



I am pleased to address all of you in order to submit the IBERDROLA RENOVABLES' Annual Report for Fiscal Year 2008, a year in which our Company has achieved quite positive results and reaffirmed its worldwide leadership in wind energy, despite the complicated international economic environment.

All of this has been possible thanks to a flexible business model that allows us to adjust the growth of the business to changes in the environment, a solid balance sheet to meet the continued expansion of the Company, and very geographically diversified assets giving us significant income stability.

One of the key points for IBERDROLA RENOVABLES in 2008 was the Company's ability to maintain, and even to increase, its technical performance capacity. Expectations were exceeded with the construction of an additional 2,204 MW, increasing installed capacity by 31% to over 9,300 MW. This increase in capacity, together with a higher load factor, allowed production during the year to reach 17,000 GWh.

Thanks to increased production and to prices that were higher than the prior Fiscal Year, the Company's Net Profits increased by a factor of 3.3 in 2008, reaching more than 390 million euros, while Gross Operating Income (EBITDA) grew by a factor of 2.1, to 1,185 million euros. In this regard, it should be noted that as a result of the Company's internationalization, almost one-half of EBITDA already comes from business outside of Spain.

Furthermore, operating Cash Flow reached more than 873 million euros, increasing by a factor of 2.5 over 2007, which has facilitated the financing of future wind farms, while maintaining financial strength with leverage of only 22.4%.

In all, IBERDROLA RENOVABLES during this past Fiscal Year was able to exceed the growth plans established during its initial public offering in terms of both installed capacity and financial strength. This favorable situation allows us to propose for shareholder approval at the General Shareholders' Meeting the distribution of the Company's first dividend in the amount of 2.5 euro cents per share, a payout of 27%.

The Company, which already has a presence in 23 countries, has assets in operation in eleven of the most developed markets, including Spain, the United States, the United Kingdom, Greece and France. At the same time, the growth and geographical diversification of the pipeline portfolio has continued to grow, exceeding 55,000 MW worldwide.

IBERDROLA RENOVABLES is thus in the best position to take advantage of opportunities for growth in this sector, which is due not only to its investment flexibility, but also to regulatory improvements taking place in the countries in which it is present, particularly in the United States.

These competitive advantages are combined with IBERDROLA RENOVABLES' excellent workforce, which is made up of close to 2,000 people throughout the world, of which approximately 60% are holders of associate- and baccalaureate-level degrees. Also of note is the progressive inclusion of women in the workforce, with a 37% increase over 2007.

In sum, and with a view to the future, the Company will continue to carry out its strong business plan, acting as an engine for growth and economic activity through its investments and job-creation, in order to play an essential role in strengthening the industrial fabric while always favoring sustainable development in the societies in which it operates.

Ignacio Galán
Chairman of IBERDROLA RENOVABLES