

G. OTHER INFORMATION OF INTEREST

If you believe that there is any relevant principle or aspect regarding the corporate governance practices applied by your company that has not been discussed in this report, please mention it and explain it below.

SPECIFIC CLARIFICATIONS ON DIFFERENT SECTIONS OF THE REPORT:

SECTION A.2

Given that the shares are represented by book entries, accurate information about the interest of shareholders in the share capital is not available. The sources of the information provided are the notices sent by the shareholders to the National Securities Market Commission (CNMV).

Pursuant to the provisions of Section 23.1 of Royal Decree 1362/2007, of October 19, further developing Law 24/1988, of July 28, on the Securities Market, in connection with the transparency requirements relating to the information on issuers whose securities have been admitted to trading on an official secondary market or other regulated market in the European Union, it is deemed, from a general viewpoint, that significant shareholders are the holders of interests that represent 3% of the share capital.

According to available information, the approximate breakdown of the interests in the share capital (excluding the percentage held by the significant shareholder) by type of shareholder is as follows:

- Foreign entities: 13.5 %
- Domestic entities: 2 %
- Retail investors: 4.5 %

There have been no significant changes in the shareholding structure in fiscal year 2008.

SECTION A.3

Taking into account the interest held by the significant shareholder that has proposed the appointment of the Proprietary Directors, the percentage of share capital held by the Board of Directors as of the date of approval of this report (February 24, 2009) is 80.045%. This information may be supplemented and continuously updated through the website of the CNMV (www.cnmv.es).

The voting rights of the members of the Board of Directors set forth in section A.3 are consistent with the information posted on the website of the CNMV (www.cnmv.es) as of the date of approval of this report, except for the information regarding Mr. Marcos Fernández Fermoselle, for whom the information set forth is the information available as of the date of his resignation from his position as member of the Board of Directors on January 20, 2009.

