant income, as already noted above.

2.6. Thermal Business

MM€	2009	Var 08 %
Gross Margin	57.6	-22.2 %
EBITDA	45.4	-24.8 %
EBIT	33.4	-34.0 %

a) Gross Margin

Gross Margin came to € 57.6 million, down 22.2% from the previous year. This result was due to decreased production as a result of low gas and electricity prices in the United States.

b) EBITDA

EBITDA reached € 45.4 million, reflecting the change in the Gross Margin.

c) EBIT

Finally, EBIT was € 33.4 million.

2.7. Gas Storage and Energy

The most relevant Business and Financial data are the following:

MM€	2009	Var 08 %
Gross Margin	171.4	4.8 %
EBITDA	111.0	8.6 %
EBIT	73.0	-5.3 %

The trend of the business during 2009 was strongly affected by the change in the gas spreads, which practically declined to zero in the winter of 2008-2009. Despite that, the results show significant growth in relation to financial year

2008 thanks to the recovery of the spreads in the winter of 2009-2010.

It is important to point out that the trend of the spreads continues to be positive at the beginning of 2010.

a) Gross Margin

Gross Margin totalled € 171.4 million, 4.8% higher than in the same period of 2008.

This item includes € 22.3 million for mark-to-market positions in derivatives.

b) EBITDA

EBITDA amounted to € 111.0 million, reflecting an 8.6% increase above that of the Gross Margin, caused by the process of containing Net Operating Expenses, with the effect of reducing them by 1.5% compared to the same period in the previous year.

c) EBIT

EBIT reached € 73.0 million, affected by a 52.0% increase in depreciation.

Balance Sheet Analysis

The major balance sheet items are:

MM€	2009	2008
Total assets	21,537.0	20,216.2
Tangible fixed assets	14,653.1	12,874.8
Intangible assets	4,382.6	4,492.9
Long-term investments	230.4	320.9
Net equity	11,417.7	11,188.3
Net debt	3,736.5	3,233.3

1. FIXED ASSETS

1.1. Investments in the period:

The total investments made during 2009 amounted to € 2,282.9 million. They are itemised as follows:

MM€	2009	2008
Wind Spain	454.9	961.5
Wind US	1,122.7	1,727.4
Wind UK	212.6	289.6
Wind Rest of the World	340.9	510.6
Mini-hydro	7.3	2.1
Other renewable technologies	99.6	101.7
Other non-renewable technologies	44.9	210.6
TOTAL	2,282.9	3,803.5

It is noted that, due to obtaining the assistance package by application of the Stimulus Plan for renewable energies promoted by the US administration, the net accrued investment in the period amounted to € 2,057.0 million.

1.1.1. Financial Debt

Net financial debt at the close of 2009 was € 3,736.5 million.

The debt structure can be broken down by currency and interest rate as follows:

MM€	2009	2008
USD	46.8%	41.0%
UK	15.5%	23.2%
OTHERS	10.2%	6.6%
EUROS	27.5%	29.2%
GROSS DEBT	4,024.2	3,556.6
CASH AND EQUIVALENTS	-287.7	-323.3
NET DEBT	3,736.5	3,233.3

MM€	2009	2008
VARIABLE	62.9%	63.2%
FIXED	34.7%	36.1%
LIMITED	2.4%	0.7%
GROSS DEBT	4,024.2	3,556.6
CASH AND EQUIVALENTS	-287.7	-323.3
NET DEBT	3,736.5	3,233.3

1.1.2. Other Long-Term Liabilities

In the United States, tax incentives for the wind sector are based on two mechanisms, the so-called Production Tax Credits (PTCs) and Accelerated Depreciation (MACRs). Most companies active in this sector lack a sufficient tax base to benefit from these incentives, which is why this is resolved by transferring the tax credits to third parties that can use them by forming partnerships. These consist of:

- Sponsor: The project owner, without the capacity to monetise the tax credits.
- Institutional Investor: Institution with sufficient tax basis in the United States to benefit from the aforementioned credits (Banks, Corporations, Insurance Companies).

Institutional investors make an advance payment for the current value of the transferred tax credits. These payments are recorded under “other long-term liabilities” as “Equity Instruments with Financial Liability Characteristics”.

The balance for this item amounts to € 846.5 million at the end of 2009.

1.1.3. Working Capital

WORKING CAPITAL	2009	2008
TOTAL SHORT-TERM ASSETS	1,833.8	2,143.5
- CASH AND CASH EQUIVALENTS	-258.4	-286.9
- CURRENT FINANCIAL ACCOUNTS RECEIVABLE	-	-
TOTAL ADJUSTED CURRENT ASSETS	1,575.4	1,856.6
TOTAL SHORT-TERM LIABILITIES	-2,441.9	-2,744.4
- CURRENT EXTERNAL DEBT	132.3	122.9
- CURRENT GROUP DEBT	378.0	502.8
TOTAL ADJUSTED CURRENT LIABILITIES	-1,931.6	-2,148.7
ADJUSTED WORKING CAPITAL	-356.2	-292.1

Balance Sheet

MM EUROS	2009	2008	Diff.
NON-CURRENT ASSETS	19,703.3	18,072.6	1,630.6
Intangible assets	4,382.6	4,492.9	-110.3
Tangible fixed assets	14,653.1	12,874.8	1,778.3
Long-term trade receivables	24.1	20.3	3.9
Financial Assets	230.4	320.9	-90.5
Deferred Asset Tax	413.0	363.8	49.3
CURRENT ASSETS	1,833.8	2,143.5	-309.8
Inventories	191.2	221.0	-29.9
Trade receivables and current accounts	660.1	614.3	45.8
Current financial assets	506.0	774.9	-268.9
government administrations and other current assets	218.1	246.4	-28.3
Cash and equivalents	258.4	286.9	-28.5
TOTAL ASSETS	21,537.0	20,216.2	1,320.9

