



**IBERDROLA
RENOVABLES**

First
half results
2010

Quarterly report



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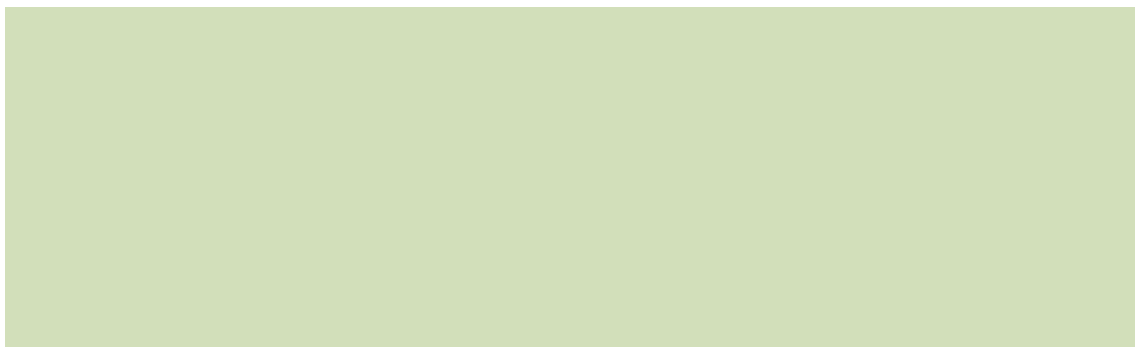
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EXECUTIVE SUMMARY

As of June 30th, 2010, installed capacity reached 11,406 MW after an increase of 1,403 MW during the last 12 months. This equates to a growth rate of 14.0% and thus reaffirms the international leadership of IBERDROLA RENOVBABLES.

- The geographical breakdown of the 654 MW of new capacity installed in the first half of 2010 was 286 MW in the United States, 312 MW in Spain, and 42 MW in the Rest of the World.
- Fifty-one percent of IBERDROLA RENOVBABLES' installed capacity is now outside of Spain.

Production increased 21.5% to 12,858 GWh, showing a growth rate of 32.0% in the Rest of the World; 26.9% in the United States; and 22.3% in Spain.

Gross Margin totalled €998.2 million or 20.5% more than the same period the previous year, propelled by a significant increase in production. It is important to note that:

- The fall in Spanish Daily Production Market prices was offset in part by the signing of a production purchase/sale agreement in Spain with Iberdrola Generación, which sets the sale price for two years through June 2011.
- International business accounted for approximately 51% of Gross Margin.
- Purchase/sale agreements equivalent to 300 MW were monetized through their transfer to JP Morgan. The value of the deal was some \$48 million, and was posted under "Other".

EBITDA rose 21.5% to €706.7 million, boosted by a significant improvement in the costs efficiency of 3.3%.

Net Profit amounted €158.1 million, up 6.5%.

The results of the period have been impacted by a "Mark to Market" which sums up 32.6 MM€.

- Due to the fact that it is an adjustment of the valuation of selling options, hedged with physical gas inventories, this impact is temporal and will not have effect on the Company Cash-flow.
- Without this impact, the EBITDA and Net Profit of the Company would have increased 28.8% and 24.1% respectively.

The Company has a strong financial structure, low financial leveraging (28.0%), and shows strong Funds from Operations¹ totalling €520.5 million (+19.1%) in the 2010 first half.

Key Figures

1. INSTALLED CAPACITY AND PRODUCTION OF IBERDROLA RENOVBABLES IN THE FIRST HALF OF 2010

The table below shows the Company's key operating figures for the first half of 2010 and 2009:

Operating Data		H1 2010	H1 2009	Dif 2010-09	%
Installed capacity	MW	11,406	10,003	1,403	14.0%
Spain Wind	MW	5,194	4,730	464	9.8%
US Wind	MW	3,877	3,104	773	24.9%
UK Wind	MW	816	790	26	3.3%
Rest of the World	MW	1,123	985	138	14.0%
Mini-Hydro	MW	342	342	-	-
Thermo-solar	MW	50	50	-	-
Others	MW	4	2	2	100.0%
Gas Storage	BCM	1.4	1.4	-	-
Production	GWh	12,858	10,585	2,273	21.5%
Spain Wind	GWh	5,699	4,658	1,041	22.3%
US Wind	GWh	5,051	3,980	1,071	26.9%
UK Wind	GWh	589	833	-244	-29.3%
Rest of the World	GWh	1,027	778	249	32.0%
Mini-Hydro	GWh	465	335	130	38.8%
Thermo-solar	GWh	22	1	21	2,100.0%
Others	GWh	5		5	

2. STOCK MARKET FIGURES

The table below shows the key stock market figures at the end of the first half of 2010:

Stock market figures		H1 2010
Market capitalisation	MM€	10,864
Earnings per share	€	0.09
Period-end price	€	2.572
P.E.R. ²	times	28.5

² Calculated based on the total Net Profit over the last four quarters.

Key events for the period

1. IBERDROLA RENEWABLES ACQUIRES THE RIGHT TO BUILD A 7,200 MW OFFSHORE WIND FARM IN THE UNITED KINGDOM, ONE OF THE LARGEST IN THE WORLD

IBERDROLA RENEWABLES and the Swedish company Vattenfall, the number-one developer of offshore wind energy, have won in the United Kingdom the rights to build in the North Sea one of the world's largest offshore wind farms, with an estimated capacity of up to 7,200 megawatts (MW).

Initial permits for the facility, awarded as part of the third round of competitive bidding by the British Government through the Crown Estate – the agency that owns the land – may be obtained in 2012 and construction may begin in 2015.

IBERDROLA RENEWABLES and Vattenfall have established a 50–50 joint venture called East Anglia Offshore Wind to develop this project to be located in the East Anglia (central eastern England).

2. IBERDROLA RENEWABLES SIGNS THREE AGREEMENTS FOR THE SALE OF POWER FROM FOUR WIND FARMS IN THE UNITED STATES

IBERDROLA RENEWABLES has entered into three agreements to sell power produced by three of its wind farms in the United States.

The first agreement is for the sale of all the power produced by the Big Horn II wind farm to the California-based M-S-R Public Power Agency for the next 25 years. The agreement was signed before the construction of the wind farm, that has started during this half of the year in Klickitat County, Washington state.

The second is for the sale of at least one-half of the energy produced by the Star Point wind farm in Sherman County, Oregon, still under construction phase, to the California public utility company Modesto Irrigation District (MID) over the next 20 years.

The third contract provides for the sale of renewable energy from the Cayuga Ridge wind farm (300 MW), currently under construction, and is the largest contract in the history of IBERDROLA RENEWABLES in the United States. This is a 20-year contract.

The fourth involves an agreement for the sale of renewable energy from the Dry Lake II wind farm (65 MW), currently under construction, in the State of Arizona, to the Salt River Project (SRP) company, for the next 2 years.

The signed agreements ensure the sale price of the power from these wind farms and thus guarantee the projects' long-term profitability.

3. IBERDROLA RENOVBLES AND EBRD SIGN AN AGREEMENT TO DEVELOP WIND FARMS IN EASTERN EUROPE

IBERDROLA RENOVBLES and the European Bank for Reconstruction and Development (EBRD) signed an agreement for joint development of wind energy projects in Eastern Europe.

The agreement provides for EBRD to invest up to €125 million in IBERDROLA RENOVBLES' subsidiaries in Poland (€75 million) and Hungary (€50 million) through the purchase of new shares, which will enable it to achieve a 25% stake in both companies.

These subsidiaries are developing wind projects that will amount to 309 megawatts (MW) of power with 211 MW already in operation and 98 MW in the construction phase.

In the same manner, both parties have agreed to study the market jointly in Romania, a country with a bright future in terms of developing renewable energies.

The Eastern Europe agreement will enable IBERDROLA RENOVBLES to consolidate its position as wind industry leader in the countries of the region, with the support of the EBRD, the largest bank currently investing in the region.

4. IBERDROLA RENOVBLES ACQUIRES EL ANDÉVALO WIND ENERGY COMPLEX IN HUELVA, THE LARGEST RENEWABLE ENERGY FACILITY IN SPAIN

The acquisition was made through the framework agreement for the purchase and sale of wind farms in Andalucía, signed by IBERDROLA RENOVBLES and Gamesa Energía in 2005, for a total of 600 megawatts (MW).

The Company invested some 320 million euros in this operation, including the purchase of the wind farms in the complex, as well as the infrastructure needed for moving the electricity off the farms.

El Andévalo wind complex, located between the towns of El Almendro, Alosno, and Puebla de Guzmán, in southern Huelva province, can generate up to 244 MW from its seven farms: Majal Alto, 50 MW; El Saucito, 30 MW; El Centenar, 40 MW; La Tallisca, 40 MW; La Retuerta, 38 MW; Las Cabezas, 18 MW, and Valdefuentes, 28 MW.

5. IBERDROLA RENOVBLES ACQUIRES RIGHTS IN ROMANIA TO DEVELOP 1,500 MW OF WIND

IBERDROLA RENOVBLES, a world leader in wind energy, has received permission from the Romanian network operator (Transelectrica) to connect 1,500 megawatts (MW) of wind power to its national electrical system.

The received permission will afford IBERDROLA RENEWABLES the opportunity to develop the Dobrogea Project, the most ambitious land-based wind-energy project in the world to date, involving the implementation of 50 wind farms in the Dobrogea region of south-eastern Romania. The company plans to build these facilities between 2011 and 2017.

The Company plans to start building its first Romanian wind farm this year: the 80-MW project at Mihai Viteazu.

IBERDROLA RENEWABLES opened a Bucharest office last year to continue bolstering its presence in Eastern Europe, where it already has operating wind farms in Poland (161 MW), Hungary (50 MW) and Bulgaria.

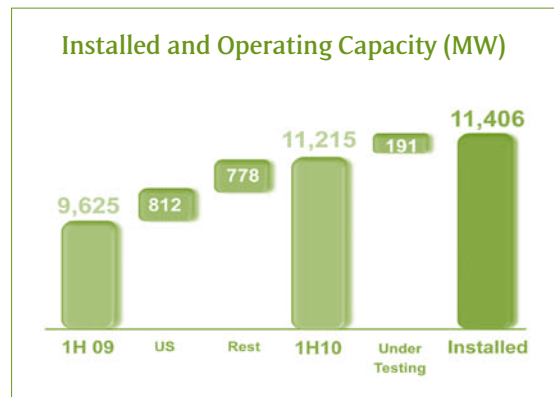
Growth of the Business

At the end of the 2010 first half, IBERDROLA RENEWABLES had 11,406 MW in installed capacity.