SECTION A.5

Type or relationship	Brief Description
Commercial	<p>(i) Corporate services, including, among others, an agreement for the licensing, assignment and management of trademarks and domain names, agreements for the provision of corporate services, for planning, control and regulation, development and financial services, human resources, communication and institutional relations, safety and health, information technology, management of fleet and properties, insurance, credit risk management, legal, tax, regulatory and treasury services, coordination of cross-border transactions, secretarial work for certain companies and gas management coordination services.</p> <p>(ii) Financing and guarantees, including, among others, long-term financing agreements in favor of Iberdrola Renovables, checking account and mutual credit agreements, credit facilities, loan agreements, a contract of indemnity against liability, losses, claims or damages arising from the activity of companies that have become subsidiaries of the Company as a consequence of the restructuring of the renewable energy business carried out on the occasion of the initial public offering of shares of the Company, as well as bonds and guarantees given by the Company or companies within the Iberdrola Group in favor of third-party creditors of companies of the Iberdrola Renovables Group.</p> <p>(iii) Sale of power and gas, including, among others, long-term power purchase agreements, agreements for the transportation and purchase of natural gas or the sale of power through local distributors including companies belonging to the Iberdrola Group.</p> <p>(iv) Engineering, consulting, construction and technical assistance, including, among others, agreements for the provision of engineering, administration, management, advisory and maintenance services, agreements for the provision of technical assistance with a focus on system facilities, including monitoring systems for all the renewable energy facilities of the Company, as well as technical engineering and integrated management agreements for the development of specific wind farms and mini-hydroelectric plants and framework agreements for the construction of facilities on wind farms.</p> <p>(v) Research and development, carried out through Iberdrola's indirect 30% interest in the capital of Perseo Inversiones Financieras, S.L., a company whose purpose is the development of new technologies through projects in the renewable energy area and in which Iberdrola Renovables is the direct holder of the remaining 70%.</p> <p>More detailed information may be found in section IV.19.4 of the registration document that forms a part of the prospectus for the initial public offering of shares of Iberdrola Renovables, filed with the CNMV on November 22, 2007.</p>
Contractual	<p>(i) Delimitation of the scope of activity of the Company and IBERDROLA, S.A. The Framework Agreement provides that renewable energy business shall be carried out generally by companies of the Iberdrola Renovables Group. As regards the gas business, the general principle is that IBERDROLA, S.A., either directly or through any of the companies that at any time form part of the IBERDROLA Group, shall have the exclusive power and complete freedom to develop, exploit and purchase and sell assets or companies within the scope of activity of the natural gas business on a worldwide level. The only exception to this general principle is that the Company shall continue to carry out, on a non-exclusive basis, the gas activities it has been carrying out in the United States, whose future development and expansion shall be set forth in the business plan in effect at any particular time, which IBERDROLA, S.A. shall respect.</p> <p>(ii) Regulation of business opportunities. The Framework Agreement also regulates business opportunities in the respective scope of activity of both companies. In this regard, when IBERDROLA, S.A. identifies a business opportunity in the renewable energy industry, it shall so notify the Company —unless prevented by special confidentiality obligations— in order for the latter to be able to decide on the opportunity to invest in the business in question, in which case IBERDROLA, S.A. shall refrain from exploiting such opportunity. As regards the gas business, the Company and IBERDROLA, S.A. shall maintain the initiative in the identification of business opportunities in accordance with their respective scopes of activity. However, the Company shall notify IBERDROLA, S.A. of the opportunities of which it becomes aware aside from its current gas activities in the United States in order for the latter company to be able to decide on its participation therein, unless there are special obligations of confidentiality.</p> <p>(iii) Flow of information between the Company and Iberdrola, S.A. The Framework Agreement provides that the Company shall furnish Iberdrola, S.A. with such information as the latter requests and as may be necessary for IBERDROLA, S.A. to be able to: (i) fulfill its legal duties as the controlling company of the accounting and tax group to which the Company belongs; (ii) design the policies in an efficient fashion; and (iii) coordinate the strategies of the Iberdrola Group as well as for such other purposes as may inure to the benefit and be in the common interest of both companies</p> <p>(iv) Operaciones Vinculadas: The Framework Agreement provides that the agreements whereby IBERDROLA, S.A. and the Company or companies within their respective groups carry out related-party transactions shall be executed in writing, unless exceptional circumstances are present. In addition, such related-party transactions must be conducted under arm's length conditions. The Framework Agreement also provides for the creation of a Related-Party Transactions Committee within the Board of Directors of the Company, which shall issue a prior report on related-party transactions between the Company and IBERDROLA, S.A., or companies within their respective Groups, that meet certain requirements, as well as in situations of conflicts of interest between both companies or companies belonging to their respective Groups. This Committee shall be composed of a majority of independent Directors, and the proprietary Directors of IBERDROLA, S.A. may not be members thereof. Since its creation, the Related-Party Transactions Committee has regularly reported to the Board on new relationships between Iberdrola, S.A. and the Company and their respective groups. Moreover, all of the existing relationships between both companies or their respective groups which remained in effect as of the entry into force of the Framework Agreement on December 13, 2007 were reviewed by the Related-Party Transactions Committee at its meeting of June 23, 2008, which submitted a report to the Board of Directors regarding the alignment of such contracts with the terms of the Framework Agreement; such report was approved by the Board of Directors at a meeting held on June 25, 2008.</p>

SECTION A.8

On December 10, 2007, the Company executed an equity swap agreement with a credit institution on a total of 9,433,962 shares of the Company, for a notional amount of 50 million euros, in order to obtain coverage against fluctuations in the price of the Company's shares that are the subject matter of the programs for the delivery of shares of the Company as well as of the long-term incentives referred to in section 17.3 of the registration document that is an integral part of the prospectus for the Initial Public Offering of shares, which was approved and entered in the official record of the National Securities Market Commission on November 22, 2007. The aforementioned agreement expires on March 31, 2011, without prejudice to the events of early termination contemplated therein, and may be extended by agreement of the parties. Upon expiration of the agreement, payment thereunder will be made, at the Company's option, in cash or in shares of the Company. At the close of fiscal year 2008, the agreement remained in force in respect of 8,867,295 shares of the Company.