MM EUROS	2009	2008	Diff.
NET EQUITY	11,417.7	11,188.3	229.4
Subscribed capital	2,112.0	2,112.0	-
Issuance premium	8,419.4	8,419.4	-
Reserves and Others	577.7	353.4	224.3
Forex translation differences	-170.8	-160.3	-10.5
Net income for the period	371.1	390.2	-19.1
Minority shareholders	108.3	73.5	34.8
Equity instruments with the character of long-term liabilities	846.5	797.6	48.9
LONG-TERM LIABILITIES	6,830.9	5,448.6	1,382.2
Deferred revenue	529.4	146.2	383.2
Long-term provisions	196.5	109.2	87.3
Long-term financial debt	767.7	911.8	-144.1
Interest expense	725.2	784.7	-59.5
Derivative financial instruments	42.4	127.0	-84.6
Other long-term accounts payable	2,877.0	2,325.6	551.4
Long-term debt to Group	2,784.1	2,154.2	629.9
Deferred liability taxes	92.9	171.4	-78.5
Short-Term Liabilities	2,460.4	1,955.9	504.4
SHORT-TERM PROVISIONS	2,441.9	2,781.6	-339.7
Short-term provisions	0.5	-	0.5
Short-term interest expense	194.5	300.3	-105.7
Interest expense	132.3	119.4	12.9
Derivative financial instruments	62.2	180.8	-118.6
Trade payables and other short-term accounts	2,246.8	2,481.3	-234.5
Short-term debt to Group	353.7	461.8	-108.1
Other short-term accounts	1,893.1	2,019.5	126.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	21,537.0	20,216.2	1,320.9

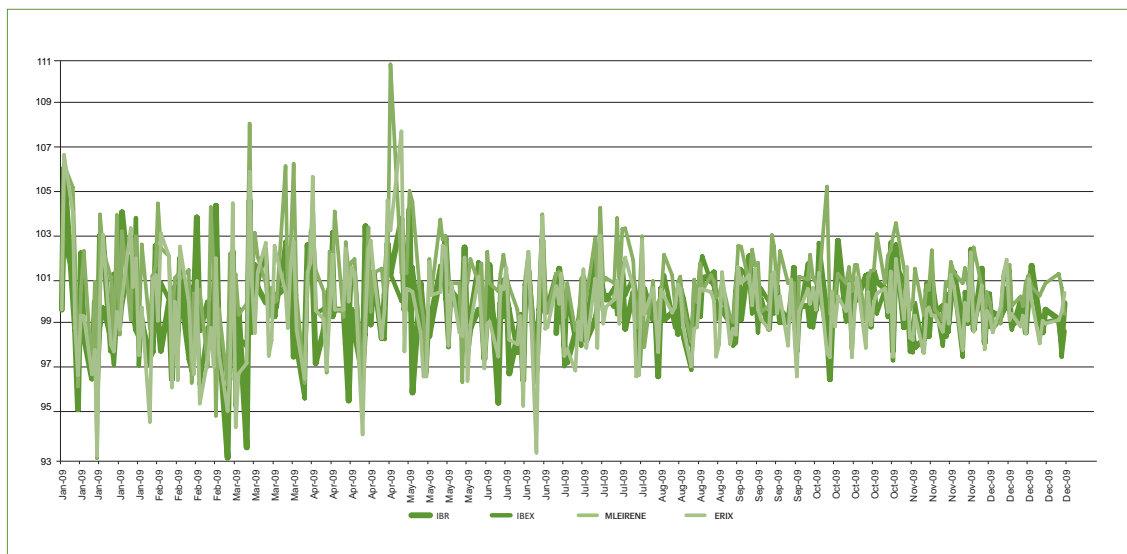
Profit and Loss Statement

	2009	2008	%
TURNOVER	2,009.1	2,030.3	-1.0%
SUPPLIES	-193.5	-409.2	-52.7%
GROSS MARGIN	1,815.5	1,621.2	12.0%
NET OPERATING EXPENSES	-448.2	-414.3	8.2%
Net personnel expenses	-191.5	-188.9	1.4%
Recruiting Expenses	56.8	38.9	45.9%
Net Outside Services	-339.6	-298.4	13.8%
Other Operating Income	26.1	34.1	-23.4%
TAXES	-42.0	-21.4	96.6%
EBITDA	1,325.3	1,185.5	11.8%
DEPRECIATION, AMORTISATION AND PROVISIONS	-639.6	-475.9	34.4%
EBIT	685.7	709.6	-3.4%
TOTAL FINANCIAL INCOME	156.2	113.4	37.8%
TOTAL FINANCIAL EXPENSES	-326.7	-235.2	38.9%
Losses/Profits on disposal of non-current assets	3.1	-5.7	-155.4%
PRE TAX EARNINGS	518.3	582.3	-11.0%
Corporate income tax	-141.4	-184.9	-23.6%
CONSOLIDATED NET EARNINGS FOR THE PERIOD	376.9	397.4	-5.1%
Minority shareholders	-5.9	-7.2	-18.8%
NET EARNINGS ALLOCATED TO THE CONTROLLING COMPANY	371.1	390.2	-4.9%

Statement of Cash flow

Consolidated cash flow statement for 2009		2009
Cash flow from operations		
Pre-tax earnings for the period		518.3
Adjusted for		-
Depreciation and changes to provisions for non-current assets		660.4
Net earnings from shares in affiliates		-
Subsidies and other revenue for distribution		-42.0
Financial income and expenses		170.5
Provisions for pensions		3.7
Provisions for risks and expenses		18.8
Earnings from non-current assets disposals		-3.1
Changes in working capital		-
Change in inventories		29.9
Change in trade receivables and miscellaneous		-45.7
Change in trade payables and other AP		249.4
Other cash flow from operations		-
Change in trade receivables/debt and other non-current AP		-83.1
Payment of provisions		-3.5
Tax paid on earnings		-89.4
Interest received		41.9
Cash flow from operations (I)		1,426.1
Cash flow from investments		
Acquisitions of intangible assets		-76.9
Acquisitions of tangible fixed assets		-2,397.8
Changes in method and/or scope of consolidation		-
Securities portfolio		-26.6
Change in current financial assets		394.7
Charges for disposal of non-financial assets		26.0
Charges for disposal of tangible assets		-
Net cash flow from investments (II)		-2,080.6
Cash flow from financing activities		
Capital expenditure subsidies and other revenues for distribution		443.1
Change in current interest expense		-104.6
Cash proceeds from long-term debt		1,078.3
Repayment of interest expense		-478.8
Interest paid including capitalised interest		-209.2
Dividend payments		-105.6
Acquisition of treasury shares		-90.6
Charges from disposal of treasury shares		93.4
Net cash flow from financing activities (III)		626.0

Market Trends



IBERDROLA RENOVABLES Stock	2009	2008
Number of shares outstanding	844,812,980	844,812,980
Closing price for the period (31-12-2009)	3.320€	3.05 €
Average price over period	3.20 €	2.63 €
Average daily volume	9,212,735	14,294,481
Maximum volume (01-01-2009 / 31-12-2009)	25,350,968	40,208,618
Minimum volume (01-01-2009 / 31-12-2009)	2,501,686	4,003,070

APPENDIX - IBERDROLA RENOVBABLES AND SUSTAINABILITY

Commitment to sustainability is one of the main pillars of the strategy of IBERDROLA RENOVBABLES, where defending the environment is a hallmark of identity. The company has implemented corporate responsibility best practices with the greatest transparency.

IBERDROLA RENOVBABLES' commitment to sustainable development is firm and, through the Board of Director's public adoption of specific policies, the Company seeks to demonstrate that to that end, sustainable development represents a single business focus and, at the same time, is the best guarantor of its commitment to creating value, for both shareholders and for other stakeholders, in addition to being a powerful stimulus for it to continue improving upon its responsible behaviour.

IBERDROLA RENOVBABLES also pays special attention to the social dimension in risk management, analysing, among other issues, those relating to job safety, work ethics, professional development and social responsibility.





The IBERDROLA RENOVBABLES Reputation and Social Responsibility Committee was established at the end of the first quarter of 2009, and on 14 May 2009, that committee held its first meeting. The committee is chaired by Chief Executive Officer Xabier Viteri, and composed of representatives from all the Company's business lines and units.

This committee's duties include identifying relevant issues with regard to the Company's Social Responsibility; identifying stakeholders, both internal and external, as well as issues relevant to them; defining the 2009-2010 Social Responsibility Action Plan and ensuring its implementation; and defining and promoting new action proposals.

	2009	2008
Material Investment (in € millions)	2,282.9	3,803.5
Investment in clean generation (in € millions)	2,238.1	3,592.9
Net earnings (€ million)	371.1	390.2
CO ₂ emissions in the period (gr. CO ₂ /kWh). Total	53.1	63.5
CO ₂ emissions in the period (gr. CO ₂ /kWh). Spain	-	-
Total emissions-free production (GWh)	21,490	16,998
Spain emissions-free production (GWh)	9,628	8,505
Emission-free production as a percentage of total production (%)	87.7%	85.0%
Spain emissions-free production as a percentage of total production (%)	100%	100%
Total emissions-free installed power (MW)	10,752	9,302
Spain emissions-free installed power (MW)	4,882	4,526
Total emissions-free installed power (%)	94.5%	93.8%
Spain emissions-free installed power (%)	100%	100%







1. SUSTAINABILITY INDEXES



IBERDROLA RENOVBABLES' presence on indexes and rankings for sustainability, reputation and corporate governance, and awards and recognition.

Sustainability Indices		Ranking
	FTS4Good Ibex Index	First company in the sector listed on this index. Recognises systems and policies appropriate for the management of environmental, social and ethical risks.
	The European renewable energy Index (ERIX)	Ranked second among the ten largest European renewable energy companies.
	S&P Global Clean Energy Index (SPGTCLN)	Ranked first among "clean energy" companies in the entire world.
	Merrill Lynch Renewable Energy Index (ML Renewable Energy)	Ranked fourth-largest wind energy company and ninth-largest renewable energy company.
	Europe Energy Alternate Sources Index (BEENRG)	Ranked sixteenth among companies committed to alternative energy.
	Índice Dow Jones de Sostenibilidad (DJSI)	IBERDROLA RENOVBABLES as a Company belonging to the IBERDROLA Group, is listed on the DJSI. IBERDROLA is the world leader in utilities on the prestigious Dow Jones Sustainability Index 2008, the global benchmark for measuring the contribution of businesses to sustainable development.

2. INDEXES, RANKINGS AND AWARDS

IBERDROLA RENOVBABLES' presence on indexes and rankings for sustainability, reputation and corporate governance, and awards and recognition.

	Honours	Awarded by
	"Valencianos para el SXXI" Prize.	Galardones Las Provincias Multimedia.
	Recognition for the best environmental excellence initiatives implemented in the United Kingdom, by SCOTTISHPOWER RENEWABLES.	Business Commitment to the Environment (BCE).
	Winner of the 100 Best Ideas award for the tide energy project.	Actualidad Economica magazine selects the 100 best company ideas.
 FUNDACION DE ESTUDIOS FINANCIEROS	Highest score in meeting the recommendations of the Unified Good Governance Code.	<i>"Corporate Governance and Digital Transparency among Companies Listed on the Spanish Continual Market 2008 Observatory."</i>
	Major Commendation.	BCE Environmental Leadership Awards.
	Winner of Best Renewable Project Award (Whitelee).	Scottish Green Energy Awards.

	Honours	Awarded by
	Shortlisted for Best Environmental Initiative (Whitelee).	Scottish Green Energy Awards.
	Winner of Best International Co-Operation Award (Hammerfest Strom).	Vision in Business for the Environment of Scotland (VIBES) Awards.
	Shortlisted for British Renewable Energy Award for Hammerfest Strom.	British Renewable Energy Awards.
	Highly commended as a British Renewable Energy Company.	British Renewable Energy Awards.
	Achievement in Operations.	The American Wind Energy Association.
	Milestone Award.	Oregon Occupational Safety and Health Administration.
	Highest rating A+.	Global Reporting Initiative (GRI).

3. CONTRIBUTION TO SOCIAL DEVELOPMENT

The most noteworthy activities undertaken by IBERDROLA RENOVBABLES in its primary markets (Spain, US, UK and Greece) during 2009 were:

3.1 CSR POLICY

- **Reputation and Social Responsibility Committee:**

On 21 July 2009, the Reputation and Social Responsibility Committee was established, chaired by our Chief Executive Officer Xabier Viteri and ratified by the Board of Directors. Its duties specifically include identifying the most relevant issues in the social and environmental spheres, as well as reviewing fulfilment of the Company's commitment to the principles of business ethics and transparency in all areas of its activities.

- **IBERDROLA Foundation Master Plan:**
As part of the IBERDROLA Group, IBERDROLA RENOVBABLES supports the new Master Plan presented by the IBERDROLA Foundation for the purpose of optimising management of the Group's social activities and thereby achieving greater consistency in the Company's strategic goals. The IBERDROLA Foundation represents an additional step in furthering our Company's commitment to society in all areas.

One of the activities established by the Foundation is organizing the IBERDROLA Global Renewable Energies Conference, held every two years in Valencia.

3.2. STAKEHOLDER RELATIONS

- **Suppliers:**

The terms for contracting suppliers to the companies of the IBERDROLA Group have been approved, including clauses on Social Responsibility based on the Universal Declaration of Human Rights, the principles of the United Nations Global Pact, and treaties of the International Labour Organisation.

3.3. PERSONNEL

- **Commitment to Equality:**
IBERDROLA RENOVBABLES. signed the IBERDROLA Group Equality Plan, establishing advanced measures for equal opportunity, prevention of harassment, and assistance to victims of gender violence.
- **Family Plan:**
IBERDROLA RENOVBABLES . supports the IBERDROLA Group Family Plan, focused on improving work opportunities for disabled family members of our Company's employees.
- **The Sharing Programme:**
The 'Comparte' programme was designed to facilitate communication sharing between all IBERDROLA Group employees, as to the Company's current situation and prospects. IBERDROLA RENOVBABLES has participated in this new online initiative, which was celebrated simultaneously in all of IBERDROLA's "geographies," bringing together 33 employees in over 40 countries over the course of four weeks under the slogan "A way

of doing things.” This international in-house communications initiative is part of the process of bringing together all the companies making up the IBERDROLA Group. And results show that the ‘Comparte’ Programme has been a success. The opinion surveys that have been received from all of us indicate that 97% of the professionals consider it useful.

- **Online Global Welcome Programme:**

As a company in the IBERDROLA Group, IBERDROLA RENOVBABLES has unveiled this new programme aimed at all new Group employees in any country in which we do business, so they may establish their first ties with our company and develop a sense of belonging. This programme offers information with a view to speeding up the process of being part of the company.

3.4. Community Action

IBERDROLA RENOVBABLES has contributed to social, environmental and cultural development throughout 2009, with diverse activities in our various markets.

1. Art and culture programmes, sponsorships and activities

- **Agreements and collaborations:**

- IBERDROLA RENOVBABLES has signed a collaboration agreement with the Municipality of Fuendetodos in Zaragoza within the framework of the celebrations for the 263rd anniversary of Goya’s birth and the 20th

anniversary of the opening of the Museo del Grabado (Museum of Engravings). A result of this agreement has been the inauguration of an exhibition of engravings by Francisco de Goya at the Company’s wind energy complex in Fuendetodos (Spain).

- **Programmes and plans:**

- IBERDROLA RENOVBABLES . participated in celebrating the 10th Anniversary of the Museo de las Ciencias de Castilla la Mancha (Museum of Sciences) in Cuenca and held the first “The Force of the Wind” workshop day (Spain).

- **Sponsorships:**

Cultural activities.

IBERDROLA RENOVBABLES, along with the Municipality of Arcos de la Frontera and the Academia Hispanoamericana de Ciencias, Artes y Letras, is co-sponsoring the book El legado de don Miguel Mancheño y Olivares. It sponsored the book De Castilla La Mancha a Nueva York, as well as a book on the parish of Arcos de la Frontera and lighting of the Basílica Menor. It has taken charge of the official lighting and presentation of the Basílica de Santa María de Arcos de la Frontera for the local authorities and the regional government. Lastly, financing has been provided for municipal social, cultural and sports events and a contribution has been made to organisation of the Sponsorship Festivals in the town of Las Tres Villas, in Almería (Spain).

Furthermore, with the aim of promoting the rationalised use of renewable energies for energy savings and efficiency, “The Balancing Game” was sponsored at the Cuenca Museum of Sciences, which, by using various scale models, simulates how to control wind, photovoltaic and thermo-solar energy so as to benefit from all natural resources.

In Hungary it has participated in sponsoring excavations carried out by the Cultural Heritage Office, to prepare an archaeological map of the region.

IBERDROLA RENEWABLES signed an agreement to sponsor the 2009 season of the Ross Raglant Theater. Among the activities associated with the Elk River Wind Farm in Kansas, it sponsored a tour through Butler County. Among the activities associated with the Big Horn Wind Farm in Washington, it sponsored the Bickleton Rodeo. Among the activities associated with the Farmer City Wind Farm in Missouri. It also sponsored the 2009 Rodeo and Pioneer Picnic organised by the Alder Creek Pioneer Association.

Sports activities

IBERDROLA RENEWABLES sponsored the Tarkio Rodeo, in Missouri, with more than 500 in attendance, as well as the Atchison County Development Corporation local golf tournament, with more than 150 attending.

ROKAS RENEWABLES has sponsored the sports clubs of Omiroupolis on the Isle of Chios, of Solygia in Arachneio-Peloponnese, and of Zarakes on the Isle of Evia (Greece).

2. Educational and training programmes, sponsorships and activities

Among the more noteworthy actions undertaken in this regard were:

- **Sponsorships:**

IBERDROLA RENEWABLES sponsored the “Renewable Energies as an Opportunity to Take” day at the headquarters of Fundación Universidad-Empresa de la Universidad de Valencia (Spain).

IBERDROLA RENEWABLES sponsored the construction and testing of wind turbines, in miniature, supplied by the Company at the Sarita Primary School. The FACE leadership programme of the Adams Intermediate School in Alice, to involve parents in the education of their children. The “Earth Day” activities at the Balboa Park, San Diego. Activities for children at the Trimont Chocolate Festival as well as the bus trip to the Elm Creek Wind Farm turbines during the community festival, attended by over 1,000 people (United States).

- SCOTTISH POWER RENEWABLES sponsored the Climate Change Conference organised by the Friends of the Earth (United Kingdom).
- ROKAS RENEWABLES sponsored the “Global Wind Day” event organised by the Hellenic Wind Energy Association, disseminating the advantages of wind energy and the environment (Greece).

- **Visits, workshops and information fairs:**

- IBERDROLA RENEWABLES has organised various visits for prominent figures, university students, environmental specialists and other interest groups to our wind farms and hydroelectric plants to promote awareness of our business both for future professionals in the electricity sector as well as for prominent figures concerned. Visits have been planned to our Renewable Energies Operations Centre in Toledo, to the Puertollano Thermo-Solar plant in Ciudad Real and to the Corduente Forestry Biomass Plant in Guadalajara. A total of 600 people have visited our facilities.

Furthermore, a discussion day on renewable energies was held for a group of students in various university programmes and majors – Environmental, Business and Technical Architecture Sciences – of the Universidad Europea Miguel de Cervantes in Valladolid, entitled “Iberdrola Renovables: It Knows the Force of Nature.”

Various presentations were held in conjunction with the Universidad de Mondragón and a prototype of a wind turbine

made in the decade of the 1980s at the university was restored (Spain).

