

C. RELATED-PARTY TRANSACTIONS

C.1. State whether the Board as a full body has reserved for itself the power to approve, after a favorable report of the Audit Committee or any other committee entrusted with such duty, transactions carried out by the Company with Directors, with significant shareholders or shareholders represented on the Board, or with persons related thereto:

YES	NO
X	

C.2. Describe the relevant transactions that involve a transfer of funds or obligations between the Company or entities within its Group and the Company's significant shareholders:

Individual or corporate name of significant shareholder	Corporate name of the Company or entity within its Group	Nature of the relationship	Type of transaction	Amount (in thousands of Euros)
IBERDROLA, S.A.	IBERDROLA RENOVABLES, S.A.	CONTRACTUAL	FINANCIAL EXPENSES	84,424
IBERDROLA, S.A.	IBERDROLA RENOVABLES, S.A.	CONTRACTUAL	RECEIPT OF SERVICES	43,837
IBERDROLA, S.A.	IBERDROLA RENOVABLES, S.A.	CONTRACTUAL	SALE OF GOODS (FINISHED OR IN PROGRESS)	288,310
IBERDROLA, S.A.	IBERDROLA RENOVABLES, S.A.	CONTRACTUAL	FINANCIAL REVENUES	16,029
IBERDROLA, S.A.	IBERDROLA RENOVABLES, S.A.	CONTRACTUAL	PURCHASE OF TANGIBLE, INTANGIBLE OR OTHER ASSETS	104,146

C.3. Describe the relevant transactions that involve a transfer of funds or obligations between the Company or entities within its Group and the directors or managers of the Company:

C.4. Describe the relevant transactions made by the Company with other companies belonging to the same group, provided they are not eliminated in the preparation of the consolidated financial statements and they are not part of the ordinary course of business of the Company as to their purpose and conditions:

C.5. State whether the members of the Board of Directors have been subject to any conflict of interest situation during the fiscal year pursuant to the provisions of Article 127 ter of the Companies Law.

YES	NO
X	

Individual or corporate name of the director	Description of the conflict of interest situation
MR. JOSÉ IGNACIO SÁNCHEZ GALÁN	<ol style="list-style-type: none"> 1. Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal. 2. Evaluation of his performance during fiscal year 2007.
MR. ALBERTO CORTINA KOPLOWITZ	Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal.
MR. CARLOS EGEA KRAUEL	<ol style="list-style-type: none"> 1. Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal. 2. Authorization to serve on the Board of Directors of Enagás, S.A. 3. Grant of guarantees in favor of Energías Renovables de la región de Murcia, S.A., a company of whose Board of Directors he is Chairman.
MR. JULIO FERMOSE GARCÍA	Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal.
MR. MARCOS FERNÁNDEZ FERMOSELLE	Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal.
MR. JUAN PEDRO HERNÁNDEZ MOLTÓ	Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal.
MR. JOSÉ LUIS SAN-PEDRO GUERENABARRENA	Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal.
MR. JAVIER SÁNCHEZ-RAMADE MORENO	Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal.
MR. JOSÉ SAINZ ARMADA	Due to his status as proprietary director appointed by IBERDROLA, S.A.: (i) approval of transactions with IBERDROLA, S.A. or companies belonging to the Group; and (ii) approval of transactions with Gamesa Energía, S.A. Unipersonal and Gamesa Eólica, S.L. Unipersonal.
MR. ÁLVARO VIDEGAIN MURO	Authorization to act as individual representative of a Director of Sener Grupo de Ingeniería, S.L.
MR. MANUEL MOREU MUNAIZ	Authorization for the provision of certain services to third parties.
MR. XABIER VITERI SOLAUN	<ol style="list-style-type: none"> 1. Approval of the terms and conditions of his contract and those governing his compensation. 2. Approval of his inclusion as beneficiary of certain compensation systems. 3. Evaluation of his performance during fiscal year 2007.

C.6. Describe the mechanisms used to detect, determine and resolve potential conflicts of interest between the company and/or its Group, and its directors, managers or significant shareholders.