SECTIONS B.1.2, B.1.3 and B.1.5

On January 26, 2009, the Board of Directors took note of the resignation tendered, for personal reasons, by Mr. Marcos Fernández Femoselle, by means of a letter dated January 20, 2009.

SECTION B.1.8

Mr. Luis Chicharro Ortega was the individual representative of Ibersuizas Alfa, S.L. on the Board of Directors of the companies Fomento de Construcciones y Contratas, S.A. and Cementos Portland Valderrivas, S.A. until January 31, 2008 and May 28, 2008, respectively. For his part, Mr. Julio Feroso García is the individual representative of Caja Duero on the Board of Directors of the company Uralita, S.A.

SECTION B.1.11

The information set forth in section B.1.11 of this report is in agreement with the information reflected in note 37 to the consolidated report on the annual financial statements for fiscal year 2008, relating to the distribution of the compensation of the Board of Directors, although the regulated nature of this report calls for the use of a different classification.

In addition to the annual variable compensation accrued during the fiscal year and set forth in section B.1.11, the members of the Board of Directors of IBERDROLA RENOVABLES who have had executive responsibilities have received 893 thousand euros, with a charge to by-law allocations from prior fiscal years, as a bonus for the achievement of objectives under multi-year strategic plans and in connection with exceptional and specific situations.

The fixed compensation accrued during fiscal year 2008 by the Chairman of the Board of Directors and by five proprietary directors appointed at the proposal of IBERDROLA, S.A. is entirely paid to this Company.

SECTION B.1.12

In addition to the compensation accrued during the fiscal year which is set forth in section B.1.12, during fiscal year 2008 the members of Senior Management have received a multi-year performance bonus in the amount

of 1,905 thousand euros, for which provision had been made in prior fiscal years.

The amount set forth as total compensation of Senior Management does not include the compensation of Mr. José Ángel Marra Rodríguez, because he effectively joined the Company in January 2009.

SECTION B.1.13

The shareholders at the General Shareholders' Meeting receive information on these matters through the Annual Corporate Governance Report and the explanatory report on aspects of the equity structure and the governance and control system of Iberdrola Renovables, S.A. contemplated by Section 116 bis of Law 24/1988, of July 28, on the Securities Market, which shall be made available to the shareholders through the websites of the National Securities Market Commission and the Company.

SECTION B.1.29

In addition to the Committees mentioned in section B.1.29, the Related-Party Transactions Committee met 8 times in fiscal year 2008, each time with the attendance of the Chairman thereof.

SECTION B.1.31

The Company has created, at the proposal of the Audit and Compliance Committee, a process for certification of the financial information that helps to reasonably ensure the reliability of the financial information and the proper operation of the internal control. The annual financial statements constitute the overall subject-matter for verification, and therefore, the process will be completed with the certification of the Chief Executive Officer and of the Director of Control before the Board of Directors of Renovables.

During the course of this certification process, the managers responsible for the relevant financial information shall certify the correctness of the financial information corresponding to their respective areas of responsibility. There will be a dual certification of the business units, such that both the head of the business unit and the head of control will sign it. In the corporate areas, the certification will be issued by the head of the area of responsibility of each certifier in the annual financial statements.

The certifications will include, as an annex, the current version of the annual financial statements existing as of the date thereof. The certifications of the business units will also include the financial information delivered for purposes of consolidation or any equivalent information.

SECTION C

All the information regarding related-party transactions contained in this 2008 Annual Corporate Governance Report is also included in the Annual Financial Information prepared by the Board of Directors of the Company as of the date of this Report.