- IBERDROLA RENEWABLES has held several training sessions for its customers relating to the renewable energies industry and its commercial activities. It provided a wind turbines kit to about 20 students of the O'Dell Primary School as part of the Cayuga Ridge Wind Farm construction project. It also sponsored a stand at the community fair to report on renewable energies, which saw participation by over 50,000 Illinois attendees (United States).
- SCOTTISHPOWER RENEWABLES has organised various visits to the Black Law wind farm for the Business School of Edinburgh University, and a group of engineers from the Strathclyde and Heriot Watt universities. In addition, it invited students from the Perth Grammar School, winners of the national “The Road is Green” prize, to visit a wind farm. It distributed an educational packet on renewable energies at secondary schools in Scotland. Furthermore, the Director of External Relations of SCOTTISHPOWER RENEWABLES visited the Sandbank Primary School, Argyll, and hosted the students of the Harthill primary school (Sheffield) and of the Kilmarnock secondary school (Kilmarnock) on a visit to the Black Law wind farm (United Kingdom).

- ROKAS RENEWABLES organised a school visit to the Alogorachi Wind Farm in Anavra and undertook to award two prizes (RES Games) to the two winning school groups in the Energy Path European project during the closing ceremony for the EnergyRES exhibition (Greece).
- **Agreements and collaborations:**
 - IBERDROLA RENOVABLES participated in Edición X de Formaemple@ in Valencia with the dual aim of informing the attendees about the activities that it performs and making contact with possible future employees. In collaboration with the Universidad de Castilla-La Mancha (UCLM) it also held a workshop on the present and future of renewable energies at the School of Environmental Sciences in Toledo to discuss the present realities of alternative sources from the scientific, business and political perspectives. Lastly, IBERDROLA RENOVABLES participated in the celebration of the Cultural Week held at the Instituto Azarquiel in Toledo, with two presentations on renewable energies (Spain).
 - IBERDROLA RENEWABLES made a presentation on wind energy at the “How Big is Your (Carbon) Footprint Today?” school workshop at the Stevens High School in Claremont, New Hampshire (United States).
 - ROKAS RENEWABLES reached an agreement with the Environmental Education Office of Attica to allow school visits at wind farms (Greece).
- **Energy Classrooms:**
 - IBERDROLA RENOVABLES has started up the Maranchón Energy Classroom in Guadalajara, with the objective of displaying to the educational centres and associations of the region the main characteristics of renewable energies by means of a workshop on theory and practice. A total of 13,200 people have participated in the various visits to Maranchón, Sisante e Higuera and Villacañas classrooms (Spain).
 - SCOTISHPOWER RENEWABLES is inaugurating the first renewable energy educational centre in Scotland, located on Europe’s largest land-based wind farm (Whitelee), which offers training on renewable energy and a meeting point to enjoy nature.
- **Donations:**
 - IBERDROLA RENOVABLES has donated an antique wind turbine to the Municipality of Munitibar (Spain).
 - IBERDROLA RENEWABLES has made a donation to the primary schools of Alabama to buy hand disinfectant dispensers to fight against type A influenza (United States).

- ROKAS RENEWABLES has invested in the purchase of school supplies for an elementary education centre in Palaikastron (Crete).

- **Scholarships:**

- IBERDROLA RENEWABLES has awarded through IBERDROLA RENEWABLES a complete scholarship for tuition, room and board for one student at the Iowa Lakes Community College programme in the United States. In Poland, as well, an annual donation was granted to the Polish Wind Energy Association for education in social responsibility.

3, Programas. donaciones y actividades de ayudas y solidaridad

- **Sponsorships:**

Cultural solidarity activities

- SCOTTISHPOWER RENEWABLES has sponsored a press release on Community First Responders for Magpas, the non-profit medical assistance service for Bedfordshire, Cambridgeshire and Peterborough. It also made a donation to that institution (United Kingdom).

Sports solidarity activities

- IBERDROLA RENEWABLES has sponsored a sports championship in Tarancón for the Castilla La Mancha associations for the disabled. It organised, along with the governing body of the province of Ciudad Real and the Third Annual Sports Championship

for the Disabled, involving the participation of over 450 members from 11 associations in the province. It sponsored the Third Annual Solidarity March for Multiple Sclerosis held in Cuenca. It collaborated in the Second La Calahorra-Puerto La Ragua Half Marathon and the Hueneja walkathon in Granada (Spain).

- **Agreements and collaborations:**

- IBERDROLA RENEWABLES has signed an agreement with the Valladolid Autism Association so that the infirm may obtain greater care (Spain).

- **Volunteer programmes:**

- IBERDROLA RENEWABLES has organised volunteer campaigns in which employees have cooked several dinners at the Ronald McDonald House as part of the Make Yourself At Home programme for families of seriously ill children being treated at Portland hospitals. It collected funds for the Oregon Food Bank and for the NW Harris County Habitat for Humanity in the Annual Chili Cookoff. It also organised, with the Houston Food Bank, a campaign to collect non-perishable goods, in which employees made donations and did the work of receiving and packing, and the Food Bank took charge of their distribution. It also participated in the gathering of essential supplies for the United States Marines in Iraq.

As part of the Earth Day celebrations in Philadelphia, campaigns were organised in which IBERDROLA RENEWABLES employees participated as volunteers, both in the

Francisvale Animal Shelter as well as in the Friends of Clemente Park Clean Up event and in other activities.

Also, ten Company volunteers provided support during two evenings in July and another two in August to homeless persons, offering food and acting as hosts at a centre near the office. There was also collaboration with the Angel Tree programme, which collects donations on behalf of people in need to help them through the Christmas period.

It is noted that, along with the Gulf Coast Regional Blood Center, a blood drive was organised in the offices, beating the record set during previous blood drives by a total of nine persons. There is also the collaboration with the Klamath Hospice, to organise a free camping trip for children aged 8 to 18 who had experienced the death of a loved one. Forty-two children participated. Lastly, it is noted that, as part of the Lempster Wind Power Project's volunteer activities, an educational campaign was organised for Troop 25, in which 65 scouts participated.

- **Donations:**

- IBERDROLA RENOVALES made donations to LABORVALIA for various associations in the Province of Ciudad Real.
- IBERDROLA RENEWABLES. has presented the results of the "Donations to the Community Campaign," which took charge of collecting funds for various charitable organisations

throughout the United States. The results exceeded the target set.