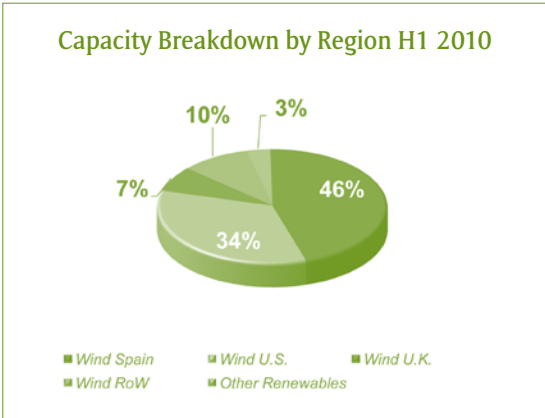
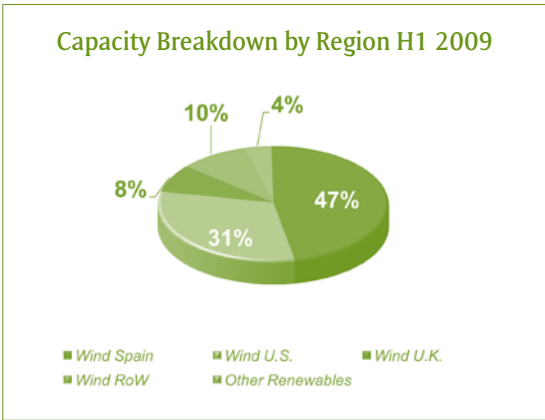
Year-over-year, the increase in installed capacity totalled 1,401 MW, up 14.0% over the first half of 2009.

During the 2010 first half, 52.3% of the company's capacity was installed outside of Spain, thus supporting the company's international expansion programme.

In turn, operating capacity totalled 11,215 MW, after adding 1,590 MW (+16.5%), 812 MW of which are in the United States, which already accounts for some 34% of total operating capacity.



As a result of these additions to capacity, the Company has diversified its assets geographically, as shown in the following graph. It is noteworthy that 51% of the total installed power is already outside of Spain:



IBERDROLA RENEWABLES has a 61,478 MW pipeline, the largest in the world. This includes projects under the strategic agreement with Gamesa, which are in various stages of development in Spain and other countries.

MW	Total Pipeline	Strategic Agreement	Probable	Likely	Highly Confident
Wind	59,901	~ 10,000	34,469	13,183	2,249
Spain	13,850	~4,750	6,379	2,345	376
U.S.	24,565	0	15,363	8,046	1,156
U.K.	7,653	0	6,290	1,015	348
RoW	13,833	~ 5,250	6,437	1,777	369
Other Renewables	1,577	0	1,149	377	51
Spain	951	0	616	285	50
U.S.	527	0	468	59	0
U.K.	1	0	0	0	1
RoW	98	0	64	33	1
Total	61,478	~ 10,000	35,618	13,560	2,300

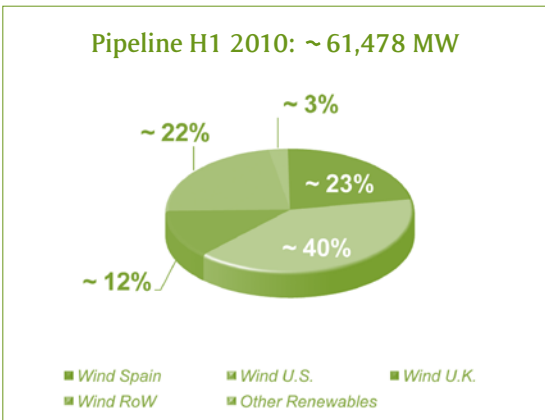
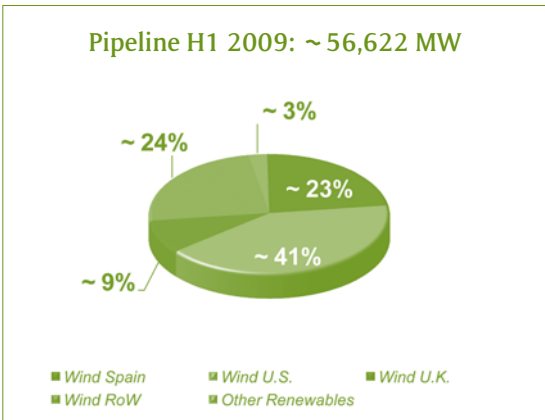
NOTES:

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

Likely: With installation of meters, basic engineering, resolving of competitive bidding or auction procedure, with the principal permits and grid hook-ups required; probability of success and achievement: 40-50%.

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

Strategic Agreement: This includes the initial estimate of the Gamesa project contributions under the strategic agreement reached on June 13, 2008.



1. WIND ENERGY

After adding 654 MW in the first half, IBERDROLA RENOVBLES continues to show world leadership in the wind business with total installed capacity of 11,010 MW. The geographic breakdown is as follows: Spain with 5,194 MW; United States with 3,877 MW; United Kingdom with 816 MW; and the Rest of the World with 1,123 MW.

1.1. Spain

Installed capacity at the close of the first half of 2010 was 5,194 MW, up 9.8% over the close at June 2009.

New capacity installed in Spain during the first half of 2010 was 312 MW, as follows: 256 MW in Andalusia and 56 MW in Castile and Leon.

The pipeline at the close of the period totalled 13,850 MW.

1.2. United States

The company is active in 16 states and has a total of 3,877 MW of installed capacity. This installed capacity amounts to growth of 24.9% in the last 12 months.

During the first six months of 2010, 286 MW were installed, representing 43.8% of the total capacity installed by IBERDROLA RENOVBLES during this period.

The pipeline amounted to 24,565 MW, approximately 40% of the company's total.

1.3. United Kingdom and the Republic of Ireland

The Company has 816 MW in operation, making it the leading company in the United Kingdom in terms of installed onshore capacity with 801 MW in the United Kingdom and 15 MW in the Republic of Ireland.

The pipeline in this area, at the end of the first half of 2010, amounted to 7,653 MW.

1.4. France

At the end of the period, total installed capacity amounted to 283 MW, 20.4% above the first half of 2009. There are plans to commission several wind farms throughout the year in France.

1.5. Greece

At the 2010 first-half end, the Company had 217 MW in operation in Greece.

1.6. Poland

At the end of the first half, installed capacity was 161 MW.

IBERDROLA RENOVBABLES has become one of the largest wind power generators in Poland, where renewable energy is expected to develop significantly in the coming years.

1.7. Hungary

During this first half, 26 MW were installed in addition to the 8 MW installed in the first quarter, bringing total installed capacity in this country to 112 MW.

In Hungary, there are plans to commission another two wind farms in 2010 that are currently in the construction phase.

1.8. Portugal

The company has 92 MW of installed capacity, with a sizeable portion of this coming from the 42 MW Alvao wind farm.

1.9. Mexico

In Mexico, IBERDROLA RENOVBABLES has 80 MW in installed power, through its La Ventosa wind farm in the state of Oaxaca.

Last year the Federal Electricity Commission of Mexico (CFE) awarded the construction of the La Venta III wind farm to IBERDROLA RENOVBABLES. This wind farm in the town of Santo Domingo Ingenio in the Mexican state of Oaxaca will have total capacity of 103 MW. It is currently in the process of construction, and is expected to go into commercial operation some time during the year.

1.10. Italy

The first 66 MW were commissioned in 2009 as the result of the strategic alliance between IBERDROLA RENOVBABLES and the Italian energy group API Holding formed in 2008 to build and operate wind farms totalling 300 MW.

During 2010, the company's activity in Italy will be expanded with the commissioning of several wind farms, two of which are currently under construction.

1.11. Germany

The company had total installed capacity of 63 MW at the end of the 2010 first half.

2. OTHER RENEWABLE TECHNOLOGIES

2.1. Mini-hydro

IBERDROLA RENOVBLES has installed capacity of 342 MW across Spain. The company's project portfolio has 172 MW in Spain and 88 MW in Greece.

Of the 342 MW that IBERDROLA RENOVBLES has installed, 211 MW come under the Ordinary Production Scheme for electrical energy, with the remainder under the Special Scheme.

2.2. Offshore Wind Power

Currently, IBERDROLA RENOVBLES is developing marine wind power projects in the United Kingdom, Germany, France and Spain.

In the United Kingdom, the West of Duddon project in the Irish Sea is continuing to be developed for planned capacity of 500 MW, and is scheduled for completion in early 2014. IBERDROLA RENOVBLES is co-developing the project with Dong Energy.

In addition to the technical and environmental work that has been done, the evaluation process at the Argyll Array offshore wind farm, to the west of the Isle of Tiree, Scotland, continues. It is estimated that the facility will generate between

500 and 1,800 MW and supply energy to between 270,000 to one million families.

In December 2009, as part of the "Round 3" Programme for Offshore Wind in the United Kingdom, the Crown Estate – the agency that owns the land – granted the IBERDROLA RENOVBLES and Vattenfall 50-50 joint venture the exclusive right to develop offshore wind farms in the North Sea off East Anglia (Zone 5). The project covers almost 6,000 sq. km, and is high quality due to depths and its relative closeness to land. The area has the potential for installation of 7,200 MW and the first permits could be obtained in 2012 for construction to begin in 2015.

Further, after its acquisition in the spring of 2010, IBERDROLA RENOVBLES is continuing to develop the Wikingen offshore project in the Baltic Sea (Germany). It is believed that some 400 MW may be able to be installed at the site.

2.3. Thermo-solar energy

Last year the company's first thermo-solar plant was commissioned, located at Puertollano (Ciudad Real), Spain, with capacity of 50 MW. This facility is jointly owned by IBERDROLA RENOVBLES (90%) and the Instituto para la Diversificación y Ahorro de la Energía (IDEA) (10%).

There are currently another twelve, 50 MW thermo-solar energy projects being developed in Spain using parabolic cylinder collector technology. Meteorological stations to measure solar project resources have been installed in Seville, Ciudad Real, Badajoz, Albacete and Teruel. In addition, the company participating in an R&D project for a 3 MW Direct Steam Generation (DSG) plant at the Almeria Solar Platform. This portfolio of thirteen projects will produce 603 MW of total power.

2.4. Biomass

Last year saw the inauguration and commissioning of the Corduente biomass plant (2 MW), which is the first facility in Spain to use exclusively forest waste from clearing and fire-prevention campaigns to generate electrical power.

IBERDROLA RENEWABLES is developing three forest biomass plants in Spain with total capacity of 25 MW. Projects will be developed on a very selective basis but always with guaranteed long-term supplies of raw materials.

In addition to these projects in Spain, IBERDROLA RENEWABLES has begun developing a biomass plant in the US state of Oregon, with planned total power of 27 MW.

2.5. Photo-voltaic energy

IBERDROLA RENEWABLES is also active in this technology in Spain and Greece, with 2 MW in the latter country.

A photo-voltaic plant is currently in the development phase in the US state of Colorado, which is expected to produce 35.1 MW of power upon completion.

2.6. Marine Energy

Last year, IBERDROLA RENEWABLES successfully completed the initial testing phase of the world's first underwater substation using renewable energies. This substation is part of pilot wave energy plant in the works in Santoña, Cantabria, slated to become the first of its kind commissioned in Europe.

IBERDROLA RENEWABLES is participating in the CENIT-E OCEAN LÍDER project, an ambitious technology initiative being carried out by a consortium of major research firms, to address the challenge of generating and creating the knowledge and technologies needed to efficiently utilise and integrate renewable ocean energy.

As a result of ongoing technical advances, IBERDROLA RENEWABLES is continuing to develop wave technology, through two strategically important projects: Hammerfest Strøm's 1-MW prototype, and the "Pelamis" P-2 prototype. Both projects are scheduled for commissioning in 2011 at the European Marine Energy Centre (EMEC) in Orkney.

It has also completed the environmental impact study for the 10-MW Sound of Islay project on Scotland's western coast, and is continuing with the process of developing the Pentland Firth project, which has the potential for two facilities,

one marine and the other wave, of 95 MW and 50 MW, respectively.

3. GAS CYCLE PLANTS

IBERDROLA RENOVABLES has two gas combined cycle plants in the US, yielding a total of 636 MW, as seen in the following table:

US	MW
Klamath Generation Plant	100
Klamath Cogeneration	536
TOTAL MW	636

The capacity of the Klamath co-generation plant has been raised by an additional 15 MW since the first quarter of 2010, boosting it to 636 MW due to improvements to the turbine equipment, which have increased the facility's yield.

4. GAS STORAGE

The Company has four facilities with a total of 1.51 BCM, as well as 2.92 BCM of capacity under contract or under management.

US/CANADA	BCM
Enstor Katy Storage	0.59
Enstor Grama Ridge Storage	0.22
Freebird	0.22
Caledonia	0.46
TOTAL OWNED CAPACITY	1.51
TOTAL CAPACITY UNDER MANAGEMENT OR CONTRACTED	2.92
TOTAL CAPACITY	4.43

The Caledonia facility has seen its capacity increase by 0.09 BCM to a total of 0.46 BCM, as a result of an expansion carried out at that facility during the latest quarter.

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

5. REGULATIONS

The purpose of this section is to describe the support mechanisms for electricity production from renewable sources as well as the principal changes occurring to them in the major markets where IBERDROLA RENOVABLES has operating plants.

5.1. European Directive for the Promotion of Renewable Energies

On January 23, 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”, a package of measures to achieve three goals within the EU by the year 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.

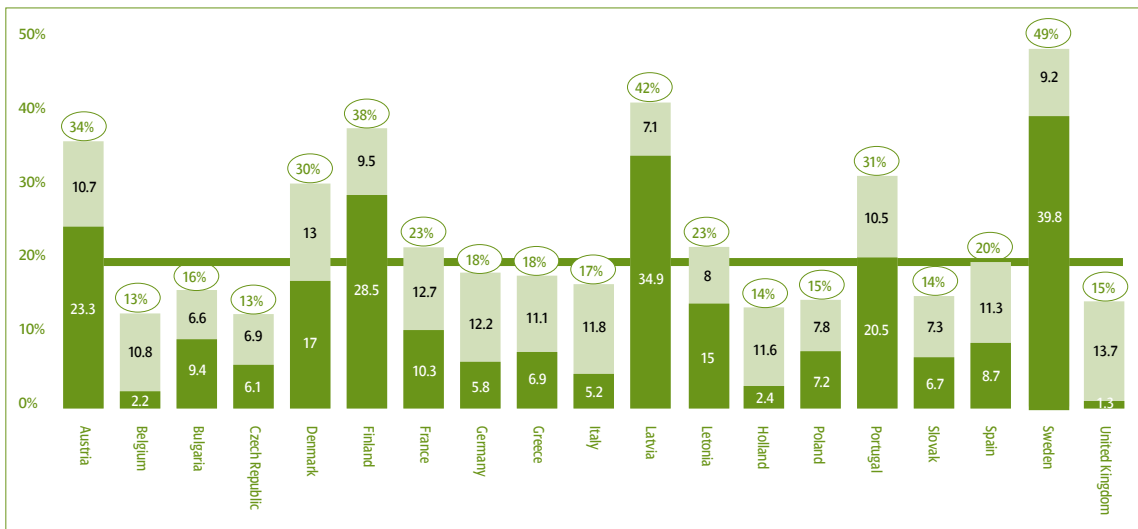
In December 2008, the European Parliament approved the Directive’s final text, along with the rest of the package of directives, concluding the policy discussion process that had been underway throughout 2008 between the Parliament, the Council, and the European Commission. On April 6, 2009 the Council formally approved the package.

This Directive establishes a new legal framework, which will translate into clear incentives for the development of renewable energies throughout

the European Union. The text sets ambitious and binding objectives for every country, which together represent a large-scale market to be developed over the next decade. The initiative is especially relevant to companies such as IBERDROLA RENOVBABLES that has such a significant pipeline in Europe.

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.

In view of the obligation imposed by the Directive, before June 30, 2010, Member States must send the European Commission their



National Action Plans (NAP), which must define their national objectives for 2020 and measures to be taken to achieve them, as well as interim goals that the Commission will periodically assess. The NAPs must conform to the model published by the EC on its website.

5.2. Spain

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 renewable energy. As far as the economic framework under which the IBERDROLA RENOVBLES Group operates is concerned, the main aspects of this Royal Decree are the following:

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

- Sell the electricity to the system via the transmission or distribution grid, receiving a regulated rate for it, expressed in euro cents per kilowatt-hour (7.7471 €Cts/kWh for wind in 2010, according to the current value of rates for 2010 under ITC Order 3519/2009, published in the Boletín Oficial del Estado (BOE), or government gazette, on December 31).
- Or 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 2009 pursuant to ITC Order 3519/2009). In this case, an upper limit (a cap 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 market price. For the levels of the regulated rate, the cap and floor are updated annually on the basis of the CPI-x (where X = 25 bp until 2012 and 50 bp after 2012).

b) Facilities commissioned by December 31, 2007 must decide by January 1, 2009 whether to stay with the scheme established by Royal Decree 436/2004 or 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), which is to remain in force through December 31, 2012.

This Royal Decree provides for a review of rates, premiums, supplements, caps and floors in 2010 and every four years after that. The new compensation levels will enter into force on January 1 of the second year following the review, and will apply to facilities commissioned after that date. For facilities with an earlier commissioning date, the rates, caps and floors will be maintained, but the premiums and supplements may be revised.

Moreover, according to Article 22 of RD 661/2007 in relation to fulfilment of the objectives of Spain's Renewable Energy Plan for 2005-2010 (REP), when a technology achieves 85% of its objective, the maximum period will be set during which the facilities will be entitled to adhere to the RD 661 compensation regime, which will never be less than 12 months. In view of the changes in the various technologies, particularly solar, Spain's Royal Decree-Law (RDL) 6/2009 provided for the creation of a Pre-Assignment Registry as a necessary condition for adhering to the compensation framework set forth in RD 661/2007.

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

May 7, 2009 saw the publication of Royal Decree-Law 6/2009, which was approved in the Congress of Deputies on May 21, 2009. The basic purpose of this RDL is to regulate part of the agreement between the government and the electricity sector with regard to resolving the problem of the rate shortfall. The text provides for a new pre-assignment registry for the special system (except solar photovoltaic) and regulates the single carrier of the gas transport network.

As for the Special Scheme, the RDL seeks to prevent targets for technologies described in RD 661/2007 from being exceeded, and control the pace of installation by limiting the costs for the system of premiums and rates of these technologies. 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. As of the publication date, a 30-day period is granted to register projects that meet these requirements. If the registered projects do not exceed the energy targets, the economic regime of RD 661/2007 will be extended until the target is met. If the registered power exceeds the target, compensation under RD 661/2007 will be exhausted with the registered facilities, and annual restrictions may be set on building and commissioning them.

The extension of the compensation framework of RD 661/2007 in accordance with the pre-assignment registry is recognised. It also provides for a new legal and economic framework for registered facilities to be approved by royal decree, once the current compensation regime is exhausted.

Last November 24, the Resolution of the Department of State for Energy was published in the BOE, (Resolution of the Council of Ministers of November 13, 2009) which provides for regulating those electricity production facilities stipulated in RDL 6/2009 which are enrolled for pre-assigned compensation.

The list may be viewed on the web page of the Ministry of Industry, Tourism and Trade (MIT and C).

The final list of facilities accepted for pre-assignment Registration, as published by the Ministry of Industry, Tourism and Trade, amounts to 6.439 MW of wind power and 2.342 MW for thermo-solar.

National Action Plan 2011-2020 Renewable Energies Plan

In accordance with the obligations imposed by the European Directive, on June 30, 2010 Spain submitted its National Renewable Energy Action Plan (NREAP) to the European Commission. Its principal points were the following:

- The proportion of energy originating from renewable sources out of total final energy consumption in 2020 will be 22.7%, some 0.7% over the amount required by the Directive.
- The Ministry estimates national electricity demand (b.c.) in 2020 at 396 TWh.
- The anticipated amount of renewables as a share of total electricity production is 36% (153 TWh).
- 38 GW of accumulated wind power are projected (3 GW of which will be offshore).
- An international electricity exchange with an export balance of 8 TWh is anticipated in 2020.

Nevertheless, as provided for in the text of the corresponding Directive, before December 31, 2009 Spain had already submitted its initial notifications to the European Commission, with its estimates of the use of cooperation mechanisms. Spain anticipates achieving 22.7% total renewables as a share of final energy consumption (some 42.3% of total electricity production), exceeding the 20% goal assigned to our country by some 3%. This number has been maintained in the NREAP.

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 state level, (ii) tax credits at the Federal level, such as the PTCs (Production Tax Credits) and (iii) the possibility of using the MACRS (Modified Accelerated Cost Recovery System) method for accelerated depreciation of assets relating to wind energy facilities.

RPS is a renewable energy market support policy, voluntarily adopted by certain states, that requires that a minimum percentage of electrical power be generated by renewable energy sources, such as wind power, biomass, small-scale hydroelectric, geothermal or solar energy. Each State voluntarily defines the conditions and 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. RPSs are instrumentalised 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 (Production Tax Credit) system, which provided a \$15/MWh (adjusted for inflation) tax deduction for wind-generated electric power, as part of the Energy Policy Act. In 2010, the PTC was set at \$22/MWh for the first 10 years of a wind turbine's operation. Once the PTC has been granted for a

project, it is good for ten 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), on 30% of the initial investment. It is granted the year the facility goes on stream. The ITC is in effect until the end of 2016.

Wind farm owners also may take advantage of another tax benefit: the MACRS (Modified Accelerated Cost Recovery System) method for accelerated depreciation of most business and investment property, which for tax purposes means the property can be written off over a five-year period.

On February 17, 2009, U.S. President Barack Obama signed into law the Economic Recovery Act (Stimulus Bill), drafted jointly by the U.S. Congress and the Senate, which provided for incentives to promote renewable energy, 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 was created for projects involving the development of renewable energy and improved transmission totalling approximately US\$8 billion, for projects starting before October 1, 2011.

Since the Stimulus Bill took effect, IBERDROLA RENEWABLES has benefited from a package of measures totalling \$650 million awarded by the US Treasury Department under the Stimulus Plan for renewable energies. The subsidies corresponded to a total of 1,190 MW. The Company will reinvest the all the stimulus funds in renewable energy projects in the United States.

Finally, Congress is working on a new legislative initiative known as the Energy and Climate Bill as part of the measures included in the US President's election platform, which included a federal renewable portfolio standard (RPS).

In drafting the Energy and Climate Bill, both Senators and US Representatives have submitted legislative proposals aimed at attaining two main goals: 1) reducing greenhouse gas emissions, and 2) achieving a fixed share of renewables in the total energy mix. With an eye to the COP15 summit, President Obama announced a commitment last December to reduce greenhouse gases by 17% from 2005 levels. As for renewables, the principal measures included in the proposals were the creation of a federal RPS.

5.4. United Kingdom

In April 2002, the United Kingdom adopted what is known as 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 in response to regulatory developments of the ROO for England, Scotland and Northern Ireland. Thus, on April 1,

2009, the 2009 Renewables Obligation Order, approved on March 24 of that year, entered into force. Up to that date, a negotiable Renewables Obligation Certificate (ROC) 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. Now, 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 equates to 1.5 ROCs. Moreover, last April 22, 2009 the British Chancellor of the Exchequer presented the 2009 Budget, which included extending ROCs for offshore energy from 1.5 to 2 ROC/MWh in 2009-2010, and from 1.5 to 1.75 ROC/MWh in 2010-2011. However, the 2009 Pre-Budget presented in December will be the basis for preparing the 2010 Budget, and that document includes an extension of the period from April 2010 to 2014 for which offshore production will be credited with 2 ROC/MWh.

Starting April 1, 2009, a specific number of ROCs must 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 ROC-type credits for certain facilities in operation or those with administrative authorisation prior to the entry into force of this revision, known as grandfathering, as well as a mechanism called headroom that adjusts the electricity demand coverage objectives targets to ensure that the supply of ROCs does not exceed demand, and

therefore that their price will not fall to zero. The 2009 Pre-Budget increases the percentage of ROCs under this revision clause from 8% to 10%, effective as at 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”) equivalent to £36.74/MWh in 2010-2011 with the price being adjusted each year in line with the Consumer Price Index. 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. In this manner, the true value of an ROC will be the sum of the buyout 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 suppliers). Levy Exemption Certificates, or LECs, certify the renewable source of the energy, and provide a tax exemption. Their 2010 value is £4.68/MWh.

Current law requires that by the year 2015, 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 November 25, 2008 the British Treasury 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.

In 2008, the Crown Estate launched Round 3 for offshore wind energy. It will raise capacity offered from 8 GW (the sum of the two previous rounds, 1 and 2) to a total of 25 GW. This figure was later increased to 32.2 GW, 7.2 GW of which was awarded to IBERDROLA RENEVABLES through Scottish Power. Moreover, in 2010 a 2-GW extension was awarded to seven projects that had been approved in rounds 1 and 2.

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, although they 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.

On November 26, 2008, the United Kingdom signed a package of laws, including the Energy Act, which provides for offsetting up 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. FIRST-HALF 2010 RESULTS

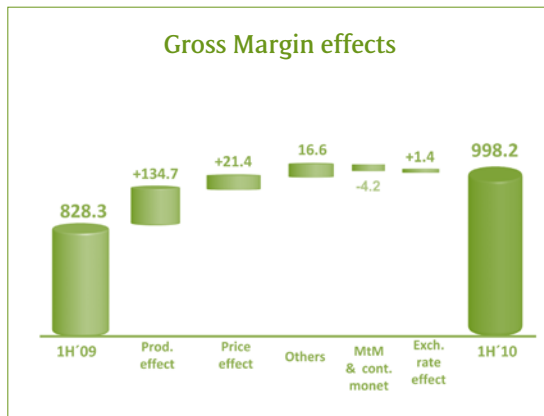
The most significant figures from the results at the end of the 2010 first half and their changes from the previous year are the following:

MM€	H1 10	H1 09	vs 09 %
GROSS MARGIN	998.2	828.3	20.5%
EBITDA	706.7	581.6	21.5%
EBIT	338.2	288.8	17.1%
NET PROFIT	158.1	148.5	6.5%

Consolidated Gross Margin grew 20.5%, while consolidated EBITDA was up 21.5%, EBIT 17.1%, and net profit 6.5%.

Net Profit amounted €158.1 million, up 6.5%. The results of the period have been impacted by a “Mark to Market” which sums up 32.6 MM€. Due to the fact that it is a adjustment of the valuation of selling options hedged by physical gas inventories, this impact is temporal and will not have effect on the Company Cash-flow.

1.1. Gross Profit



Gross Margin rose to €998.2 million, up 20.5% over the same period for 2009.

The most significant effects on gross profit included the increase in production (+€134.7 million), as well as the effect of the Others item, which applies the valuation of the purchase/sale agreements we mentioned previously and the negative impact suffered by “Mark to Market” of the gas business.

The increase in gross profit from the renewables business was 20.9%, as a result of the rise in operating capacity that boosted production by 21.5%.

Profit from the wind business in Spain grew 30.0%. Gross Margin for Rest of the World also grew 41.5% over 2009.

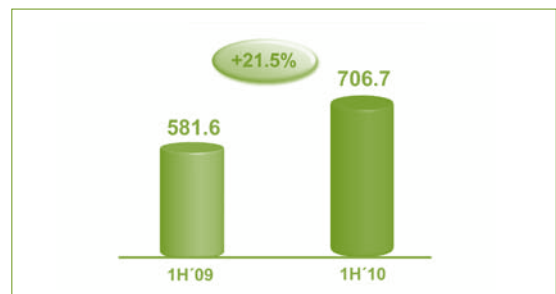
The international business already contributes 48.3% of gross profit.

1.2. Net Operating Expenses and Taxes

Net operating expenses and taxes came to €291.6 million, up 18.2% year on year.

This increase is significantly lower than the 20.8% growth in operating capacity, reflecting the Company's efforts to contain spending and increase operating efficiency. As a result, net operating spending per operating MW improved 3.3%.

1.3. EBITDA / Gross Operating Income



EBITDA was at €706.7 million, up 21.5%, in line with the growth in gross profit (+20.5%) and boosted by the improved cost efficiency mentioned previously.

1.4. EBIT / Net Operating Income

EBIT rose 17.1% as a result of the increase in gross profit mentioned above, to a total of €338.1 million.

	H1 2010	vs 2009 %
EBITDA	706.7	21.5%
Depreciation and amortization	-368.5	25.9%
EBIT	338.1	17.1%

Depreciation rose 25.9%, in line with the increase of the operating capacity.

Amortizations includes depreciation relating to the price purchase allocation totalling €48.1 million, or 20.8% greater than the same period the previous year.

1.5. Interest Income

Financial income totalled €107.9 million, up 44.4% year on year, due primarily to the changes in exchange rate variances and other financial expenses.

Interest income is broken down as follows:

MM€	H1 2010	H1 2009	vs 2009 %
Net financial income	-107.9	-74.7	44.4%
Breakdown:			
<u>Total Financial Expenses</u>	-113.5	-95.3	19.1%
Group	-63.9	-53.1	20.3%
Third Parties	-18.8	-10.3	82.5%
TEI	-30.8	-31.9	-3.4%
- group companies	-6.9	0.0	
- other	-23.9	-31.9	-25.1%
Exchange rate variances	-3.9	4.1	-195.1%
Capitalised expenses	14.4	19.6	-26.5%
Others	-4.9	-3.1	58.1%

Interest expense on loans increased 44.4% to a total of €107.9 million, due to:

- Growth in average debt. In the first half of 2009, average net debt was €4,074.7 million, versus average debt of €5,292.6 million during the same period in 2010.
- Reduction in interest expense to 3.18%, from 3.6% the previous year, in case the debt related to TEI is included the cost goes from 4.27% to 3.78%.

1.6. Net Profit

Pre-Tax Profit totalled €236.4 million.

	H1 2010	vs 2009 %
EBIT	338.2	17.1%
Net interest income	107.9	44.6%
Extraordinary Income	6.0	77.6%
PRE-TAX PROFIT	236.4	8.1%
Corporate Tax	74.1	10.4%
Minorities	4.1	38.0%
Net Profit	158.1	6.5%

The effective tax rate was 31.4%.

Finally, net profit was €158.1 million, up 6.5% over the same half the previous year.

2. 2010 FIRST-HALF RESULTS BY BUSINESS UNIT

Following is a breakdown of the results for the period by business unit.

H1 2010	TOTAL	WIND SPAIN	WIND US	WIND UK	WIND REST	MINIHIDR & OTHER RENEWABLES	THERMAL	GAS	OTHER *
Gross Profit	998.2	484.6	238.0	70.3	91.1	31.7	26.8	19.7	36.0
NET OPERATING EXPENSES AND TAXES	-291.6	-116.3	-73.5	-26.4	-27.3	-10.4	-6.7	-32.8	1.9
EBITDA	706.7	368.3	164.5	43.9	63.8	21.3	20.1	-13.1	37.9
Depreciation, Amortisation and Provisions	368.4	-139.3	-115.2	-40.9	-39.2	-8.3	-6.9	-18.2	-0.5
EBIT	338.2	229.0	49.3	3.0	24.6	13.0	13.2	-31.3	37.4

H1 2009	TOTAL	WIND SPAIN	WIND US	WIND UK	WIND UK	MINIHIDR & OTHER RENEWABLES	THERMAL	GAS	OTHER
Gross Profit	828.3	372.7	205.8	92.6	66.2	20.0	25.6	45.4	
NET OPERATING EXPENSES AND TAXES	-246.7	-102.6	-57.8	-22.7	-22.2	-8.7	-6.4	-28.7	2.4
EBITDA	581.6	270.0	148.1	70.0	44.0	11.3	19.2	16.5	2.4
Depreciation, Amortisation and Provisions	-292.8	-118.7	-87.8	-33.7	-26.8	-4.8	-5.4	-15.0	-0.5
EBIT	288.8	151.3	60.2	36.3	17.2	6.5	13.9	1.5	1.9

(*) Includes Rokas Electromechanics in Greece and 36 MM€ of the value of the buying/selling contracts transferred to JP Morgan.

2.1. Wind energy business in Spain

The main operating items of the business are described below:

Operating Data	H1 2010	Var 2009 %
Installed Capacity (MW)	5,194	+9.8%
Load Factor	26.3%	+2.4 pp
Production (GWh)	5,699	+22.3%
Pipeline (MW) ²	13,850	+8.5%

Installed capacity rose 9.8% to a total of 5,194 MW at the end of the 2010 first half.