SECTION C.2

As this report must conform to an established regulatory framework, the information in this section solely includes the transactions carried out with

IBERDROLA, S.A. or companies within the IBERDROLA Group; similarly, the counterparty in all of these transactions is IBERDROLA, S.A., the parent company of the aforementioned Group, regardless of whether the transaction was entered into with IBERDROLA, S.A. or with other companies of the IBERDROLA Group. Note 19 of the notes to the individual annual financial statements as of December 31, 2008 and note 38 of the notes to the consolidated annual financial statements as of the same date include detailed information on these transactions.

Therefore, such section does not include information regarding transactions carried out with other counterparties that are not formally significant shareholders of IBERDROLA RENOVABLES, S.A. but are significant shareholders of IBERDROLA, S.A. For such purposes, it is noted that, in accordance with the applicable accounting standards and in the interest of the Company to comply with its commitment to transparency, at note 38 of the notes to the consolidated financial statements as of December 31, 2008, the transactions carried out with ACS, Actividades de Construcción y Servicios (ACS), Bilbao Bizkaia Kutxa (BBK) and Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja (Bancaja) are also disclosed, which entities, although not shareholders of IBERDROLA RENOVABLES at December 31, 2008, were significant shareholders of IBERDROLA, S.A. These annual financial statements also include transactions with Gamesa Corporación Tecnológica, S.A. and entities within its group, as they are affiliates of IBERDROLA, S.A.

SECTION C.3

During fiscal year 2008, neither the Company nor entities within its group have carried out any significant transaction with the directors or managers of the Company on an individual basis, other than the transactions already described in other sections of this report, in connection with compensation.

SECTION C.5

In each and every one of the conflict of interest situations described, the affected Directors refrained from attending and participating in the stages of deliberation and voting on the respective resolutions. Likewise, they refrained from attending and participating in the revision of their respective classifications as executive, external proprietary, external independent and other external.

SECTION E.7

As regards the data on proxy-granting and distance voting at the General Shareholders' Meeting held on June 26, 2008, the holders of a total of 25,235 shares voted and the holders of another 3,476 shares carried out the formalities for proxy-voting by electronic means, by using the procedure established for such purpose on the Company's website (www.iberdrolarenovables.es). No shareholders voted by mail or used this means to carry out the formalities for proxy-voting.

In this section, you may include any other information, clarification or comment relating to the prior sections of this report.

Specifically, indicate whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

Binding definition of independent director:

Indicate whether any of the independent directors has or has had any relationship with the Company, its significant shareholders or its managers which, had it been sufficiently significant or important, would have resulted in the director not qualifying for consideration as independent pursuant to the definition set forth in sub-section 5 of the Unified Good Governance Code:

YES	NO
X	

Name of the director	Type of relationship	Explanation
Mr. Santiago Martínez Lage	Contractual	Mr. Santiago Martínez Lage is a founding partner of Howrey Martínez-Lage, S.L., a law firm that has provided professional advice in Antitrust Law to IBERDROLA, S.A., parent company of IBERDROLA RENOVABLES, and to IBERDROLA GENERACIÓN, S.A.U. (wholly-owned subsidiary of IBERDROLA, S.A.). Such services do not in any way affect the Company or its affiliated entities, for which neither Mr. Martínez Lage nor the law firm of which he is a partner has provided any service. In any case, it is important to note that: (i) they are the same services existing as of December 31, 2007, without new services being rendered since that time; and (ii) the compensation paid by Iberdrola, S.A. and Iberdrola Generación, S.A.U. to the aforementioned law firm for such services is not significant either with respect to the total turnover or earnings of the law firm or with respect to the interest of Mister Martínez Lage in the earnings of the law firm. Therefore, the Company deems that the rendering of such services does not endanger its position as independent director.

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting of

2/24/2009

Indicate whether any Directors voted against or abstained in connection with the approval of this Report.

YES	NO
	X



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