- IBERDROLA RENEWABLES employees of the Klamath Cogeneration Plant in Oregon provided aid when a Siemens employee at the plant was admitted to the hospital recently for emergency surgery. The workers' employment contract does not include medical coverage so the Klamath employees collected contributions in a gesture of friendship with Siemens personnel.
- SCOTTISHPOWER RENEWABLES has held the first two meetings to plan distribution of the funds for the Clachan Flats wind farm community in Cairndow, Argyll (United Kingdom).
- ROKAS RENEWABLES made a donation to the Association of Persons with Special Abilities located in Sitia, Crete (Greece).
- **Programmes and plans:**
- IBERDROLA RENEWABLES participated in the fund allocation committee of the United Way association in Klamath County, Oregon (United States).

- **Activities for the disabled:**

- IBERDROLA RENEWABLES within the context of our commitment to associations for people with physical and mental disabilities, assisted various associations of the Province of Toledo in an educational and cultural holiday at the Cuenca Museum of Sciences. It also signed a collaboration agreement with the Valladolid Autism Association, committing to contribute funds to improve the recreation facilities of the playground of the education centre the association maintains in Valladolid (Spain).

4. Environmental and biodiversity programmes, sponsorships and activities

Among the more notable actions carried out were:

- **Programmes and plans:**

- ROKAS RENEWABLES met with a representative of the WWF, an avifauna specialist, to discuss possible alliances to develop applications for monitoring birds (Greece).

- **Donations:**

- IBERDROLA RENEWABLES made a donation to the Soils and Waters Conservation Department (SWCD) of Lewis County (New York) to purchase trees and support materials for the project of restoring wetlands with forests along the Venado River in Montague, New York. The donation includes protectors for trees, stakes, matting for weeds, and the

labour for planting 550 trees. This activity is part of the work that we are doing with the Department of Environmental Conservation of the State of New York. Furthermore, the Company has made a donation to the Arbour Day Foundation to plant a tree in Van Wert, Ohio (United States).

- **Volunteer programmes:**

- Volunteers from IBERDROLA RENEWABLES participated in the Plant 50 Trees day on Earth Day. This day was organised by the Riverbend Environmental Education Centre in Philadelphia (United States).

- **Collaboration agreement:**

- IBERDROLA RENEWABLES, on the basis of a collaboration agreement with the Euromediterranea company for monitoring wild animals (WAVES), has organised a Master's Programme in Wildlife and Protected Areas Management and Conservation at the University of León, with the purpose of promoting the development of research, knowledge and training in the area of biological diversity and the creation of the requisite mechanisms for medium- and long-term planning of the management and conservation of natural resources. In addition, a programme is being put into effect for the monitoring of birds to analyse the impact on the bird habitat once a wind farm is built. This study will be carried out in a wind farm in Poland over a period of three years.

- **Hedge replanting:**

- In France, IBERDROLA RENEWABLES has made a donation for the replanting of hedges on roads near wind farms.

5. Socioeconomic development programmes, sponsorships and activities for the environment and society

The principle actions carried out were:

- **Sponsorships:**

Cultural activities

- IBERDROLA RENEWABLES has participated as Platinum Sponsor (top category) in the European Future Energy Forum held in Bilbao (Spain).
- SCOTTISH POWER RENEWABLES is sponsoring the Wales Quality Awards (United Kingdom).

- **Agreements and collaborations:**

IBERDROLA RENEWABLES has signed an agreement with the Official Chamber of Trade, Industry, and Navigation of Valencia, the Valencian Community European Region Foundation and the Association for Research and Development in the Industry of Furnishings and Related Goods (Aidima) for the promotion of renewable energies with the aim of strengthening the joint development of activities relating to wind, solar and biomass energy production as well as the promotion of R&D projects in the Valencian

Community. It also participated in the 10th EXPORTA Congress, the Congress for Business Internationalisation, which took place at the Palace of Exhibitions and Conventions (EXPO Fairground) in Zaragoza, where, along with two Spanish renewable energy companies established in the United States, it described its vision of the opportunities of this wide market, its experience, and the prospects for this sector by country.

It also collaborated in the improvement of infrastructures for neighbouring use near the impact zone of our wind farms in Castilla y León, Castilla La Mancha and Galicia, and it made new roads (18 Km) for neighbours of the La Ventosa wind farm in Mexico.

- IBERDROLA RENEWABLES acquired some new sets of science laboratory equipment for the school district of Kenedy County, Texas (United States).
- SCOTTISH POWER RENEWABLES has been presented to the farmers of Cumbria as a responsible developer and an ideal partner for the development of wind farms on their land. It attended the East Refrewhshire Leader Funding Launch event, where funds were collected to help local development initiatives in the rural areas surrounding the Whitelee wind farm. A meeting was held at the Girvan municipal offices among the Director of External Relations, the management of SCOTTISHPOWER RENEWABLES and the Ministers of Energy and of Communities to point out the economic benefits of wind farms on a local level. There was also a meeting

between the management of SCOTTISHPOWER RENEWABLES and officials of the Municipality of Argyll to analyse the activities carried out, the existing agreements for improvement, and benefits for the community.

It attended the Sustainable Development Conference organised by Plaid Cymru (the most significant nationalist party in Wales) and participated in the Conference on “Waves and Tides” held by the British Wind Energy Association (BWEA), with special emphasis on the Company’s participation in the Hammerfest and Islay projects (United Kingdom).

- ROKAS RENEWABLES participated in the Sustainable Development and Ecology exhibition held in May 2009. It also visited the first energy school in Greece operated by the Renewable Energy Sources Centre (RES) and negotiated on possible opportunities for collaboration.
- **Participation in different fairs**
- IBERDROLA RENEWABLES participated with workshops and a stand in the Environment Fair in the Municipality of Amurrio – Alava (Spain).
- SCOTTISH POWER RENEWABLES. made a presentation at the National Farmers Union event held on the wind farm industry. Also, employees of SCOTTISHPOWER RENEWABLES attended and spoke at the Annual Conference of the Scottish Renewables Forum (United Kingdom).