Production in Spain totalled 5,699 GWh, up 22.3%. Beyond the increase in installed capacity, this significant growth was owing to wind conditions that were much better than the average for previous half-year periods caused by weather conditions during the time, boosting the load factor by some 10% over the same period the previous year.

The pipeline increased to 13,850 MW¹.

The most relevant business and financial data are the following:

MM€	H1 2010	Var 2009 %
Gross Margin	484.6	+30.0%
EBITDA	368.3	+36.4%
EBIT	229.0	+51.4%

a) Gross Profit

Due primarily to the 22.3% increase in production and the increase in average price billed in Spain, up 6.3% over the previous year, gross profit for the period reached €484.6 million, or 30.0% higher than the same period in 2009.

The price increase is related to the two-year agreement that IBERDROLA RENOVBABLES signed with IBERDROLA to sell energy produced on the Spanish market.

Following are the main features of this agreement: 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 those entering the Spanish market, very significantly reducing the company's exposure to commodity prices.

b) EBITDA

EBITDA rose 36.4% to €368.3 million, despite the 13.4% increase in net operating expenses, in line with the increase in average operating capacity.

¹ Includes approximately 4,750 MW from the Gamesa portfolio included in the strategic agreement.

c) EBIT

EBIT rose 51.4% to €229.0 million, after depreciation of €139.3 million (+17.4%).

2.2. Wind business in the US

The key operating figures for this business are:

Operating Data	H1 2010	Var 2009 %
Installed Capacity (MW)	3,877	+24.9%
Load Factor	31.2%	2.8pp
Production (GWh)	5,051	+26.9%
Pipeline MW	24,565	+5.3%

Installed capacity totalled 3,877 MW, up 24.9% over the close of the first half of 2009.

US production totalled some 5,051 GWh, up 26.9% over the same period of 2009, in line with installed capacity and with a recovery of wind energy resource during the six-month period, which partially offset the low production during the first quarter of this year.

The pipeline increased 5.3% over the same period last year, to 24,565 MW:

The most relevant Business and Financial data are:

MM€	H1 2010	Var 2009 %
Gross Margin	238.0	15.7%
EBITDA	164.5	11.1%
EBIT	49.3	-18.1%

Changes in terms of figures published in the 2009 first half reflect the following:

a) Gross Margin

Gross Margin grew 15.7% to a total of €238.0 million, owing to the increase in production (+24.9%), but was also negatively affected by a decline in euro prices by approximately 8.9%, for two reasons:

- the negative impact of the exchange rate in terms of gross profit, which totalled €3.4 million.
- The impact of the choice of the grants system rather than PTC for capacity commissioned in 2010, and that the impact has been a lower average dollar price of \$9.4/MWh.

b) EBITDA

EBITDA totalled €164.5 million, up 11.1%, affected by the 27.1% increase in Net Operating Expenses, which was in line with the increase in installed capacity.

c) EBIT

EBIT totalled €49.3 million, down 18.1%, after some depreciation totalling €115.2 million.

2.3. Wind business in the United Kingdom

The key operating figures for this business are:

Operating Data	H1 2010	Var 2009 %
Installed Capacity (MW)	816	+3.3%
Load Factor	16.9%	-10.8pp
Production (GWh)	589	-29.3%
Pipeline MW	7,653	+52.5%

Installed capacity increased 3.3% to 816 MW.

Production was approximately 589 GWh, or 29.3% lower than the previous period, due to some highly unusual weather conditions, with the load factor down 10.8pp from the same period the previous year.

The pipeline totalled 7,653 MW, up 52.5%, owing to the inclusion of a portion of the offshore projects recently awarded in Round 3, as described above.

The most relevant business and financial data are the following:

MM€	H1 2010	Var 2009 %
Gross Margin	70.3	-24.1%
EBITDA	43.9	-37.3%
EBIT	3.0	-91.7%

Regarding growth in the UK Wind business during the first half of 2010, we note the following factors:

a) Gross Margin

Gross Margin totalled €70.3 million, or 24.1% below the same period last year, reflecting a decline of 29.3% decline in production despite the 7.4% higher euro price over the same period the previous year. The positive exchange rate impact on Gross Margin was €1.8 million.

b) EBITDA

EBITDA totalled €43.9 million, down 37.3% year on year, owing to the aforementioned impact of production as measured by gross profit, and the 16.7% increase in Gross Operating Expenses, in line with the increase in average operating power, which was up 15.9%.

c) EBIT

EBIT totalled €3.0 million, a 91.7% decrease from the same period last year. This decrease was a result not only of the aforementioned negative change in EBITDA, but also an increase in euro-denominated depreciation and amortisation, up 21.4% over that of the first half of 2009, due to the aforementioned increase in average operating capacity and the exchange rate effect.

³ Includes approximately 5,250 MW from the Gamesa portfolio included in the strategic agreement.

2.4. Wind business in the rest of the world

The key operating figures for this business are::

Operating Data	H1 2010	Var 2009 %
Installed Capacity (MW)	1,123	14.0%
Load Factor	23.5%	2pp
Production (GWh)	1,027	32.0%
Pipeline (MW) ³	13,833	1.7%

Total installed capacity rose by 138 MW, or 14.0%, to 1,123 MW, over the same period for the previous year. This capacity increase translated into a 32.0% increase in wind production to 1,027 GWh.

The most relevant business and financial data are the following:

MM€	H1 2010	Var 2009 %
Gross Margin	91.1	37.6%
EBITDA	63.8	45.1%
EBIT	24.7	43.6%

a) Gross Profit

The increase in production, along with the 4.2% increase in euro prices boosted gross profit by 37.6%, to a total of €91.1 million.

b) EBITDA

EBITDA posted an increase of 45.1%, to €63.8 million, affected positively by a 22.9% rise in net operating expenses which grew in line with average operating power owing to containment of growth and development expenses, which in

turn declined compared to the same period the previous year.

c) EBIT

Depreciation, amortisation and provisions increased to €39.2 million, due primarily to the aforementioned addition of new power installed during the year.

EBIT rose to €24.7 million, 43.6% over the figure from the same period in 2009.

2.5. Mini-Hydro and other Renewables

In this section we include mini-hydro and solar facilities.

The key operating figures for this business are:

Operating Data	H1 2010	Var 2009 %
Installed Capacity (MW)		
Mini-Hydro	342	0%
Thermosolar	50	0%
Otras	4	100%
Production (GWh)		
Mini-Hydro	465	39%
Thermosolar	22	2,100%
Other	5	

Mini-Hydro installed capacity remained unchanged at 342 MW. Mini-hydroelectric production totalled 465 GWh, 38.8% over the same period last year, owing to greater hydro resources in the first half of the year.

³ Incluye aproximadamente 5.250 MW cartera de Gamesa aportada a la JV en virtud del acuerdo estratégico.

Included within the group of other renewables in which IBERDROLA RENEWABLES has capacity, is the Puertollano 50 MW thermo-solar plant, and the Corduente biomass plant and a photo-voltaic plant in Greece, each with 2 MW of installed power. The first plant's production combined with that of the other two mentioned above, totalled 27 GWh.

The most relevant business and financial data are the following:

MM€	H1 2010	Var 2009 %
Gross Margin	31.7	58.5%
EBITDA	21.3	88.5%
EBIT	13.0	100%

Regarding growth in income, we note the following factors:

a) Gross Profit

Gross Margin totalled €31.7 million, up 58.5% owing to the increase in production and the higher mini-hydroelectric prices from 2009.

b) EBITDA

EBITDA for the mini-hydroelectric and other renewables business totalled €21.3 million, 88.5% higher than the same period the previous year.

Net operating expenses declined 19.5%, owing primarily to in line with the reduction of the net operating expenses at consolidated level.

c) EBIT

EBIT is approximately €13.0 million, double the figure for the same period the previous year.

This change may be explained by the commissioning of the Puertollano thermo-solar plant, the Corduente biomass plant and the photovoltaic plant, which increased total depreciation by 72.9% over the same period last year.

2.6. US thermal business

MM€	H1 2010	Var 2009 %
Gross Margin	26.8	4.7%
EBITDA	20.1	4.0%
EBIT	13.1	-5.8%

a) Gross Profit

Gross Margin came to €26.8 million, up 4.7% from the previous year. The increase was due primarily to greater production reached 1.22 GWh in the period, with an increase of 17.9%.

b) EBITDA

EBITDA totalled €20.1 million, reflecting the positive change in gross profit.

c) EBIT

Finally, EBIT was at €13.1 million, after depreciation of €6.9 million.

2.7. Gas storage and energy management

The most relevant business and financial data are the following:

MM€	H1 2010
Gross Margin	19.7
EBITDA	-13.1
EBIT	-31.3

a) Gross Profit

Gross Margin totalled €19.7 million.

This item includes €32.6 million for mark-to-market positions in derivatives.

The results of the period have been impacted by a “Mark to Market” which sums up 32.6 MM€. Due to the fact that it is a adjustment valuation of selling options, covered by physical gas inventories, this impact is temporal and will not have effect on the Company Cash-flow. Without this expense, the EBITDA and Net Profit of the Company would have increase 28.8% and 24.1% respectively.

b) EBITDA

EBITDA at the close of the first half was down €13.1 million, reflecting net operating expenses of €32.8 million, which rose 14.3% less than the increase in gross profit.

This result is a consequence of mentioned “Mark to Market” on normal seasonality of this business.

c) EBIT

EBIT totalled €31.1 million after depreciation of €18.2 million. This item also includes €8.6 million of amortisation of intangible assets (Price Purchase Allocation).

2.8. Others

On this section it is included the amount of the agreement signed with JP Morgan to the translation of 300 MW of PPA contracts to buying/selling that IBERDROLA RENOVBLES had with the American Company FPL. The agreement allows IBERDROLA RENOVBLES to monetize the value of the agreement that amounts a total value of around 48 MM\$.

Balance Sheet Analysis

The major balance sheet items are:

MM€	H1 2010	2009
TOTAL ASSETS	25,164.2	21,537.0
TANGIBLE ASSETS	17,333.3	14,653.1
INTANGIBLE ASSETS	4,850.8	4,382.6
PERMANENT FINANCIAL INVESTMENTS	261.9	230.4
EQUITY	12,273.4	11,417.7
NET FINANCIAL DEBT	4,846.2	3,736.5

1. FIXED ASSETS

1.1. Investments in the period:

Total capital expenditures made during the first half of 2010 were €1,392.6 million. They were:

MM€	H1 2010	H1 2009
Wind Spain	403.3	122.8
Wind UK	92.1	83.7
Wind US	756.1	696.2
Wind Power other countries	118.4	87.8
Mini-hydro	0.2	0.4
Other renewable technologies	1.3	74.1
Other non-renewable technologies	21.1	36.4
TOTAL	1,392.6	1,101.4

1.1.1. Financial Debt:

Net financial debt at the close of the first half of 2010 totalled €4,761.3 million.

The debt structure by currency and interest rate is as follows:

MM€	H1 2010	H1 2009
USD	44.1%	52.2%
UK	13.6%	17.6%
EUROS	35.1%	22.2%
OTHER	7.2%	8.0%
GROSS DEBT	4,991.7	4,370.6
CASH AND EQUIVALENT	(230.1)	(301.6)
NET DEBT	4,761.6	4,069.0

MM€	H1 2010	H1 2009
VARIABLE	49.9%	68.0%
FIXED	48.0%	31.2%
LIMITED	2.1%	0.8%
GROSS DEBT	4,991.7	4,370.6
CASH AND EQUIVALENT	(230.1)	(301.6)
NET DEBT	4,761.6	4,069.0

1.1.2. Other long-term liabilities

In the United States, tax incentives for the wind sector are based on two mechanisms, the Production Tax Credits (PTCs) and Accelerated Depreciation (Modified Accelerated Cost Recovery System, or MACRS). Most companies active in this sector do not have the necessary 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 corporations. These consist of:

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

Institutional investors make an up-front payment for the present value of the transferred tax credits. These payments are recorded under Other long-term liabilities as Equity instruments with financial liability characteristics.

In the next table we can see the TEI breakdown adjusted by the short term financial investments related to the structures.

In the next table we can see the TEI breakdown, adjusted by the start term financial investments related to that structures:

MM€	H1 2010
Gross TEI	940.3
Short term financial investments	(102.2)
Net TEI	838.1

1.1.3. Working capital

WORKING CAPITAL	H1 2010	H1 2009
TOTAL SHORT-TERM ASSETS	2,223	2,359.0
CASH AND CASH EQUIVALENTS	(145)	(301.6)
CURRENT FINANCIAL ACCOUNTS RECEIVABLE		
TOTAL ADJUSTED CURRENT ASSETS	2,078	2,057.4
TOTAL SHORT-TERM LIABILITIES	(2,710)	(3,133.4)
CURRENT EXTERNAL DEBT	112	122.2
CURRENT GROUP DEBT	311	1,304.0
TOTAL ADJUSTED CURRENT LIABILITIES	(2,286)	(1,707.2)
ADJUSTED WORKING CAPITAL	(209)	350.2

Balance Sheet

MM€	H1 2010	2009	Change
NON-CURRENT ASSETS	22,941.2	19,703.3	3,237.9
Intangible Fixed Assets	4,850.8	4,382.6	468.1
Tangible Fixed Assets	17,333.3	14,653.1	2,680.1
Non-current financial investments	262.0	230.4	31.6
Deferred Taxes-Assets	485.2	413.0	72.2
Long-term Trade Receivables	10.0	24.1	-14.1
CURRENT ASSETS	2,223.0	1,833.8	389.3
Inventories	242.7	191.1	51.5
Trade and other accounts receivable	1,159.6	877.8	281.8
Current financial investments	657.6	504.7	152.9
Short-term accruals (Asset)	17.7	1.8	15.9
Cash and equivalent liquid assets	145.4	258.4	-112.9
TOTAL ASSETS	25,164.2	21,537.0	3,627.2
MM€	H1 2010	2009	Change
EQUITY	12,273.4	11,417.7	855.7
Of the controlling company	12,036.9	11,309.4	727.5
Share Capital	2,112.0	2,112.0	0.0
Reserves	9,276.3	8,997.1	279.2
Forex translation differences	490.5	-170.8	661.3
Net income for the period	158.1	371.1	-213.0
Minority interests	236.5	108.3	128.2
NON-CURRENT LIABILITIES	10,181.1	7,677.4	2,503.7
Deferred revenue	938.0	529.4	408.6
Long-Term Provisions	221.2	196.5	24.7
Capital instruments classified as long-term liabilities	940.3	846.5	93.8
Long-Term Debts	863.0	846.7	16.3
Long-term debts with group and related companies	3,920.3	2,798.0	1,122.3
Deferred taxes-liabilities	3,298.4	2,460.4	838.0
CURRENT LIABILITIES	2,709.7	2,441.9	267.8
Short-Term Debts	1,001.9	686.1	315.7
Short-Term debts with group and related companies	711.0	667.8	43.1
Trade creditors and other accounts payable	996.9	1,090.3	-93.4
TOTAL LIABILITIES	25,164.2	21,537.0	3,627.2

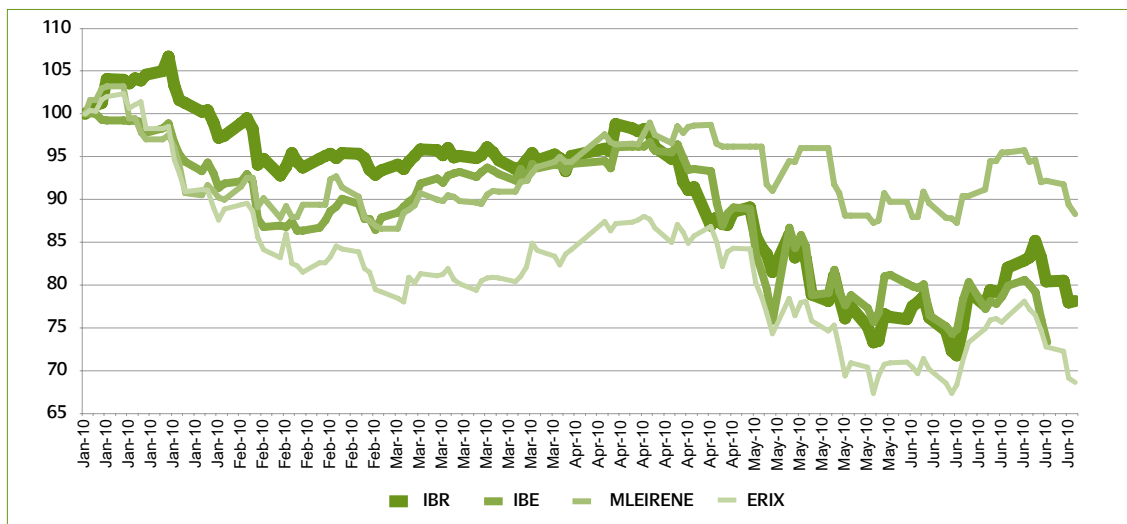
Profit and Loss Statement

Figures in thousands of euros	H1 2010	H1 2009	%
TURNOVER	1,122.9	947.9	18.5%
SUPPLIES	-124.7	-119.6	4.2%
GROSS MARGIN	998.2	828.3	20.5%
NET OPERATING EXPENSES	-260.0	-222.9	16.7%
Other Operating Income	9.1	8.6	6.2%
Personnel	-108.6	-96.5	12.5%
Outside Services	-187.5	-158.3	18.4%
Capitalisation of expenses	26.9	23.3	15.2%
TAXES	-31.6	-23.8	32.8%
EBITDA	706.7	581.6	21.5%
DEPRECIATION, AMORTISATION AND PROVISIONS	-368.4	-292.8	25.8%
EBIT	338.2	288.8	17.1%
INTEREST EXPENSES	-237.8	-122.6	94.0%
INTEREST INCOME	129.9	47.9	171.2%
NON-CURRENT CAPITALISED PROFIT AND LOSS	6.0	4.4	35.7%
PRE-TAX PROFIT	236.4	218.6	8.1%
INCOME TAX	-74.1	-67.1	10.4%
RESULT OF THE FISCAL YEAR	162.3	151.5	7.1%
MINORITY SHAREHOLDERS	-4.1	-3.0	39.6%
RESULT ATTRIBUTED TO THE CONTROLLING COMPANY	158.1	148.5	6.5%

Statement of Cash Flows

Consolidated statement of cash flows (MM€)	H1 2010
Pre-tax earnings for the period	236.4
Adjusted for	-
Depreciation and changes to provisions for non-current assets	386.7
Net earnings from shares in affiliates	-
Subsidies and other revenue for distribution	-18.3
Interest Income and Expense	107.9
Other provisions for pensions	2.1
Provisions for risks and charges	-
Profit/ Loss on non-current asset disposals	-6.0
Changes in working capital	-
Change in inventories	-51.5
Change in trade receivables and miscellaneous	-292.5
Change in trade payables and other AP	299.2
Other cash flows from operating activities	-
Change in trade receivables/debt and other non-current AP	-
Payment of provisions	-1.6
Capital gains tax paid	-4.0
Interest paid	12.2
Cash flow from operating activities (I)	670.6
Acquisitions of intangible assets	-19.7
Acquisition of tangible fixed assets	-1,349.2
Changes in the consolidation method and/or scope	120.6
Investment portfolio	-20.7
Change in current financial assets	-151.9
Proceeds from disposal of tangible assets	7.5
Proceeds from sale of non-financial assets	-
Net cash flow from investment activities (II)	-1,413.4
Capital expenditure subsidies and other revenues for distribution	60.7
Change in current portion of LT debt	-0.8
Cash proceeds from long-term debt	818.7
Repayment of financial debt	-79.9
Interest paid including capitalised interest	-125.5
Dividends paid	-
Acquisition of own shares	-65.6
Charges for disposal of tangible assets	22.3
Net cash flow from financing activities (III)	629.9

Market Performance



IBERDROLA RENEWABLES Stock	H1 2010	H1 2009
Number of shares outstanding	844,812,980	844,812,980
Closing price for the period (30-06-10)	2.572 €	3.255 €
Average price over period	2.779 €	3.150 €
Average daily volume	8,868,015	11,498,529
Maximum volume (1-1-10 / 30-06-10)	27,013,073	25,350,968
Minimum volume (1-1-10 / 30-06-10)	2,747,769	4,333,612

IBERDROLA RENEWABLES 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) program, which will facilitate access to its shares by US investors.

in a “non-sponsored” capacity, represent five IBERDROLA RENEWABLES shares each, and will be traded on the OTC market with Citibank acting as custodian bank. The ADRs will be traded on the OTC under the IRVDY ticker symbol.

These certificates, which replace the ones previously issued by other custodian entities

Appendix .- IBERDROLA RENEWABLES and sustainability

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

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

Sustainability Indexes	H1 2010	H1 2009
Material Investment (MM€)	1,392.6	1,101.4
Investment in clean generation (M€)	1,371.5	1,065.0
Net earnings (M€)	158.1	148.5
CO ₂ emissions in the period (gr. CO ₂ /kWh). CO ₂ /kWh). Total	34.1	37.7
CO ₂ emissions in the period (gr. CO ₂ /kWh). CO ₂ /kWh). Spain	0	0
Total emissions-free production (GWh)	12,858.0	10,585.0
Spain emissions-free production (GWh)	6,191	4,995
Emissions-free production as a percentage of total production (%)	91.3%	91.0%
Spain emissions-free production as a percentage of total production (%)	100%	100%
Total emissions-free installed power (MW)	11,406	10,003
Spain emissions-free installed power (MW)	5,589	5,124
Total emissions-free installed power (%)	94.7%	94.3%
Spain emissions-free installed power (%)	100%	100%

1. INDICES, RANKINGS AND AWARDS

IBERDROLA RENOVBLES' presence on indices and rankings for sustainability, reputation and corporate governance, and awards and recognition.