The mechanisms for detecting, determining and resolving potential conflicts of interest between the Company and/or its Group, and its directors, managers or significant shareholders are provided for in the By-Laws, in the Regulations of the Board of Directors, in the Company's Internal Regulations for Conduct in the Securities Markets and in the Procedure for Conflicts of Interest and Related-Party Transactions with Directors, Significant Shareholders and Senior Management and, as regards relations between IBERDROLA, S.A. and the companies of its Group, in the Framework Agreement, upon the terms set forth below:

1. RULES APPLICABLE TO POSSIBLE CONFLICTS OF INTEREST BETWEEN THE COMPANY AND THE DIRECTORS

As a starting point, Article 42.1 of the Regulations of the Board of Directors defines as conflicts of interest situations to which the directors may be subject, those cases in which there is a conflict, whether direct or indirect, between the interests of the Company or of the companies forming part of the IBERDROLA RENOVABLES Group and the personal interest of the Director. For these purposes, a personal interest of the Director shall be deemed to exist when a matter affects the Director or a Person Related to him, as such concept is defined in the Regulations of the Board of Directors, which list the persons who shall be deemed Persons Related to a Director. The rules applicable to these situations are set out in sub-section 2 of Article 42 of the above-mentioned Regulations:

- a) **Communication:** the Director must give notice to the Board of Directors, in the person of the Chairman or the Secretary, of any conflict of interest in which the Director is involved.
- b) **Abstention:** the Director shall not attend or participate in the deliberation and voting on those matters in which the Director is affected by a conflict of interest, and such Director shall not be counted as an attendee at the meeting for purposes of determining the number of Directors to be used to calculate the majority required for approval of the resolution in respect of which the Director is in a situation of conflict. Proprietary Directors must abstain from voting on matters that may entail a conflict of interest between the shareholders who have proposed their appointment and the Company. The provisions of this paragraph shall apply to meetings of the Board of Directors and of all Committees created within the Board.
- c) **Transparency:** in the annual corporate governance report, the Company shall report any cases of conflict of interest involving the Directors and of which the Company is aware by reason of notice given thereto by the Director affected by such conflict or by any other means.

Article 46 of the Regulations of the Board of Directors supplements the foregoing rules by providing that any transaction between the Company

(or companies forming part of the IBERDROLA RENOVABLES Group) and its Directors "shall be subject to the approval of the Board of Directors, or in urgent cases, of the Executive Committee, upon a prior report of the Audit and Compliance Committee. In the event that authorization is granted by the Executive Committee on an emergency basis, it shall be submitted for subsequent ratification by the Board of Directors." The Board of Directors, through the Audit and Compliance Committee, shall ensure that the transaction is carried out under arm's length conditions and with due observance of the principle of equal treatment of shareholders.

Without prejudice to the foregoing, sub-section 3 of the above-mentioned Article 46 of the Regulations of the Board of Directors provides that "in the case of transactions within the ordinary course of business that are customary or recurring, it shall be sufficient to give a generic approval of the line of transactions and of the conditions for performance thereof."

As the sole exception to the foregoing, sub-section 4 of the above-mentioned Article 46 of the Regulations of the Board of Directors provides as follows: "However, no authorization of the Board of Directors shall be required in connection with transactions that simultaneously satisfy the following three conditions: (i) that they are conducted under contracts whose terms and conditions are standardized and apply en masse to a large number of clients; (ii) that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question, and (iii) that the amount thereof does not exceed one (1%) percent of the consolidated annual income of the Company, based on the audited annual financial statements for the last fiscal year ending prior to the date of the transaction in question."

In addition, Article 11 of the Company's Internal Regulations for Conduct in the Securities Markets provides that the members of the Board of Directors, the Senior Managers and such other persons, if any, as may be designated by the Regulatory Compliance Unit must refrain from participating in or influencing the taking of decisions that might entail a conflict between their own interests and those of the Company and/or its Group, this being without prejudice to the duty to report such situation to the Secretary of the Board of Directors. In the event that any of such persons believes that he/she may be subject to a conflict of interest, he/she shall consult with the Unit before participating in or influencing the taking of such decisions.

The Board of Directors has further developed these regulations by means of the Procedure for Conflicts of Interest and Related-Party Transactions with Directors, Significant Shareholders and Senior Management. Like the aforementioned regulations, this Procedure is available on the corporate website (www.iberdrolarenovables.es).