- ROKAS RENEWABLES participated in the New Year’s Event organised by the Hellenic Wind Energy Association (Greece).
- **Programmes and plans:**
- IBERDROLA RENEWABLES held a picnic at the Kenedy Ranch Museum to celebrate the inauguration of the Peñascal Wind Farm in Kenedy County, Texas. The inauguration party was attended by 250 local school children and their families as well as leaders of the energy industry in the United States, Japan and Spain (United States).
- SCOTTISH POWER RENEWABLES received a visit from Gordon Banks, Member of Parliament for Ochil and South Perthshire at the Green Knowes wind farm. It also participated in the conferences of the Strathaven Rotary Club, the Ayr Science Club and the East Kilbride Men’s Association.
- ROKAS RENEWABLES. participated in the Conference on Energy and Development in Eretria and was included in the annual online catalogue of businesses of the Renewable Energy Sources Centre (RES) (Greece).

- **Conservation of Natural Heritage:**

- IBERDROLA RENEWABLES has been involved in various activities as part of its agreement with the Natural Heritage Foundation of Castilla y León, to establish conditions for cooperation in the development and execution of a package of joint measures aimed at conserving and managing natural heritage (Spain).

- **Meetings with stakeholders:**

- IBERDROLA RENEWABLES has organised various information meetings to explain the positive aspects of opening wind farms in the region and to address any doubts that neighbours may have. In Spain, the meetings held with the neighbours surrounding the various wind farms in Galicia and Castilla y León are of note. In Poland, meetings have also been arranged with the neighbours of the Amelecourt wind farm, in Germany with those of the Rabenau wind farm and in Mexico with those of the La Ventosa wind farm.

SCOTTISH POWER RENEWABLES has held consultative meetings for the community on the Neslam Wind Farm and on extending the second phase of the Whitelee wind farm. It also made a public presentation and exposition to the stakeholders of Islay on the technology and the project for 10 MW, making use of tide energy (United Kingdom).

- **Donations:**

- IBERDROLA RENEWABLES collaborated in the celebrations of Earth Day, contributing a donation to the Clean Air Council Run for Clean (United States).
- ROKAS RENEWABLES has agreed to donate a minibus to the municipality of Dystion in Evia (Greece).

Corporate Governance

The most significant events of corporate governance during financial year 2009 were as follows:

1, GENERAL SHAREHOLDERS' MEETING

On 10 June 2009, the Company's General Shareholders' Meeting was held at first call at the headquarters of the BANCAJA Foundation in the city of Valencia (Calle General Tovar, 3).

The Meeting, which went into session with a quorum of 88.70% of the share capital (80.06% present and 8.64% represented) discussed and resolved upon the following matters:

i) The Company's annual financial statements and consolidated statements of its controlled companies, the respective management reports, the allocation of income (consisting of the distribution of a dividend for a gross amount of € 0.025 per share and allocation of the remaining earnings to legal reserves and surplus), approval of the corporate management and the re-election of "Ernst & Young, S.L," as the Auditor for the Company and for its Consolidated Group for financial year 2009.

(ii) Ratification of the appointment of Maria Dolores Herrera Pereda and Santiago Martínez Garrido as Directors and express authorisations and delegations requested for the Board of Directors (treasury shares and creation and funding of associations and foundations).

(iii) Amendment of the Corporate Articles of Association and approval of the new revised text of the Rules of the General Shareholders' Meeting.

Each and every covenant adopted at the General Meeting was approved by a majority of the shareholders, with a favourable vote of over 99% of shareholders present or represented by proxies at the Meeting.

2. APPROVAL OF NEW INTERNAL REGULATIONS

CWith the aim of advancing the constant effort of the Company to adapt to new practices in corporate governance, the Board of Directors, in its session of 19 May 2009, approved the following resolutions, among others:

- Approving a new revised text of the Regulations of the Board of Directors, the entry into force of which was conditioned upon approval by the General Shareholders' Meeting of 10 June for the proposed amendment to the Corporate Articles of Association.
- Approving a new revised text of the Internal Rules of Conduct on Securities Markets of IBERDROLA RENOVBABLES, S.A. (which entered into force on 1 June 2009).
- Approving a new revised text of the Procedure for Conflicts of Interest and Related Transactions with Directors, Significant Shareholders, and the Upper Management of IBERDROLA RENOVBABLES, S.A. (the entry into force of which was conditioned upon approval by the General Shareholders' Meeting of 10

June for the proposed amendment to the Corporate Articles of Association).

Furthermore, at its meeting of 20 July 2009 and at the proposal of the Company's Regulatory Compliance Unit, the IBERDROLA RENOVBLES Board of Directors approved two new sets of rules, set up as the result of recent recommendations regarding good corporate practices formulated by the National Securities Market Commission.

Specifically, the Company approved its "Internal Rules for the Processing of Non-Public Information of IBERDROLA RENOVBLES, S.A. and its Group of Companies," a set of rules inspired by the Action Guide for the transmission of privileged information to third parties published by the Secondary Markets Department of the National Securities Market Commission on 9 March 2009. IBERDROLA RENOVBLES also approved an "Action Protocol for the Management of News and Rumours regarding IBERDROLA RENOVBLES, S.A. and its Group of Companies," taking into consideration the criteria for the management of news and rumours on listed securities published by the Secondary Markets Department of the National Securities Market Commission on 23 February, 2009.

Both sets of rules entered into force on 28 July 2009 and are from that date included on the corporate web page (www.iberdrolarenovables.es), along with the other internal regulations.

3. APPOINTMENT OF DIRECTORS

On 20 July 2009, the IBERDROLA RENOVBLES Board of Directors accepted the resignation of Santiago Martínez Garrido from his position as director, which occurred on that same date.

In that session, the Board of Directors - after Iberdrola, S.A. waived its right to propose the appointment of a proprietary director (Consejero Dominical) and at the proposal of the Nominating and Compensation Committee - agreed to appoint Emilio Ontiveros Baeza as substitute independent director to fill the vacancy that had occurred.

4. EVALUATIONS

Pursuant to Article 7.7 of the Regulations of the Board of Directors, the board must annually evaluate (i) its functioning and the quality of its work, (ii) the performance of the duties carried out by the Chairman of the Board and by the Managing Director, based on the report prepared by the Nominating and Compensation Committee, and (iii) the performance of its Committees, based on such report as they may prepare.

The main purpose of this evaluation process is to improve the knowledge and performance of the functions and responsibilities that the rules on corporate governance of the Company attribute to the Board of Directors, to its Chairman, and to its Managing Director.

Along these lines, in its session of 24 February 2009, the Board of Directors considered and approved the improvement features and conclusions contained in the self-evaluation reports submitted by each of its committees (Executive Committee, Auditing and Compliance Committee, Nominating and Compensation Committee and Related Transactions Committee), as well as the evaluation reports from the Board itself, from its Chairman and from the Managing Director, upon proposal from the Nominating and Compensation Committee.

As a result of this evaluation process, the Board of Directors concluded that it had functioned properly and that it had performed its functions during financial year 2008 in accordance with the law, the Corporate Articles of Association and the Regulations of the Board of Directors effectively and transparently. The Board of Directors also deemed that the Chairman and the Managing Director had faithfully and diligently observed the rules established in the Corporate Articles of Association and the Regulations of IBERDROLA RENOVBLES that pertain to them.

5. OTHER SIGNIFICANT CORPORATE GOVERNANCE EVENTS

On 21 July 2009 IBERDROLA RENOVBLES published its financial report for the first half of financial year 2009.

On 23 September 2009, IBERDROLA RENOVBLES, Gamesa Energía, S.A. Unipersonal and Gamesa Corporación Tecnológica, S.A. signed a document establishing the structure for implementing the strategic agreement on the joint promotion,

development and operation of wind projects in Spain and in certain countries in continental Europe on 13 June 2008, as explained before.

Finally, on 20 October 2009 IBERDROLA RENOVBLES published its financial report for the third quarter of financial year 2009.

6. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

On 23 February 2010 the IBERDROLA RENOVBLES Board of Directors approved the preparation of the annual financial statements for 2009 including the management reports of the Company and of its Consolidated Group, including the Annual Report on Corporate Governance, which, in compliance with the new version of Articles 202.5 of the Law on Public Limited Companies and 49.4 of the Commercial Code, which were introduced by paragraph 11 of Article 2 of Law 16/2007 of 4 July reforming and adapting the commercial legislation on accounting for its international harmonisation based on the rules of the European Union, must be included in the management report, in a separate section.

7. INFORMATION TRANSPARENCY

One of the essential principles serving as the basis for the Company's corporate governance practices is to promote maximum transparency in financial and other information provided to shareholders and investors. In this regard, there has been a high level of activity during 2009 to ensure that institutional investors and financial analysts were kept fully informed.

Furthermore, since the calling of the Company's General Shareholders' Meeting, extensive documentation and information on the Company has been made available on the corporate website (www.iberdrolarenovables.es) beyond that which is legally required, and in the in-house regulations of IBERDROLA RENOVBLES.

The most significant events concerning the Company and all the relevant information it discloses (with a possible impact on the share price) were communicated to the markets by reporting them to the CNMV as key events. Once this information had been transmitted to the CNMV, it was then also supplied through appropriate channels to analysts, as well as to the main communications media and to international, national and regional informational agencies, and is available for consultation on the corporate website, in both Spanish and English.

CNMV: Key Events and Other Announcements from January to December 2009

Date	Event	Record No.
16.01.2009	The Company sends out information on the 2009 Financial Calendar.	Other Communications 27947
26.01.2009	An announcement on the resignation of Board Member Marcos Fernandez Fermoselle is sent out.	Key Events 103062
29.01.2009	The Company reports a strong balance sheet for Q4 2008.	Other Communications 28034
29.01.2009	The company issues a press release on electrical power and production for Q4 2008.	Other Communications 28035
30.01.2009	The Company announces approval of the squeeze-out sale of all the ordinary and preferred shares of C. ROKAS, S.A. that it does not own after the voluntary takeover bid.	Key Events 103176
03.02.2009	The Company issues new information about the 2009 Financial Calendar.	Other Communications 28060
03.02.2009	The Company issues details about the presentation of the 2008 annual earnings report.	Other Communications 28061
13.02.2009	The Company presents its earnings report for financial year 2008.	Other Communications 28129
13.02.2009	The Company announces its earnings report for financial year 2008.	Other Communications 28130
24.02.2009	The Company announces the delivery of shares to its employees as part of its variable compensation scheme maturing in financial year 2008.	Key Events 104416
25.02.2009	The Company announces its financial results for H2 2008.	Key Events 104440
25.02.2009	The Company provides the Annual Corporate Governance Report for 2008	Key Events 104482
17.03.2009	The Company announces the acquisition and subsequent delisting of all ordinary and preferred shares of C. ROKAS S.A.	Key Events 105717
31.03.2009	The Company announces the appointment of board members.	Key Events 106391
14.04.2009	The Company reports a strong balance sheet for Q1 2009.	Other Communications 28484
16.04.2009	The Company provides supporting details for its presentation of Q1 2009 results.	Other Communications 28496
21.04.2009	The Company reports information on financial results for Q1 2009.	Key Events 107201

CNMV: Key Events and Other Announcements from January to December 2009

21.04.2009	The Company announces its financial results for Q1 2009.	Other Communications 28518
05.05.2009	The Company reports its Board of Directors' resolution on convening the General Shareholders' Meeting	Key Events 107852
07.05.2009	The Company reports the proposed resolution for submission to the 2009 General Shareholders' Meeting	Key Events 108053
07.05.2009	The Company reports information on the directors' compensation policy for financial year 2009 and implementation of the compensation policy in force in financial year 2008.	Key Events 108055
19.05.2009	The Company announces the resolutions adopted by the Board of Directors.	Key Events 108585
10.06.2009	The Company announces the resolutions approved at the General Shareholders' Meeting.	Key Events 109706
08.07.2009	The Company reports a strong balance sheet for the first half of financial year 2009.	Other Communications 29184
14.07.2009	The Company provides supporting details for the presentation of H1 2009 results, which will take place next Tuesday, 21 July.	Other Communications 29217
20.07.2009	The Company announces it has accepted the resignation of Santiago Martínez Garrido and the appointment of Emilio Ontiveros Baeza as his replacement.	Key Events 111536
21.07.2009	The company provides information on its financial results for H1 2009.	Key Events 111603
21.07.2009	The company reports information on its financial results for H1 2009.	Key Events 111604
21.07.2009	The Company submits a presentation to analysts and investors on the half-yearly financial reporting for H1 2009.	Other Communications 29267
04.08.2009	The company reports information on its own-shares' transactions.	Key Events 112326
23.09.2009	Strategic Agreement.	Key Events 114107
09.10.2009	The Company reports a strong balance sheet for Q3 2009.	Other Communications 29735
14.10.2009	The Company submits details on the Presentation of Results for Q3, which will take place this coming 20 October.	Other Communications 29759
20.10.2009	The Company issues information on the results for Q3 2009.	Key Events 115107
20.10.2009	The Company announces its financial results for Q3 2009	Other Communications 29803



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