Sustainability indices	Ranking
	FTS4 Good Ibox 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 eighteenth among companies committed to alternative energy.
	Dow Jones Sustainability Index (DJSI) As part of the IBERDROLA Group, IBERDROLA RENOVBLES is included on the DJSI 2009, the global benchmark for measuring company contributions to sustainable development.

Recognition awarded		Awarded by
	Valencianos para el SXXI.	Awards 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 Económica" magazine selects the 100 best ideas.
 <p data-bbox="126 1001 316 1050">FUNDACION DE ESTUDIOS FINANCIEROS</p>	Highest score in meeting the recommendations of the Good Governance Code.	"Observatorio de Gobierno Corporativo y Transparencia Informativa en las Sociedades Cotizadas en el Mercado Continuo Español 2008."
	Major Commendation.	BCE Environmental Leadership Awards.
	Winner of Best Renewable Project Award (Whitelee).	Scottish Green Energy Awards.

Recognition awarded		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.
	"100 Best Ideas" award for the Biomass plant project (Corduente, Guadalajara).	"Actualidad Económica" magazine selects the 100 best ideas.
	Highest rating A+.	Global Reporting Initiative (GRI) for fiscal year 2009.

2. CONTRIBUTION TO SOCIAL DEVELOPMENT

The most significant society-related activities carried out by IBERDROLA RENEWABLES in our major markets (Spain, US, United Kingdom and Greece) from January to June 2010 have been:

2.1. RSC policy

- **Policies against climate change:**

The IBERDROLA RENEWABLES Board of Directors approved the **Policy on Climate Change**, with a view to continuing to advance toward a more sustainable economy and world. For that reason the Company, aware of its importance, has committed to promoting support for the international agreements needed to address climate change; support the development of greenhouse gas-reduction technologies; promote the efficient internal use of energy; and make its clients aware of efficient and responsible energy consumption.

- **IBERDROLA Foundation 2010-2014 Master Plan:**

As part of the IBERDROLA Group, IBERDROLA RENEWABLES participates in the new Master Plan presented by the IBERDROLA Foundation for the purpose of optimising management of the Group's societal 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.

Some of the lines of work that have been proposed are:

- Scholarships for energy and environment excellence and research.
- Social assistance and energy development cooperation projects.
- Exhibits and displays of artistic and industrial heritage.

The IBERDROLA Foundation is among the three most transparent foundations in Spain, according to a study of the 50 largest Spanish business foundations as an analysis sample, 70% of which were organised and financed by companies listed on the Exchange.

2.2. Workforce

- **Commitment to Equality**

IBERDROLA RENEWABLES signed the IBERDROLA Group Equality Plan, establishing advanced measures for equal opportunity, prevention of harassment, and assistance to victims of gender violence.

As a company of the IBERDROLA Group, IBERDROLA RENEWABLES has also signed the "Diversity Charter," a labour integration commitment to promote equal treatment and diversity, promoted by the Foundation for Diversity, the Alares Foundation and the European Institute for Diversity Management.

- **Commitment to Accessibility:**

The IBERDROLA RENOVBLES website (www.iberdrolarenovables.es), has received the Double A+ Euracert accessibility certificate awarded by Technosite, a company of the ONCE Foundation specialising in technology and disabilities. This distinction notes that the Company website meets International Web 1.0 Content Accessibility Standards established by the W3C (World Wide Web Consortium). This way all individuals, regardless of disability, age or unconventional connection technology, may browse the IBERDROLA RENOVBLES website without encountering access difficulty.

- **Knowledge Management Program:**

The Company's strategic marketing nature requires knowledge management and constant work to improve initiatives and their application to all business units comprising it. For that reason it seeks to establish a basis for the coordinated implementation of initiatives that foster our Company's intellectual capital.

IBERDROLA RENOVBLES is aware that intellectual capital is a basic pillar for the creation and protection of the Company's value. With the ultimate objective of disseminating and sharing existing knowledge in the company, continuous learning and cultural exchange, in order to increase operating efficiency by the appropriate use of intellectual capital, the Markets and Prospecting Division has initiated a series of internal conferences aimed at sharing its knowledge of the electricity industry with the rest of the organisation.

2.3. Community action

IBERDROLA RENOVBLES contributed to social, environmental and cultural development during the first half of 2010, through various activities in its various business markets.

A.- Art and culture programmes

- **Cultural activities for students:**

IBERDROLA RENOVBLES participated by lending advertising support to all theatre programmes of the Ross Ragland Theatre during the 2009-2010 season, where a total of 10,000 children from 42 schools and four counties attend and participate in shows, day camps, workshops and extracurricular activities (USA).

B- Education and training programme

Among the more noteworthy actions undertaken in this regard were:

- **World Wind Day 2010:**

IBERDROLA RENEWABLES and its subsidiaries have collaborated with the European Wind Energy Association (EWEA) to hold various activities in both Spain and other countries. The various activities organised since June 15 include the following:

In Spain, workshops on wind energy have been organised at: Fuendetodos Recording Museum (Zaragoza); Amurrio (Álava) Environment Fair; and Güeñes (Vizcaya) Ekokultura Fair, as well as at various wind farms and open houses at the following wind farms: Badía (Álava), Elgea (Álava-Guipuzcoa) and Oiz (Vizcaya).

In Hungary a children's drawing contest was organised on wind energy, and in Greece an indoor football championship was held among various companies active in the wind sector.

- **Visits to wind farms:**

IBERDROLA RENEWABLES has organised various visits for individuals, university students, environmental specialists and other groups interested in our wind farms and hydroelectric plants so that future electricity industry professionals and persons interested in it may come to know our business better. ATTENTION: An entire paragraph has been deleted here.

- **Energy Classrooms:**

During this first half, IBERDROLA RENEWABLES hosted 3,000 visits at the Castilla la Mancha Energy Classroom, and a total of 1,800 at the Castilla León Energy Classroom, showing to the regions' educational centres and associations the main features of renewable energy through a theory and practice day (Spain).

- **IBERDROLA Foundation scholarships:**

In the Foundation's Energy and Environment Scholarships programme, the I Application Process of the IBERDROLA Foundation Scholarships was launched for Master's and Doctoral studies in energy and the environment, which included programmes in Spain and the UK. Of the more than 600 applications received, 70% were for Spain, with the remainder for the UK.

C.- Co-operation and solidarity programme

- **IBERDROLA Foundation Social Assistance Programme:**

March witnessed the launch of the 2010 Social Assistance Appeal under the slogan "Energy for Solidarity," which will consolidate assistance for initiatives involving societal re-integration initiatives and access to urgent-need services.

- **Solidarity cultural activities**

IBERDROLA RENOVBLES and representatives from Ciudad Real, through the LABORVALIA association, organised days for the disabled in the province of Ciudad Real, including a visit to the Almagro Corral de Comedias to watch a theatrical presentation, as well as a cultural tour of this city.

IBERDROLA RENOVBLES sponsored the “Toledo 10” II National FEAPS Congress, which supports opportunities seeking to give disabled individuals improved quality of life (Spain).

- **Solidarity athletic activities**

IBERDROLA RENOVBLES has signed the LABORVALIA Agreement to organise cultural, recreational and athletic activities for the disabled (Spain).

- **Volunteer programmes**

IBERDROLA RENOVBLES 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.

IBERDROLA RENOVBLES raised funds for the Oregon Food Bank and for the NW Harris County Habitat for Humanity, in the “Annual Chili Cook-off” (USA). It also organised a campaign with the Houston Food Bank to collect non-perishable items where employees

made donations and did the receiving and packing work while the Food Bank distributed the goods. It also participated in collecting essential supplies for the US Marines Units in Iraq.

IBERDROLA RENOVBLES and the Northwest Harris County (Oregon) Habitat for Humanity (Habitat NWHC) are seeking knowledgeable volunteers with a desire to collaborate. Enstor and IBERDROLA RENOVBLES have worked with qualified carpenters and others with good intentions and helping hands to [missing text]. From its founding in 1989, Habitat NWHC has built over 150 houses and is currently embarked on its largest neighbourhood construction project to date, Hamill Ranch. This neighbourhood includes 42 single-family houses, and a community centre.

- **Support for education centres**

IBERDROLA RENOVBLES has made donations to the Portland, Oregon Schools Foundation to support public school programmes in order to improve student results, particularly for socially and economically disadvantaged populations.

IBERDROLA RENOVBLES made donations this quarter to the Andrew Linehan scholarship fund at Reed College (Oregon, USA), to allow students without sufficient resources to have access to environmental studies.

IBERDROLA RENEWABLES made donations to assist with the historic Snowflake Academy Renovation, currently the public library for the Navajo County area.

D.- Environmental programme

- **Action to fight climate change**

IBERDROLA RENEWABLES sponsored the “II Climate Change and Sustainability Convention” in Spain. IBERDROLA Foundation Chairman Manuel Marín highlights this to potential energy sector investors as an opportunity for emerging from the crisis. *He has emphasised that endeavours in renewable energy must be accompanied by a continuous effort to improve competitiveness and entrepreneurial innovation.*

- **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 our natural heritage. Measures have been taken to protect the peregrine falcon, carry out a study to monitor populations, and develop a pioneering and innovative system to provide more detailed information on the Gullurias migratory path, using mobile telephones.

Corporate Governance

The most significant events relating to corporate governance in the first half of 2010, besides those described in the quarterly financial report published by the company last April 27, 2010, are listed below. For further detail, we direct readers to the Company’s website at (www.iberdrolarenovables.es), to which we refer in order to avoid unnecessary repetition.

1. THE GENERAL SHAREHOLDERS MEETING

On June 9, 2010 the Company’s general shareholders’ meeting was held at first convocation in the city of Valencia at Palau de les Arts Reina Sofía, Teatre Martin i Soler, avenida del Saler 1.

The Meeting, held with an attendance quorum of 88.73% of shareholders (80.13% present and 8.60% by proxy) deliberated and resolved matters regarding:

(i) Annual financial statements, corporate management, allocation of income and re-election of statutory auditors: The General Meeting approved the Company’s individual financial statements and the consolidated financial statements with its controlled companies, along with the corresponding management reports, as well as the report on social measures and the performance of the management body during the fiscal year ending December 31, 2009. The complete text of the Company’s annual financial statements and management reports, as well as those of the Company and its consolidated group, for fiscal

year 2009, as well as the respective auditing reports, are available at the Company's website (www.iberdrolarenovables.es).

The General Shareholders' Meeting also approved the proposed appropriation of income, consisting of the distribution of a dividend totalling 0.025 euros per share, with the remaining profits being allocated to legal reserves or retained earnings.

Additionally, the General Meeting approved the re-election of "ERNST & YOUNG, S.L." as Auditor for the Company and its consolidated group of companies. It will perform the audit for a period of one year on the individual and consolidated annual financial statements for the 2010 fiscal year.

(ii) Composition of the Board of Directors and express authorisations and appointments required for such body:

The General Shareholders' Meeting approved the ratification of the appointments as Directors of Messrs. Emilio Ontiveros Baeza, Manuel Amigo Mateos, Juan Manuel González Serna and Gustavo Buesa Ibáñez, all of them appointed as replacements to cover vacancies occurring since the previous General Shareholders' Meeting.

The General Meeting expressly authorised the Board of Directors to act as its proxy with regard to:

- The acquisition of its own shares by the Company and/or its controlled companies, up to the maximum permitted by law at any time and for a period of 5 years. This agreement rescinds and nullifies the authorisation for acquisition of its own shares – with the regard to the unused quantity – granted to the Board of Directors by the General Shareholders' Meeting held June 10, 2009.
- The establishment and funding of associations and foundations for general interest, up to a maximum total of €3 million per year.

(iii) Change in the Corporate Bylaws and Regulations of the General Meeting:

The IBERDROLA RENOVBLES General Meeting resolved to amend Articles 9, 43 and 53 of the articles of association. The purpose of these changes is the following: (i) adapting the articles of association to Law 3/2009 of April 3, on structural changes in commercial corporations; (ii) reducing the length of the term of office of Corporate Directors; and (iii) amending Article 53, solely for purposes of technically improving its draft.

The General Meeting also agreed to approve a new amended version of the Rules for the General Shareholders' Meeting, revoking the one current up to that time. The ultimate purpose of this amendment was to update and perfect the operating framework of the General Meeting and to make specific improvements that are fundamentally technical in nature, all with a view to drafting a text that is up to date and fully consistent with the Company's situation,

as well as with the best practices of corporate governance.

Each and every covenant adopted at the aforementioned General Meeting was approved by a broad majority of almost 99% of shareholders, either present or represented by proxies at the Meeting.

2. OTHER SIGNIFICANT EVENTS OF CORPORATE GOVERNANCE

At its session of April 26, 2010, the Board of Directors adopted the following agreements, among others:

- Appointing Messrs. Juan Manuel González Serna and Gustavo Buesa Ibáñez by cooptation as independent directors nominated by the Appointment and Compensation Committee. The new Directors replace Mr. Santiago Martínez Lage and Mrs. María Helena Antolín Raybaud, who formally resigned on March 26, 2010.
- Appointing Mr. Juan Manuel González Serna as member and Chairman of the Appointment and Compensation Committee and member of the Company's Executive Committee, and appointing Director Manuel Moreu Munaiz as member of the Related-Party Transactions Committee.
- Appointing Director Javier Sánchez-Ramade Moreno as Vice Chairman of the Company's Board of Directors.
- Convening the General Shareholders' Meeting to be held in Valencia on June 9, 2010 on the first convocation or, should the necessary quorum not be met, on a second convocation the following day, June 10, 2010.
- Approving the proposals as submitted to said Meeting, and the reports of the Board of Directors relative to points nine and ten on the Meeting agenda (amending the articles of association and the Rules of the General Shareholders' Meeting, respectively).
- Approving the Report on the Compensation Policy for directors of IBERDROLA RENOVBABLES, S.A. for the current fiscal year (2010) and applying the current compensation policy in the previous year (2009).
- Approving the Sustainability Report for fiscal year 2009.

On April 27, 2010, IBERDROLA RENOVBABLES submitted the quarterly financial report for the first quarter of fiscal year 2010.

At its session of June 21, 2010, the Board of Directors adopted the following covenants, among others:

- Acknowledging the resignation submitted by Mrs. María Dolores Herrera Pereda.
- Appointing Mr. Aurelio Izquierdo Gómez by cooptation, as interim outside director of the Company, subject to a favourable report from the Appointment and Compensation Committee.
- Appointing Director Javier Sánchez-Ramade Moreno, Vice Chairman of the Board of Directors, as member of the Executive Committee.
- Appointing Director Gustavo Buesa Ibáñez as member of the Audit and Compliance Committee to replace Mr. Javier Sánchez-Ramade who is ending his participation on that committee.

3. INFORMATION TRANSPARENCY

One of the Company's core principals with regard to corporate governance is to promote maximum transparency in financial and other information provided to shareholders and investors. In this regard, during the first half of fiscal year 2010, made a great effort to present shareholders with information.

Furthermore, notwithstanding the legally established rights to information, the following documents, among others, have been available on the corporate website (www.iberdrolarenovables.es) since publication of the announcement convening the General Shareholders' Meeting:

- Announcement of the convening of the General Meeting.
- Complete text of the proposals relative to the points on the Agenda.
- Reports from the Board of Directors relative to the proposals on Points Nine and Ten of the Agenda, regarding statutory changes and the Rules of the General Shareholders' Meeting (including a double-column text comparing the versions current at the time with the new versions of the articles of association and Rules of the General Shareholders' Meeting, the approval of which was proposed to the General Meeting).
- Annual Reports:
 - Annual Corporate Governance Report for fiscal year 2009.
 - Annual report on the activities of the Audit and Compliance Committee for fiscal year 2009.

- Report on the directors' compensation policy for the current fiscal year and application of the current compensation policy in the previous fiscal year.
- Sustainability report.
- Explanatory report on aspects of the Company's capital structure plus its governance system and corporate control as included in Article 116b of the Securities Market Law.
- 2009 Annual Financial Report, including the annual financial statements and the corporate management report, as well as the consolidated reports of the controlled companies, and their corresponding audit reports.
- Statement of Director liability pursuant to Article 35 of the Securities Market Law.
- Other documents:
 - Biographical and professional profiles of Messrs. Emilio Ontiveros Baeza, Manuel Amigo Mateos, Juan Manuel González Serna and Gustavo Buesa Ibáñez, executive directors appointed by cooptation, whose ratification was proposed to the General Meeting.
 - Current text of the Rules of the Board of Directors.
 - Current text of the Internal Securities Market Code of Conduct of IBERDROLA

RENEWABLES, S.A. and its group of companies.

- Current text of the procedure for conflicts of interest and related-party transactions involving directors, major shareholders and senior management of IBERDROLA RENEWABLES, S.A.
- Current texts of the corporate policies (in their complete or summary versions) and the remaining documents comprising the Company's corporate governance system.
- Shareholder directory.

The most significant events concerning the Company and all key information it discloses (with a possible impact on share price) were communicated to the markets by reporting them to the CNMV (Spain's Securities Markets Commission) as key events. Once this information was communicated to the CNMV, it was then also given to analysts through appropriate channels, the main news media, international, national and regional reporting agencies and was also published on the Company's website in Spanish and English.

CNMV: Significant events from January to June 2010

Date	Event	Record No.
01/08/2010	Award to IBERDROLA RENEWABLES, S.A. and to the Swedish firm Vattenfall AB (through a 50%-owned joint subsidiary) of rights to develop and build a marine wind farm of up to 7,200 MW in the United Kingdom.	Others on business and financial situation. - Others on corporate transactions 118584
01/13/2010	Agreement with the EBRD for the joint development of wind projects in Eastern Europe and assumption of minority interests in IBERDROLA RENEWABLES subsidiaries in Poland and Hungary, totalling €125 million.	Transfers and acquisitions of equity stakes 118794
01/27/2010	Issuance of corporate stock to employees as annual variable compensation for fiscal year 2009.	Compensation systems 119569
01/28/2010	The Company reports a strong balance sheet for Q4 2009.	Others on business and financial situation 119662
02/11/2010	Acquisition of Gamesa Energía wind farms.	Transactions and guarantees on assets 120539
02/17/2010	The Company will announce its 2009 earnings on February 23, at 5:45 PM (CET).	Convocations of meetings or information sessions 120738
02/23/2010	Board of Director covenants on the preparation of financial statements and allocation of income.	Others on corporate governance 121074
02/23/2010	The Company announces its fiscal year 2009 earnings report to analysts and investors.	Earnings report 121076
02/23/2010	The Company announces its fiscal year 2009 earnings report.	Earnings report 121077
02/24/2010	The Company makes a presentation during the Iberdrola 2010 Investor Day in London.	Strategic plans, projections and presentations 121150
02/24/2010	The Company issues the Annual Corporate Governance Report for fiscal year 2009	Annual Corporate Governance Report 121174
02/24/2010	The Company announces its H2 2009 earnings.	Interim financial information 121175
03/16/2010	The Company announces changes in the composition of the Board of Directors, Audit and Compliance Committee and Related-Transactions Committee.	Composition of the Board of Directors. - Composition of other management and control bodies 122405
03/26/2010	The Company reports the resignation of directors	Composition of the Board of Directors. - Composition of other management and control bodies 122871
04/07/2010	The Company announces the date of the earnings report for the first quarter of fiscal year 2010.	Earnings report 123169

CNMV: Significant events from January to June 2010

Date	Event	Record No.
04/12/2010	The Company reports a strong balance sheet for the first quarter of fiscal year 2010.	Others on business and financial situation 123464
04/26/2010	Board of Directors covenants on the composition of the Board of Directors and its Committees and the convening of the General Shareholders' Meeting.	Convocations and covenants of General Shareholders' Meetings. - Composition of the Board of Directors. - Composition of other management bodies 124081
04/27/2010	The company submits its Q1 2010 earnings report.	Earnings report 124132
04/27/2010	The company submits its Q1 2010 earnings report.	Interim financial information 124133
05/03/2010	The Company announces proposals to be submitted to a vote of the General Shareholders' Meeting convened for June 9 and 10, on the first and second convocations.	Convocations and covenants of the General Shareholders' Meetings. - Others on corporate governance 124601
06/09/2010	The Company announces the covenants adopted by the General Shareholders' Meeting held June 9, 2010.	Convocations and agreements of the General Shareholders' Meetings 126436
06/21/2010	The Company announces changes in the composition of the Board of Directors, the Executive Committee and the Audit and Compliance Committee.	Composition of the Board of Directors. - Composition of other management and control bodies 126874
02/24/2010	The Company announces its H2 2009 earnings.	Interim financial information 121175
03/16/2010	The Company announces changes in the composition of the Board of Directors, Audit and Compliance Committee and Related-Transactions Committee.	Composition of the Board of Directors. - Composition of other management and control bodies 122405
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IBERDROLA RENOVABLES informs you that the data used to send you this information are included in a file property of IBERDROLA RENOVABLES, S.A., with the only purpose of sending you financial information about the Company. Such data were included in our file either at your request or due to previous relations held between you and IBERDROLA RENOVABLES.

As stated by the Organic Law 15/1999 of 13 December on the Protection of Personal Data (Ley Orgánica de Protección de Datos de Carácter Personal, LO 15/1999), you can at any time exercise your rights of access, rectification, objection and cancellation on your personal data. Should this be the case, you must send a letter, with a photocopy of your identity card or passport attached, to the following address:

IBERDROLA RENOVABLES, S.A.
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Notwithstanding this, if you are not interested in receiving any more information related to Iberdrola, please let us know by calling the toll free line +34 900 123 133.



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