2. RULES APPLICABLE TO POSSIBLE CONFLICTS OF INTEREST BETWEEN THE COMPANY AND THE MANAGERS

The above-mentioned Procedure for Conflicts of Interest and Related-Party Transactions with Directors, Significant Shareholders and Senior Management subjects the Managers that report directly to the Board of Directors or the Chief Executive Officer and, in all cases, the Director of the Internal

Audit Area to the same rules of communication, abstention and authorization that apply to the Directors.

If a conflict of interest situation occurs, the Manager in question shall disclose such situation in writing by means of a notice addressed to the Secretary of the Board of Directors of the Company. In addition, such Manager shall refrain from participating in or influencing the making of decisions by any decision-making body, committee or division participating in the transaction or decision in question, when such decisions may affect the persons or entities with which a conflict exists, and shall also refrain from accessing confidential information affecting such conflict.

The Secretary of the Board of Directors shall prepare a Conflicts of Interest Register of Persons Subject to Conflict of Interest Rules (other than the Directors), which shall be continuously updated and shall be published in the instances and with the scope required by applicable legal provisions.

Transactions that may be regarded as related-party transactions carried out by Senior Managers of the Company shall be subject to the authorization of the Secretary of the Board of Directors, who shall ensure that they are conducted under arm's length conditions and with due observance of the principle of equal treatment of all the shareholders.

The Senior Managers of the Company shall send a semi-annual report to the Secretary of the Board of Directors regarding the transactions which they and persons related to them have made. For this purpose, the Secretary of the Board of Directors shall prepare a Register of these transactions that shall be available for consultation by the Regulatory Compliance Unit when such Unit deems it appropriate.

As regards the other managers and employees, the Code of Professional Conduct of the IBERDROLA Group, which applies to all of the group employees, contains a specific section on conflicts of interest.

3. RULES APPLICABLE TO POSSIBLE CONFLICTS OF INTEREST BETWEEN THE COMPANY AND SIGNIFICANT SHAREHOLDERS

The Procedure for Conflicts of Interest and Related-Party Transactions with Directors, Significant Shareholders and Senior Management approved by the Board of Directors under Article 46 of the Regulations of the Board of Directors governs transactions between companies forming part of the IBERDROLA RENOVABLES Group and shareholders who hold a shareholding interest greater than or equal to that legally regarded as significant or that are represented on the Board of Directors or their respective Related Persons.

In order to ensure that such transactions are carried out are carried out under arm's length conditions and with due observance of the principle of equal treatment of shareholders, the aforementioned procedure establishes that such operations shall be subject to the approval of the Board of Directors, or in urgent cases, of the Executive Committee, upon a prior favorable report of the Audit and Compliance Committee.

In addition, as provided by sub-section 4 of Article 46 of the Regulations of the Board of Directors, "no approval of the Board shall be deemed required in connection with transactions that simultaneously satisfy the following three conditions: (i) they are conducted under contracts whose terms and conditions are standardized and apply en masse to a large number of clients; (ii) they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question, and (iii) the amount thereof does not exceed one (1%) percent of the annual income of the Company."

Notwithstanding all of the foregoing, related-party transactions between the Company and IBERDROLA, S.A., or between any of the companies of their respective Groups, shall be governed by the Framework Agreement. The body competent to report on such transactions shall be the Related-Party Transactions Committee.

The periodical semi-annual financial information that the Company sends to the CNMV and publishes on its website shall disclose the transactions mentioned in Article 46 of the Regulations of the Board of Directors, all to the extent provided for by Law. Likewise, the notes accompanying the annual financial statements shall include information regarding the transactions by the Company or by the companies that form part of its Group with the Directors and those persons who act for the account of the latter when such transactions are conducted other than in the ordinary course of the Company's business or other than under arm's length conditions.

C.7. Is more than one company of the Group listed in Spain?

YES	NO
	X

Identify the subsidiaries listed in Spain:

State whether they have publicly and accurately defined their respective areas of activity and any possible business relationships among them, as well as those between the listed dependent company and the other companies within the Group: