

EDP Renováveis, S.A.

Annual Accounts

31 December 2012

Directors' Report

Year 2012

(With Auditors' Report Thereon)



KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Report on the Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

We have audited the annual accounts of EDP Renováveis, S.A. (the “Company”) which comprise the balance sheet at 31 December 2012, the income statement, the statement of changes in equity, the statement of cash flows for the year then ended and the notes thereto. In accordance with legislation governing financial information applicable to the entity specified in note 2 to the accompanying annual accounts and, in particular, with the accounting principles and criteria set forth therein, preparation of the annual accounts is the responsibility of the Company’s directors. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying annual accounts for 2012 present fairly, in all material respects, the equity and financial position of the Company at 31 December 2012, and the results of its operations and its cash flows for the year then ended, in accordance with applicable legislation governing financial information and, in particular, with the accounting principles and criteria set forth therein.

The accompanying directors’ report for 2012 contains such explanations as the directors the Company consider relevant to the situation of the Company, the evolution of its business and other matters, but is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2012. Our work as auditors is limited to the verification of the directors’ report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

Ana Fernández Poderós

27 February 2013

EDP Renováveis, S.A.

Balance Sheets
at 31 December 2012 and 2011

(Expressed in thousands of Euros)

<u>Assets</u>	<u>Note</u>	<u>2012</u>	<u>2011</u>
Intangible assets	5	2,374	2,555
Property, plant and equipment	6	1,628	1,942
Non-current investments in Group companies and associates		8,367,504	8,490,224
Equity instruments	8	4,090,612	4,189,354
Loans to Group companies	10.a	4,272,201	4,293,063
Derivatives	11	4,691	7,807
Non-current investments		224	246
Deferred tax assets	18	17,248	2,109
Total non-current assets		8,388,978	8,497,076
Trade and other receivables		2,842	16,247
Trade receivables from Group companies and associates – current	9	2,784	16,143
Other receivables	9	55	91
Personnel	9	3	2
Public entities, other	18	-	11
Current investments in Group companies and associates	10.a	807,291	652,082
Debt securities		325,082	303,436
Derivatives	11	8,711	2,056
Other investments		473,498	346,590
Prepayments for current assets		138	100
Cash and cash equivalents	12	541	788
Cash		541	788
Total current assets		810,812	669,217
Total assets		9,199,790	9,166,293

The accompanying notes form an integral part of the annual accounts for 2012.

EDP Renováveis, S.A.

Balance Sheets
at 31 December 2012 and 2011

(Expressed in thousands of Euros)

<u>Equity and Liabilities</u>	<u>Note</u>	<u>2012</u>	<u>2011</u>
Capital and reserves			
Capital	13.a	4,361,541	4,361,541
Share premium		1,228,451	1,228,451
Reserves		211,389	152,371
Profit for the year		<u>50,838</u>	<u>59,018</u>
Total equity		5,852,219	5,801,381
Non-current provisions		<u>876</u>	<u>1,015</u>
Long-term employee benefits	14	<u>876</u>	<u>1,015</u>
Non-current payables		<u>129,960</u>	<u>79,184</u>
Derivatives	11	<u>129,960</u>	<u>79,184</u>
Group companies and associates, non-current	16.a	2,843,115	2,986,433
Deferred tax liabilities	18	<u>29,866</u>	<u>28,117</u>
Total non-current liabilities		<u>3,003,817</u>	<u>3,094,749</u>
Current payables	16.b	939	451
Group companies and associates, current	16.a	326,683	250,746
Trade and other payables		<u>16,132</u>	<u>18,966</u>
Current payables to suppliers	16.d	<u>1,395</u>	<u>1,555</u>
Suppliers, Group companies and associates, current	16.d	<u>12,622</u>	<u>13,106</u>
Personnel (salaries payable)	16.d	<u>1,839</u>	<u>4,022</u>
Public entities, other	18	<u>276</u>	<u>283</u>
Total current liabilities		<u>343,754</u>	<u>270,163</u>
Total equity and liabilities		<u>9,199,790</u>	<u>9,166,293</u>

The accompanying notes form an integral part of the annual accounts for 2012.

EDP Renováveis, S.A.

Income Statements
for the years ended
31 December 2012 and 2011

(Expressed in thousands of Euros)

	Note	2012	2011
CONTINUING OPERATIONS			
Revenues	9 and 21.a	<u>272,737</u>	<u>274,012</u>
Self-constructed assets		<u>198</u>	<u>473</u>
Other operating income		<u>32</u>	<u>7,977</u>
Non-trading and other operating income	21.e	<u>32</u>	<u>7,977</u>
Personnel expenses		<u>(8,445)</u>	<u>(11,170)</u>
Salaries and wages		<u>(6,751)</u>	<u>(9,763)</u>
Employee benefits expense	21.c	<u>(1,694)</u>	<u>(1,407)</u>
Other operating expenses		<u>(19,855)</u>	<u>(18,289)</u>
External services	21.d	<u>(17,116)</u>	<u>(15,515)</u>
Taxes		<u>(2,733)</u>	<u>(2,025)</u>
Other expenses		<u>(6)</u>	<u>(749)</u>
Amortisation and depreciation	5 and 6	<u>(1,118)</u>	<u>(769)</u>
Impairment and gains/(losses) on disposal of fixed assets		<u>-</u>	<u>-</u>
Results from operating activities		<u>243,549</u>	<u>252,234</u>
Finance income	9	<u>195</u>	<u>133</u>
Other investment income		<u>195</u>	<u>133</u>
Other		<u>195</u>	<u>133</u>
Finance costs	15	<u>(182,693)</u>	<u>(157,242)</u>
Group companies and associates		<u>(181,384)</u>	<u>(156,606)</u>
Other		<u>(1,309)</u>	<u>(636)</u>
Change in fair value of financial instruments	9 and 15	<u>(5,295)</u>	<u>8,981</u>
Exchange gains/losses	10.d and 16.f	<u>16,920</u>	<u>(21,345)</u>
Net finance cost		<u>(170,873)</u>	<u>(169,473)</u>
Profit before income tax		<u>72,676</u>	<u>82,761</u>
Income tax expense	18	<u>(21,838)</u>	<u>(23,743)</u>
Profit from continuing operations		<u>50,838</u>	<u>59,018</u>
DISCONTINUED OPERATIONS			
		<u>-</u>	<u>-</u>
Profit for the year		<u>50,838</u>	<u>59,018</u>

The accompanying notes form an integral part of the annual accounts for 2012.

EDP Renováveis, S.A.

Statements of Changes in Equity for the years ended
31 December 2012 and 2011

A) Statements of Recognised Income and Expense
for the years ended
31 December 2012 and 2011

(Expressed in thousands of Euros)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
Profit for the year		<u>50,838</u>	<u>59,018</u>
Total income and expense recognised directly in equity		<u>-</u>	<u>-</u>
Total amounts transferred to the income statement		<u>-</u>	<u>-</u>
Total non-financial assets and non-financial liabilities		<u>-</u>	<u>-</u>
Total recognised income and expense		<u>50,838</u>	<u>59,018</u>

The accompanying notes form an integral part of the annual accounts for 2012.

EDP Renováveis, S.A.

Statements of Changes in Equity for the years ended
31 December 2012 and 2011

B) Statements of Total Changes in Equity for the years ended
31 December 2012 and 2011

(Expressed in thousands of Euros)

Entity	Capital	Share premium	Reserves	Share capital increase costs	Profit for the year	Total
Balance at 31 December 2011	4,361,541	1,228,451	186,941	(34,570)	59,018	5,801,381
Recognised income and expense	-	-	-	-	50,838	50,838
Distribution of profit	-	-	59,018	-	(59,018)	-
Balance at 31 December 2012	<u>4,361,541</u>	<u>1,228,451</u>	<u>245,959</u>	<u>(34,570)</u>	<u>50,838</u>	<u>5,852,219</u>

Entity	Capital	Share premium	Reserves	Share capital increase costs	Profit for the year	Total
Balance at 31 December 2010	4,361,541	1,228,451	142,850	(34,570)	44,091	5,742,363
Recognised income and expense	-	-	-	-	59,018	59,018
Distribution of profit	-	-	44,091	-	(44,091)	-
Balance at 31 December 2011	<u>4,361,541</u>	<u>1,228,451</u>	<u>186,941</u>	<u>(34,570)</u>	<u>59,018</u>	<u>5,801,381</u>

EDP Renováveis, S.A.

Statements of Cash Flows for the years ended
31 December 2012 and 2011

(Expressed in thousands of Euros)

	Note	2012	2011
Cash flows from operating activities			
Profit for the year before tax		72,676	82,761
Adjustments for:		(100,607)	(106,948)
Amortisation and depreciation (+)	5 and 6	1,118	769
Change in provisions (+/-)	14	139	(3,178)
Gains/losses on disposals of fixed assets (+/-)		-	-
Finance income (-)	9	(272,932)	(274,145)
Finance costs (+)	15	182,693	157,242
	10.d and		
Exchange gains/losses (+/-)	16.f	(16,920)	21,345
Change in fair value of financial instruments (+/-)	15	5,295	(8,981)
Changes in operating assets and liabilities		10,086	(14,226)
Trade and other receivables (+/-)		12,328	(3,481)
Other current assets		(38)	(21)
Trade and other payables (+/-)		(2,826)	(3,423)
Other current liabilities (+/-)		622	(7,301)
Other cash flows from operating activities		(56,945)	(220,779)
Interest paid (-)		(197,525)	(119,585)
Interest received (+)		278,172	260,779
Payments for (collections of) loans extended to subsidiaries (+/-)		(119,437)	(339,202)
Income tax paid (received) (+/-)	18	(18,155)	(22,771)
Cash flows used in operating activities		(74,790)	(259,192)
Cash flows from investing activities			
Payments for investments (-)		(31,243)	(83,766)
Group companies and associates		(30,220)	(80,260)
Intangible assets		(1,019)	(3,492)
Property, plant and equipment		(4)	(14)
Proceeds from sale of investments (+)		65,622	3,739
Group companies and associates		64,545	-
Property, plant and equipment	6	1,077	3,739
Cash flows from (used in) investing activities		34,379	(80,027)
Cash flows from financing activities			
Proceeds from and payments for financial liability instruments		39,036	158,819
Issue			
Group companies and associates (+)		39,036	158,819
Cash flows from financing activities		39,036	158,819
Effect of exchange rate fluctuations		1,128	(1,579)
Net decrease in cash and cash equivalents		(247)	(181,979)
Cash and cash equivalents at beginning of year	12	788	182,767
Cash and cash equivalents at year end	12	541	788

The accompanying notes form an integral part of the annual accounts for 2012.

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

31 December 2012

(1) Nature and Activities of the Company

EDP Renováveis, S.A. (hereinafter, “the Company”) was incorporated by public deed under Spanish law on 4 December 2007 and commenced operations on the same date. Its registered offices are at Plaza de la Gesta, 2, Oviedo.

On 18 March 2008, the shareholders agreed to change the corporate status of the Company from EDP Renováveis, S.L. to EDP Renováveis, S.A.

According to the Company’s articles of association, the statutory activity of EDP Renováveis S.A. comprises activities related to the electrical sector, specifically the projection, construction, maintenance and management of electricity production facilities, in particular those eligible for the special arrangements for electricity generation. The Company promotes and develops projects relating to energy resources and electricity production activities as well as managing and administering other companies’ equity securities.

The Company can engage in its statutory activities directly or indirectly through ownership of shares or investments in companies or entities with identical or similar statutory activities.

On 28 January 2008, EDP Energías de Portugal, S.A. informed the market and the general public that its directors had decided to launch a public share offering in EDP Renováveis, S.L. The Company completed its initial flotation in June 2008, with 22.5% of shares in the Company quoted on the Lisbon stock exchange.

As explained in note 8 the Company holds investments in subsidiaries. Consequently, in accordance with prevailing legislation, the Company is the parent of a group of companies. In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to present fairly the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in Group companies are provided in Appendix I.

The operating activity of the group headed by the Company is carried out in Europe, the USA and Brazil through three subgroups headed by EDP Renewables Europe, S.L.U. (EDPR EU) in Europe, EDP Renewables North America, LLC (EDPR NA, formerly Horizon Wind Energy, LLC) in the USA and EDP Renováveis Brasil in Brazil. In 2010 the Group incorporated the subsidiary EDP Renewables Canada, Ltd. to provide a base for carrying out projects in Canada.

The Company belongs to the EDP Group, of which the parent is EDP Energías de Portugal, S.A., with registered offices at Praça Marquês de Pombal, 12 – 4, Lisbon.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

In 2012, China Three Gorges Corporation (CTG) acquired 780,633,782 ordinary shares in EDP from Parpública – Participações Públicas (S.G.P.S.), S.A., representing 21.35% of the share capital and voting rights of EDP Energias de Portugal S.A., a majority shareholder of the Company.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling Euros 2,000 million in the assets of the EDP Renováveis Group, representing 1.5 GW of installed capacity (900 MW in operation and 600 MW under construction).

On 26 February 2013 the directors authorised for issue the consolidated annual accounts of EDP Renováveis, S.A. and subsidiaries for 2012 under International Financial Reporting Standards (IFRS) (28 February 2012 for 2011), which show consolidated profit of Euros 136.050 thousand and consolidated equity of Euros 5,748,827 thousand (Euros 90,624 thousand and Euros 5,453,725 thousand in 2011). The consolidated annual accounts will be filed at the Asturias Mercantile Registry.

(2) Basis of Presentation(a) Fair presentation

The accompanying annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. The annual accounts for 2012 have been prepared in accordance with prevailing legislation and the Spanish General Chart of Accounts to present fairly the equity and financial position at 31 December 2012 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the accompanying annual accounts for 2012, authorised for issue on 26 February 2013, will be approved with no changes by the shareholders at their annual general meeting.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2012 include comparative figures for 2011, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 12 April 2012.

(c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

- Relevant accounting estimates and assumptions

The Company tests investments in Group companies for impairment on an annual basis. An asset is impaired when its carrying amount exceeds its recoverable amount, the latter of which is understood as the higher of the asset's value in use and fair value less costs to sell. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on projections in the budgets approved by management. The cash flows take into consideration past experience and represent management's best estimate of future market performance. The key assumptions employed to calculate the fair value less costs to sell and value in use include growth rates in accordance with best estimates of rises in electricity prices in each country, the weighted average cost of capital and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment.

The fair value of financial instruments is based on market quotations when available. Otherwise, fair value is based on prices applied in recent, similar transactions in market conditions or on evaluation methodologies using discounted future cash flow techniques, considering market conditions, time value, the profitability curve and volatility factors. These methods may require assumptions or judgements in estimating fair value.

- Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2012, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(3) Distribution of Profit

The proposed distribution of 2012 profit to be submitted to the shareholders for approval at their annual general meeting is as follows:

	<u>Euros</u>
<u>Basis of allocation</u>	
Profit for the year	50,838,439.82
<u>Distribution</u>	
Legal reserve	5,083,843.98
Dividends	34,892,326.48
Voluntary reserve	<u>10,862,269.36</u>
Total	<u>50,838,439.82</u>

The distribution of profit and reserves of the Company for the year ended 31 December 2011, approved by the shareholders at their annual general meeting held on 12 April 2012, is as follows:

	<u>Euros</u>
<u>Basis of allocation</u>	
Profit for the year	59,018,372.50
<u>Distribution</u>	
Legal reserve	5,901,837.25
Voluntary reserve	<u>53,116,535.25</u>
Total	<u>59,018,372.50</u>

At 31 December non-distributable reserves are as follows:

	<u>Thousands of Euros</u>	
	<u>2012</u>	<u>2011</u>
Non-distributable reserves		
Legal reserve	<u>24,592</u>	<u>18,689</u>
	<u>24,592</u>	<u>18,689</u>

Profit recognised directly in equity cannot be distributed, either directly or indirectly.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(4) Significant Accounting Policies(a) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

In the statement of cash flows, foreign currency transaction cash flows have been translated into Euros at the exchange rates at the dates the cash flows occur.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(b) Intangible assets

Computer software is measured at cost of acquisition and carried at cost, less any accumulated amortisation and impairment. Computer software is amortised by allocating the depreciable amount on a systematic basis over its useful life, which has been estimated at five years from the asset entering normal use.

Capitalised personnel costs of employees who implement computer software are recognised as self-constructed assets in the income statement.

Computer software maintenance costs are charged as expenses when incurred.

(c) Property, plant and equipment

Property, plant and equipment are measured at cost of acquisition. Property, plant and equipment are carried at cost less any accumulated depreciation and impairment.

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	Estimated years of useful life
Other installations	Straight-line	10
Furniture	Straight-line	10
Information technology equipment	Straight-line	4

(d) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments into different categories based on the nature of the instruments and management's intentions on initial recognition.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Financial assets and financial liabilities at fair value through profit or loss

Upon initial recognition the Company designates financial assets and financial liabilities at fair value through profit or loss in the income statement only if:

- it eliminates or significantly reduces the measurement or recognition inconsistency between financial assets and financial liabilities or
- the performance of a group of financial assets, financial liabilities or both is managed and evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy. Information on these financial assets and financial liabilities provided internally to the Company's key management personnel is evaluated on that basis.

This category also includes the derivative financial instruments described in note 11.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

After initial recognition, they are recognised at fair value through profit or loss. Fair value is reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

(iv) Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(v) Investments in Group companies

Investments in Group companies are initially recognised at cost, which is equivalent to the fair value of the consideration given, excluding transaction costs, and are subsequently measured at cost net of any accumulated impairment. The cost of investments in Group companies acquired prior to 1 January 2010 includes transaction costs.

(vi) Interest

Interest is recognised using the effective interest method.

Based on consultation number 2 with the Spanish Accounting and Auditing Institute, published in its Official Gazette number 78, for entities whose ordinary activity is the holding of shares in Group companies and the financing of investees, the dividends and other income – coupons, interest – earned on financing extended to investees, as well as profits obtained from the disposal of investments, except those deriving from the disposal of subsidiaries, jointly controlled entities and associates, constitute revenue in the income statement.

(vii) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(viii) Impairment of financial assets

- Impairment of financial assets carried at amortised cost

In the case of financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For variable income financial assets, the effective interest rate corresponding to the measurement date under the contractual conditions is used.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

The impairment loss is recognised in profit and loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised.

▪ Investments in Group companies

An asset is impaired when its carrying amount exceeds its recoverable amount, the latter of which is understood as the higher of the asset's value in use and fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset.

The carrying amount of the investment includes any monetary receivables or payables of which settlement is neither expected nor probable, excluding items of a commercial nature.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

Impairment losses are recognised and reversed in the income statement.

Impairment of an investment is limited to the amount of the investment, except when contractual, legal or constructive obligations have been assumed by the Company or payments have been made on behalf of the companies.

(ix) Financial liabilities

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit or loss are initially recognised at fair value less any transaction costs directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

(x) Derecognition of financial liabilities

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(xi) Fair value

The fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If available, quoted prices in an active market are used to determine fair value. Otherwise, the Company calculates fair value using recent transaction prices or, if insufficient information is available, generally accepted valuation techniques such as discounting expected cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

(f) Provisions

Provisions are recognised when the Company has a present obligation (legal, contractual, constructive or tacit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of provisions is recognised as a finance cost in the income statement.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(g) Income taxes

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

The Company files consolidated tax returns as part of the 385/08 group headed by EDP Energias de Portugal, S.A. Sucursal en España.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are recognised by the company that generates the profit or loss, using the applicable tax rate.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated Group companies, these tax credits for loss carryforwards are recognised as deferred tax assets using the applicable recognition criteria, considering the tax group as a taxable entity.

The Parent of the Group records the total consolidated income tax payable (recoverable) with a debit (credit) to receivables (payables) from/to Group companies and associates.

The amount of the debt (credit) relating to the subsidiaries is recognised with a credit (debit) to payables (receivables) to/from Group companies and associates.

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Notes to the Annual Accounts

(i) Taxable temporary differences

Taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(ii) Deductible temporary differences

Deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets and if the Company intends to use these opportunities or it is probable that they will be utilised.

(iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

(iv) Offset and classification

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(h) Classification of assets and liabilities as current and non-current

The Company classifies assets and liabilities in the balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months after the reporting date.

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EDP RENOVÁVEIS, S.A.

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- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting date or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting date, even if the original term was for a period longer than twelve months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the annual accounts are authorised for issue.

(i) Environmental issues

- Environmental assets

Assets acquired by the Company to minimise the environmental impact of its activity and to protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are capitalised as property, plant and equipment in the balance sheet at cost of purchase or production and depreciated over their estimated useful lives.

- Environmental expenses

Environmental expenses are the costs derived from managing the environmental effects of the Company's operations and existing environmental commitments. These include expenses relating to the prevention of pollution caused by ordinary activities, waste treatment and disposal, decontamination, restoration, environmental management or environmental audit.

Expenses derived from environmental activities are recognised as operating expenses in the period in which they are incurred.

- Environmental provisions

The Company makes an environmental provision when expenses are probable or certain to arise but the amount or timing is unknown. Where necessary, provision is also made for environmental work arising from any legal or contractual commitments and for those commitments acquired for the prevention and repair of environmental damage.

(j) Related party transactions

Transactions between Group companies are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(k) Hedge accounting

Derivative financial instruments that qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments.

The Company undertakes fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Company has also opted to record hedges of foreign currency risk of a firm commitment as a cash flow hedge.

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis) and the actual effectiveness, which can be reliably measured, is within a range of 80%-125% (retrospective analysis).

The Company hedges net investments in foreign operations in relation to its investment in the Group companies EDP Renewables North America, LLC and EDP Renováveis Brasil S.A.

Hedges of a net investment in a foreign operation

The Company hedges the risk of changes in foreign currency exchange rates derived from investments in Group companies denominated in foreign currency. The hedges are classified as fair value hedges. The portion of gains or losses on the hedging instrument or on the changes in the exchange of the monetary item used as the hedging instrument is recognised as exchange gains or losses. Gains or losses on investments related to the foreign currency amount of the underlying in the annual accounts are recognised as exchange gains or losses in profit and loss with a valuation adjustment for the effective part of the hedge.

(l) Long- and short-term employee benefits

The Company recognises the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(5) Intangible Assets

Details of intangible assets and movement are as follows:

Thousands of Euros				
	Balance at 31/12/2011	Additions	Transfers	Balance at 31/12/2012
Cost				
Computer software	2,708	-	1,178	3,886
Computer software under development	1,088	619	(1,178)	529
	3,796	619	-	4,415
Amortisation				
Computer software	(1,241)	(800)	-	(2,041)
	(1,241)	(800)	-	(2,041)
Carrying amount	2,555	(181)	-	2,374

Thousands of Euros				
	Balance at 31/12/2010	Additions	Disposals	Balance at 31/12/2011
Cost				
Computer software	2,259	449	-	2,708
Computer software under development	7,443	2,449	(8,804)	1,088
	9,702	2,898	(8,804)	3,796
Amortisation				
Computer software	(677)	(564)	-	(1,241)
	(677)	(564)	-	(1,241)
Carrying amount	9,025	2,334	(8,804)	2,555

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Additions to computer software in 2012 and 2011 mainly comprise wind farm management software acquired during those years.

Disposals in 2011 reflect various wind farm management applications invoiced to the Company's subsidiaries EDPR EU and EDPR NA.

At year end the Company has no fully amortised intangible assets.

At 31 December 2012 the Company has no commitments to purchase intangible assets (Euros 405 thousand in 2011).

(6) Property, Plant and Equipment

Details of property, plant and equipment and movement are as follows:

	Thousands of Euros			Balance at 31/12/2012
	Balance at 31/12/2011	Additions	Transfers	
Cost				
Other installations	1,639	-	-	1,639
Furniture	-	-	49	49
Information technology equipment	162	4	430	596
Under construction	479	-	(479)	-
	2,280	4	-	2,284
Depreciation				
Other installations	(251)	(164)	-	(415)
Furniture	-	(5)	-	(5)
Information technology equipment	(87)	(149)	-	(236)
	(338)	(318)	-	(656)
Carrying amount	1,942	(314)	-	1,628

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

	Thousands of Euros			Balance at 31/12/2011
	Balance at 31/12/2010	Additions	Disposals	
Cost				
Other installations	1,357	282	-	1,639
Information technology equipment	143	19	-	162
Under construction	466	13	-	479
	1,966	314	-	2,280
Depreciation				
Other installations	(87)	(164)	-	(251)
Information technology equipment	(46)	(41)	-	(87)
	(133)	(205)	-	(338)
Carrying amount	1,833	109	-	1,942

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

At year end the Company has no fully depreciated property, plant and equipment.

(7) Risk Management Policy

(a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including currency risk and interest rate risk in fair value), credit risk, liquidity risk and interest rate risk in cash flows. The Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

The directors of the Company are responsible for defining general risk management principles and establishing exposure limits. The Company's financial risk management is subcontracted to the Finance Department of EDP Energias de Portugal, S.A. in accordance with the policies approved by the board of directors. The subcontracted service includes the identification and evaluation of hedging instruments.

All operations involving derivative financial instruments are subject to prior approval from the board of directors, which sets the parameters of each operation and approves the formal documents describing the objectives of the operation.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(i) Currency risk

The Company operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially with regard to the US Dollar, the Brazilian Real and the Zloty. Currency risk is associated with recognised assets and liabilities, and net investments in foreign operations.

The Company holds investments in Group companies denominated in a foreign currency, which are exposed to currency risk. Currency risk affecting these investments in US Dollars is mitigated primarily through a derivative financial instrument and borrowings in the corresponding foreign currencies.

Details of the hedged financial assets and the derivative financial instruments obtained to hedge them are provided in notes 8 and 11.

Details of financial assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes 8, 10, 16 and 21.

At 31 December 2012 and 2011, had the Euro strengthened/weakened by 10% against the US Dollar, with the other variables remaining constant, the effect on pre-tax profit would have been as follows:

	Thousands of Euros	
	2012	2011
EUR/USD exchange rate strengthened by 10%	22,695	26,734
EUR/USD exchange rate weakened by 10%	(27,738)	(32,675)

This effect essentially derives from the translation of debt in foreign currencies.

(ii) Credit risk

The Company is not significantly exposed to credit risk as the majority of its balances and transactions are with Group companies. As the counterparties of derivative financial instruments are Group companies, and the counterparties of their derivative financial instruments are highly solvent banks, the Company is not subject to significant counterparty default risk. Guarantees or other derivatives are therefore not requested in this type of operation.

The Company has documented its financial operations in accordance with international standards. The majority of its operations with derivative financial instruments are therefore contracted under “ISDA Master Agreements”, which facilitate the transfer of instruments in the market.

Details of financial assets exposed to credit risk are provided in note 10.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(iii) Liquidity risk

Liquidity risk is the risk that the Company will be unable to comply with its financial commitments on maturity. The Company's approach in managing liquidity risk is to guarantee as far as possible that liquidity will always be available to pay its debts before they mature, in normal conditions and during financial difficulties, without incurring unacceptable losses or compromising the Company's reputation.

Compliance with the liquidity policy ensures that contracted commitments are paid, maintaining sufficient credit facilities. The EDP Renováveis Group manages liquidity risk by contracting and maintaining credit facilities with its majority shareholder, or directly with domestic and international entities in the market, under optimal conditions, to ensure access to the financing required to continue its activities.

Details of financial assets and financial liabilities by contractual maturity date are provided in notes 10 and 16.

(iv) Cash flow and fair value interest rate risks

Given the nature of its activity, the Company has a considerable amount of remunerated assets. Income and cash flows from operating activities are therefore significantly affected by fluctuations in market interest rates.

Interest rate risk arises from loans extended to Group companies and non-current borrowings from Group companies. The loans have fixed interest rates, exposing the Company to fair value risks.

Details of the hedged financial assets and the derivative financial instruments obtained to hedge them are provided in notes 8 and 11.

(8) Investments in Equity Instruments of Group Companies

Details of direct investments in equity instruments of Group companies are as follows:

	Thousands of Euros	
	2012	2011
EDP Renováveis Brasil S.A.	43,972	14,143
EDP Renewables Europe, S.L.U.	884,352	884,352
EDP Renewables North America, LLC	3,160,098	3,288,669
EDP Renewables Canada, Ltd.	2,190	2,190
	<u>4,090,612</u>	<u>4,189,354</u>
	(note 10a)	(note 10a)

No impairment losses have been recognised as a result of the tests performed.

(Continued)

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(a) Investments in Group companies

Details of direct and indirect investments in Group companies are provided in Appendix I.

In 2012 the Company subscribed three share capital increases carried out in its subsidiary EDP Renováveis Brasil, S.A. on 14 December, 26 June and 5 March totalling Euros 30,220 thousand (Brazilian Reais 80,404 thousand).

In 2011 and 2010 the Company subscribed several share capital increases by its subsidiary EDP Renováveis Brasil S.A. totalling Euros 4,760 thousand (Brazilian Reais 11,277 thousand).

In 2012 and 2011 the Company financed its subsidiary EDPR NA by subscribing successive net share capital reductions totalling Euros 64,545 thousand (US Dollars 86,100 thousand) in 2012 and net share capital increases of Euros 77,218 thousand (US Dollars 103,300 thousand) in 2011.

EDP Renewables Canada, Ltd., a solely-owned subsidiary of the Company, was incorporated in 2010 with share capital of Euros 3 thousand. In 2011 the Company subscribed successive share capital increases by its subsidiary EDP Renewables Canada totalling Euros 2,187 thousand (Canadian Dollars 2,995 thousand).

(i) Foreign currency

The functional currencies of foreign operations are the currencies of the countries in which they are domiciled. The net investment in these operations coincides with the carrying amount of the investment.

(ii) Hedged investments

Details of investments, the fair value of which is hedged against currency risk at 31 December 2012 and 2011, are as follows:

	Thousands of Euros	
	2012	2011
EDP Renováveis Brasil S.A.	43,972	-
EDP Renewables North America, LLC. (EDPR NA)	3,160,098	3,288,669
	<u>3,204,070</u>	<u>3,288,669</u>

(Continued)

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In 2012 Company management arranged a hedging instrument to cover the currency risk associated with its Brazilian Reais-denominated investment in EDP Renováveis Brasil S.A. This hedging instrument comprises two swaps arranged for a notional amount of Brazilian Reais 118,000 thousand, equivalent to Euros 45,403 thousand applying the exchange rate at that date. In 2012 the change in fair value of the investment in EDP Renováveis Brasil S.A. totals Euros 1,809 thousand and the change in fair value of the hedging instrument amounts to Euros 1,300 thousand. These amounts have been recognised in exchange gains/losses in the accompanying income statement (see note 11).

To hedge the currency risk arising from the exposure of the investment in EDP Renewables North America, LLC, denominated in a foreign currency, in 2008 Company management contracted a hedging instrument comprising three swaps for a total notional amount of US Dollars 2,632,613 thousand, equivalent to Euros 1,826,175 thousand applying the exchange rate at that date. In 2012 the change in fair value of the investment in EDP Renewables North America, LLC totals Euros 39,323 thousand and the change in fair value of the hedging instrument amounts to Euros 39,323 thousand (Euros 64,410 thousand and Euros 64,410 thousand, respectively, in 2011). These amounts have been recognised in exchange gains/losses in the accompanying income statement (see note 11). The fair value of the hedging instrument at 31 December 2012 totals Euros 169,136 thousand (Euros 208,460 thousand at 31 December 2011), and this has been recognised in non-current payables under non-current liabilities and current payables to Group companies and associates under current liabilities in the accompanying balance sheet (see note 11). At 31 December 2012, the loss relating to the aforementioned net investment hedging operation totalled Euros 2,973 thousand (gain of Euros 14,693 thousand at 31 December 2011). These amounts are pending settlement at 31 December 2012 and are included in the current account with Group companies presented in note 10.

The remaining amount of this investment that is not hedged by the aforementioned operation is covered by hedging operations securing loans of the same currency (see note 16), resulting in exchange gains of Euros 24,702 thousand in 2012 and Euros 39,387 thousand in 2011.

(Continued)

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Notes to the Annual Accounts

(9) Financial Assets by Category

The classification of financial assets by category and class, as well as a comparison of the fair value and the carrying amount, is as follows:

	2012							
	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost		At fair value	Total	At amortised cost or cost		At fair value	Total
	Carrying amount	Fair value			Carrying amount	Fair value		
Assets held for trading								
Derivative financial instruments	-	-	-	-	-	-	8,711	8,711
Total	-	-	-	-	-	-	8,711	8,711
Loans and receivables								
Loans, fixed rate	4,272,201	4,095,370	-	4,272,201	325,082	325,082	-	325,082
Deposits and guarantees	16	16	-	16	-	-	-	-
Other financial assets	208	208	-	208	473,498	473,498	-	473,498
Trade receivables	-	-	-	-	2,842	2,842	-	2,842
Total	4,272,425	4,095,594	-	4,272,425	801,422	801,422	-	801,422
Hedging derivatives								
Traded on OTC markets	-	-	4,691	4,691	-	-	-	-
Total	-	-	4,691	4,691	-	-	-	-
Total financial assets	4,272,425	4,095,594	4,691	4,277,116	801,422	801,422	8,711	810,133

(Continued)

EDP RENOVÁVEIS, S.A.

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	2011							
	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost		At fair value	Total	At amortised cost or cost		At fair value	Total
	Carrying amount	Fair value			Carrying amount	Fair value		
Assets held for trading								
Derivative financial instruments	-	-	7,807	7,807	-	-	2,056	2,056
Total	-	-	7,807	7,807	-	-	2,056	2,056
Loans and receivables								
Loans, fixed rate	4,293,063	4,184,707	-	4,293,063	303,436	303,436	-	303,436
Deposits and guarantees	10	10	-	10	-	-	-	-
Other financial assets	236	236	-	236	346,590	346,590	-	346,590
Trade receivables	-	-	-	-	16,236	16,236	-	16,236
Total	4,293,309	4,184,953	-	4,293,309	666,262	666,262	-	666,262
Total financial assets	4,293,309	4,184,953	7,807	4,301,116	666,262	666,262	2,056	668,318

Net losses and gains by category of financial asset are as follows:

	2012			
	Thousands of Euros			
	Loans and receivables, Group companies	Loans and receivables, third parties	Assets held for trading	Total
Finance income at amortised cost	272,737	195	-	272,932
Change in fair value	-	-	1,039	1,039
Net gains in profit and loss	272,737	195	1,039	273,971

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	2011			
	Thousands of Euros			
	Loans and receivables, Group companies	Loans and receivables, third parties	Assets held for trading	Total
Finance income at amortised cost	274,012	133	-	274,145
Change in fair value	-	-	8,981	8,981
Net gains in profit and loss	274,012	133	8,981	283,126

(10) Investments and Trade Receivables(a) Investments in Group companies

Details of investments in Group companies are as follows:

	Thousands of Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Group				
Equity instruments (note 8)	4,090,612	-	4,189,354	-
Loans	4,272,201	283,369	4,293,063	274,902
Interest	-	41,713	-	28,534
Derivative financial instruments (note 11)	4,691	8,711	7,807	2,056
Other financial assets	-	473,498	-	346,590
	8,367,504	807,291	8,490,224	652,082

Other financial assets comprise current accounts with the Group, which earn daily interest that is settled on a monthly basis. The rate applicable to interest receivable ranges between one-month Euribor plus 1% and one-year Euribor plus 1% whilst the rate applicable to interest payable ranges between one-month Euribor and one-year Euribor.

(Continued)

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Notes to the Annual Accounts

(b) Main characteristics of loans

Details of the main characteristics of loans are as follows.

Type	Currency	Effective rate	Nominal rate	Maturity	2012		
					Thousands of Euros		
					Nominal amount	Carrying amount	
						Current	Non- current
Group	EUR	6.29%	6.29%	2020	50,159	-	50,159
Group	EUR	5.11%	5.11%	2018	886,691	-	886,691
Group	EUR	5.00%	5.00%	2022	189,898	19,989	169,909
Group	EUR	4.81%	4.81%	2022	147,593	15,536	132,057
Group	EUR	5.14%	5.14%	2023	422,796	40,266	382,530
Group	EUR	5.56%	5.56%	2023	251,742	23,975	227,767
Group	EUR	4.80%	4.80%	2016	16,530	4,133	12,397
Group	EUR	6.98%	6.98%	2019	69,178	-	69,178
Group	EUR	6.93%	6.93%	2019	297,663	-	297,663
Group	EUR	6.80%	6.80%	2019	184,332	-	184,332
Group	EUR	5.04%	5.04%	2020	136,093	-	136,093
Group	EUR	4.63%	4.63%	2020	158,481	-	158,481
Group	EUR	5.56%	5.56%	2020	76,771	-	76,771
Group	EUR	6.33%	6.33%	2023	204,253	18,569	185,684
Group	EUR	5.78%	5.78%	2023	121,400	-	121,400
Group	EUR	4.78%	4.78%	2021	303,032	33,670	269,362
Group	EUR	5.67%	5.67%	2023	37,620	3,420	34,200
Group	EUR	5.45%	5.45%	2027	320,063	21,338	298,725
Group	EUR	6.54%	6.54%	2016	241,000	-	241,000
Group	EUR	7.27%	7.27%	2016	68,205	-	68,205
Group	EUR	3.67%	3.67%	2013	56,147	56,147	-
Group	EUR	4.08%	4.08%	2012	26,000	26,000	-
Group	EUR	5.64%	5.64%	2014	570	-	570
Group	EUR	6.72%	6.72%	2014	408	-	408
Group	EUR	5.30%	5.30%	2014	107	-	107
Group	EUR	7.26%	7.26%	2013	10,354	10,354	-
Group	EUR	7.26%	7.26%	2013	4,377	4,377	-
Group	EUR	5.65%	5.65%	2013	5,595	5,595	-
Group	EUR	7.08%	7.08%	2016	21,032	-	21,032
Group	EUR	8.39%	8.39%	2027	45,000	-	45,000
Group	EUR	6.37%	6.37%	2017	14,400	-	14,400
Group	EUR	6.37%	6.37%	2017	43,200	-	43,200
Group	PLN	5.74%	5.74%	2024	26,385	-	26,385
Group	PLN	6.91%	6.91%	2015	17,012	-	17,012
Group	PLN	8.41%	8.41%	2014	75	-	75
Group	PLN	8.44%	8.44%	2014	26,216	-	26,216
Group	PLN	7.21%	7.21%	2014	281	-	281
Group	PLN	8.79%	8.79%	2014	3,442	-	3,442
Group	PLN	10.09%	9.76%	2014	3,719	-	3,719
Group	PLN	9.93%	9.93%	2014	1,154	-	1,154
Group	PLN	10.23%	10.23%	2014	466	-	466
Group	PLN	10.26%	10.26%	2014	1,325	-	1,325
Group	PLN	10.58%	10.58%	2014	220	-	220
Group	PLN	10.65%	10.65%	2014	11,888	-	11,888

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Type	Currency	Effective rate	Nominal rate	Maturity	2012		
					Thousands of Euros		
					Nominal amount	Carrying amount	
						Current	Non-current
Group	PLN	9.47%	9.47%	2014	13,588	-	13,588
Group	PLN	10.09%	10.09%	2014	28,364	-	28,364
Group	PLN	10.37%	10.37%	2021	10,599	-	10,599
Group	PLN	10.72%	10.72%	2021	146	-	146
Total Group					4,555,570	283,369	4,272,201
Total					4,555,570	283,369	4,272,201

All these loans have been extended to EDP Renewables Europe, S.L.U. and its subsidiaries at fixed interest rates.

Type	Currency	Effective rate	Nominal rate	Maturity	2011		
					Thousands of Euros		
					Nominal amount	Carrying amount	
						Current	Non-current
Group	EUR	6.29%	6.29%	2020	50,159	-	50,159
Group	EUR	5.11%	5.11%	2018	886,691	-	886,691
Group	EUR	5.00%	5.00%	2022	209,887	19,989	189,898
Group	EUR	4.81%	4.81%	2022	163,129	15,536	147,593
Group	EUR	5.14%	5.14%	2023	463,062	40,266	422,796
Group	EUR	5.56%	5.56%	2023	275,717	23,975	251,742
Group	EUR	4.80%	4.80%	2016	20,663	4,133	16,530
Group	EUR	6.98%	6.98%	2019	69,178	-	69,178
Group	EUR	6.93%	6.93%	2019	297,663	-	297,663
Group	EUR	6.80%	6.80%	2019	184,332	-	184,332
Group	EUR	5.04%	5.04%	2020	136,093	-	136,093
Group	EUR	4.63%	4.63%	2020	158,481	-	158,481
Group	EUR	5.56%	5.56%	2020	76,771	-	76,771
Group	EUR	6.33%	6.33%	2023	222,822	18,569	204,253
Group	EUR	5.78%	5.78%	2023	121,400	-	121,400
Group	EUR	4.78%	4.78%	2021	336,702	33,670	303,032
Group	EUR	5.67%	5.67%	2023	41,040	3,420	37,620
Group	EUR	5.45%	5.45%	2027	341,401	21,338	320,063
Group	EUR	6.54%	6.54%	2016	241,000	-	241,000
Group	EUR	7.27%	7.27%	2016	58,554	-	58,554
Group	EUR	5.67%	5.67%	2012	54,307	54,307	-
Group	EUR	5.64%	5.64%	2014	570	-	570
Group	EUR	5.62%	5.62%	2012	39,699	39,699	-
Group	EUR	6.72%	6.72%	2014	408	-	408
Group	EUR	5.30%	5.30%	2014	107	-	107
Group	PLN	5.74%	5.74%	2024	22,757	-	22,757
Group	PLN	6.91%	6.91%	2015	15,547	-	15,547
Group	PLN	8.41%	8.41%	2014	69	-	69
Group	PLN	8.44%	8.44%	2014	20,618	-	20,618
Group	PLN	7.21%	7.21%	2014	248	-	248
Group	PLN	8.79%	8.79%	2014	2,890	-	2,890
Group	PLN	9.76%	9.76%	2014	3,398	-	3,398
Group	PLN	9.93%	9.93%	2014	1,054	-	1,054

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Type	Currency	Effective rate	Nominal rate	Maturity	2011		
					Thousands of Euros		
					Nominal amount	Carrying amount	
						Current	Non-current
Group	PLN	10.23%	10.23%	2014	426	-	426
Group	PLN	10.26%	10.26%	2014	1,178	-	1,178
Group	PLN	10.58%	10.58%	2014	201	-	201
Group	PLN	10.65%	10.65%	2014	9,778	-	9,778
Group	PLN	9.47%	9.47%	2014	11,294	-	11,294
Group	PLN	10.09%	10.09%	2014	23,442	-	23,442
Group	PLN	10.37%	10.37%	2021	5,096	-	5,096
Group	PLN	10.72%	10.72%	2021	133	-	133
Total Group					4,567,965	274,902	4,293,063
Total					4,567,965	274,902	4,293,063

All these loans have been extended to EDP Renewables Europe, S.L.U. and its subsidiaries at fixed interest rates.

(c) Classification by maturity

The classification of financial assets by maturity is as follows:

	2012							
	Thousands of Euros							
	2013	2014	2015	2016	2017	Subsequent years	Less current portion	Total non-current
Loans and receivables Loans, fixed rate	325,082	272,719	197,908	511,131	176,763	3,113,680	(325,082)	4,272,201
Deposits and guarantees	-	-	-	-	-	16	-	16
Other financial assets	473,498	-	-	-	-	208	(473,498)	208
Derivative financial instruments	8,711	-	4,691	-	-	-	(8,711)	4,691
Trade receivables from Group companies and associates	2,784	-	-	-	-	-	(2,784)	-
Other receivables	58	-	-	-	-	-	(58)	-
Total	810,133	272,719	202,599	511,131	176,763	3,113,904	(810,133)	4,277,116

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

	2011							
	Thousands of Euros							
	2012	2013	2014	2015	2016	Subsequent years	Less current portion	Total non-current
Loans and receivables Loans, fixed rate	303,436	180,896	256,577	196,443	480,450	3,178,697	(303,436)	4,293,063
Deposits and guarantees	-	-	-	-	-	10	-	10
Other financial assets	346,590	-	-	-	-	236	(346,590)	236
Derivative financial instruments	2,056	-	-	7,807	-	-	(2,056)	7,807
Trade receivables from Group companies and associates	16,143	-	-	-	-	-	(16,143)	-
Other receivables	91	-	-	-	-	-	(91)	-
Total	<u>668,316</u>	<u>180,896</u>	<u>256,577</u>	<u>204,250</u>	<u>480,450</u>	<u>3,178,943</u>	<u>(668,316)</u>	<u>4,301,116</u>

(d) Exchange differences recognised in profit or loss in relation to financial assets

Details of exchange differences recognised in profit or loss in relation to financial instruments, distinguishing between settled and outstanding transactions, are as follows:

	Thousands of Euros			
	2012		2011	
	Settled	Outstanding	Settled	Outstanding
Non-current investments in Group companies and associates	1,461	(54,380)	(1,227)	(74,278)
Hedged investments in Group companies	1,419	(65,835)	-	-
Loans to companies	42	11,455	(1,227)	(9,868)
Hedges of net investments in foreign operations	-	-	-	(64,410)
Trade and other receivables	-	(86)	-	-
Cash and cash equivalents	-	(1,128)	(1,579)	3,596
Total financial assets	<u>1,461</u>	<u>(55,595)</u>	<u>(2,806)</u>	<u>(70,682)</u>

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(11) Derivative financial instruments

Details of derivative financial instruments are as follows:

	2012			
	Thousands of Euros			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	1,507	-	128,915	41,381
Total	1,507	-	128,915	41,381
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	3,184	8,711	1,045	12,956
Total	3,184	8,711	1,045	12,956
Total hedging derivatives	4,691 (note 10a)	8,711 (note 10a)	129,960 (note 15)	54,337 (note 15)

	2011			
	Thousands of Euros			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	-	-	79,184	129,276
Total	-	-	79,184	129,276
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	7,807	2,056	-	2,056
Total	7,807	2,056	-	2,056
Total hedging derivatives	7,807 (note 10a)	2,056 (note 10a)	79,184 (note 15)	131,332 (note 15)

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(a) Fair value hedges

The total amount of gains and losses on hedging instruments and on items hedged under fair value hedges of net investments in Group companies is as follows:

	Thousands of Euros	
	Gains/(losses)	
	2012	2011
Forward exchange contracts		
Net investment hedging swaps (note 8)	40,623	(64,410)
Investments in Group companies (note 8)	(41,132)	64,410
	<u>(509)</u>	<u>-</u>

(b) Forward exchange contracts and swaps

To eliminate the currency risk of a Group subsidiary, in 2012 and 2011 the Company contracted a cross deal whereby it forward sells Polish Zloty to Neo Polska at a fixed price in Euros and simultaneously forward purchases Polish Zloty from EDP-Energías de Portugal, S.A. The nominal amount of these forward contracts is Euros 122 million (Euros 39 million in 2011). The Company contracted this cross deal to hedge the risk of exchange rate fluctuations on purchases of wind turbines payable in Polish Zloty by its subsidiary Neolica Polska SP Z.O.O. The fair value of these instruments, which amounts to Euros 5,883 thousand (Euros 2,056 thousand in 2011), is recognised as an asset under current investments in Group companies and associates and as a liability under current payables to Group companies and associates, as presented in notes 10.a and 16.a, respectively.

In 2012, the Company contracted two cross interest rate swaps for a total notional amount of Polish Zloty 544,376 thousand (Polish Zloty 309,307 thousand in 2011), equivalent to Euros 134,008 thousand (Euros 77,008 thousand in 2011). The fair value of these instruments is recognised as an asset under non-current investments in Group companies and associates for an amount of Euros 3,183 thousand (Euros 7,807 thousand in 2011), and as a liability under non-current payables for an amount of Euros 1,045 thousand, as presented in notes 10.a and 16.a.

In 2012 the Company arranged a futures contract on the US Dollar exchange rate for a notional amount of US Dollars 329,000 thousand, equivalent to Euros 253,272 thousand. The fair value of this instrument, which amounts to Euros 3,897 thousand, is recognised under current payables to Group companies and associates, as presented in note 16.a.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

To eliminate the currency risk of a Group subsidiary, in 2012 the Company contracted a cross deal whereby it forward sells Romanian Leu to EDPR Romania S.R.L. at a fixed price in Euros and simultaneously forward purchases Romanian Leu from EDP-Energias de Portugal, S.A. The nominal amount of these forward contracts is Euros 44 million. The fair value of these instruments, which amounts to Euros 2,828 thousand, is recognised as an asset under current investments in Group companies and associates and as a liability under current payables to Group companies and associates, as presented in notes 10.a and 16.a, respectively.

Moreover, the Company has arranged a futures contract on the Romanian Leu exchange rate for a notional amount of Euros 18,300 thousand. The fair value of this instrument, which amounts to Euros 348 thousand, is recognised under current payables to Group companies and associates, as presented in note 16.a.

(12) Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2012	2011
Cash in hand and at banks	541	788
Current bank deposits	-	-
	<u>541</u>	<u>788</u>

(13) Equity

Details of equity and movement during 2012 and 2011 are shown in the statement of changes in equity.

(a) Subscribed capital

At 31 December 2012 and 2011, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights and are freely transferable.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Companies that hold a direct or indirect interest of at least 10% in the share capital of the Company at 31 December 2012 and 2011 are as follows:

Company	2012 and 2011	
	Number of shares	Percentage ownership
EDP - Energías de Portugal, S.A. Sucursal en España	541,027,156	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%
Other (*)	196,024,306	22.47%
	<u>872,308,162</u>	<u>100.00%</u>

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008 the Company carried out several share capital increases that were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDP Renewables Europe, S.L.U.

These contributions availed of the special tax treatment for mergers, spin-offs, transfers of assets and conversion of securities foreseen in Section VII, Chapter VIII of Royal Decree-Law 4/2004 of 5 March 2004 which approved the revised Spanish Income Tax Law. The disclosures required by prevailing legislation were included in the annual accounts for 2007 and 2008.

(b) Share premium

This reserve is freely distributable.

(c) Reserves

Details of reserves and movement during the year reflect the proposed distribution of profit approved by the shareholders (see note 3).

(i) Legal reserve

Pursuant to the revised Spanish Companies Act, in force since 1 September 2010, companies are required transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. Although the legal reserve can be used to increase share capital, until it reaches an amount equal to 20% of share capital it can only be used to offset losses if no other reserves are available and cannot be used for any other purpose. At 31 December 2012 and 2011, the Company has not appropriated to this reserve the minimum amount required by law.

(ii) Voluntary reserve

These reserves are freely distributable.

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(iii) *Negative reserve for costs of the public share offering*

As a result of the public share offering, the Company has incurred a number of expenses associated with the share capital increase, which have been recognised in this caption net of the tax effect.

(14) Provisions

Movement in provisions in 2012 and 2011 is as follows:

		Thousands of Euros			
		Balance at 31/12/2011	Charges	Applications	Reversals
					Balance at 31/12/2012
Non-current provisions					
Long-term employee benefits		1,015	456	-	(595)
					876
		Thousands of Euros			
		Balance at 31/12/2010	Charges	Applications	Reversals
					Balance at 31/12/2011
Non-current provisions					
Long-term employee benefits		-	1,015	-	-
					1,015
Current provisions					
Provisions		13,766	-	(9,573)	(4,193)
					-

In 2012 and 2011, provisions were recognised with a charge to personnel expenses. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

In 2011, the Company settled its obligations of Euros 9,573 thousand relating to the provision recorded in 2010. An amount of Euros 4,193 thousand was recognised under other operating income reflecting the surplus provision made in 2010, which was reversed in 2011 following settlement of the obligations.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(15) Financial Liabilities by Category

The classification of financial liabilities by category and class and a comparison of the fair value with the carrying amount are as follows:

	2012							
	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Liabilities held for trading								
Derivative financial instruments	-	-	1,045	1,045	-	-	12,956	12,956
Total	-	-	1,045	1,045	-	-	12,956	12,956
Debts and payables								
Group companies								
Fixed rate	2,843,115	2,654,426	-	2,843,115	120,051	120,051	-	120,051
Variable rate	-	-	-	-	152,295	152,295	-	152,295
Trade and other payables	-	-	-	-	15,856	15,856	-	15,856
Total	2,843,115	2,654,426	-	2,843,115	288,202	288,202	-	288,202
Hedging derivatives								
Traded on OTC markets	-	-	128,915	128,915	-	-	41,381	41,381
Total	-	-	128,915	128,915	-	-	41,381	41,381
Total financial liabilities	<u>2,843,115</u>	<u>2,654,426</u>	<u>129,960</u>	<u>2,973,075</u>	<u>288,202</u>	<u>288,202</u>	<u>54,337</u>	<u>342,539</u>

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

		2011							
		Thousands of Euros							
		Non-current				Current			
		At amortised cost or cost				At amortised cost or cost			
		Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Liabilities held for trading									
Derivative financial instruments		-	-	-	-	-	-	2,056	2,056
Total		-	-	-	-	-	-	2,056	2,056
Debts and payables									
Group companies									
Fixed rate		2,986,433	2,558,364	-	2,986,433	2,432	2,432	-	2,432
Variable rate		-	-	-	-	117,433	117,433	-	117,433
Trade and other payables		-	-	-	-	18,683	18,683	-	18,683
Total		2,986,433	2,558,364	-	2,986,433	138,548	138,548	-	138,548
Hedging derivatives									
Traded on OTC markets		-	-	79,184	79,184	-	-	129,276	129,276
Total				79,184	79,184			129,276	129,276
Total financial liabilities		2,986,433	2,558,364	79,184	3,065,617	138,548	138,548	131,332	269,880

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Net losses and gains by financial liability category are as follows:

	2012			
	Thousands of Euros			
	Debts and payables, Group companies	Debts and payables, third parties	Liabilities held for trading	Total
Finance costs at amortised cost	181,384	1,309	-	182,693
Change in fair value	-	-	6,334	6,334
Total	<u>181,384</u>	<u>1,309</u>	<u>6,334</u>	<u>189,027</u>

	2011			
	Thousands of Euros			
	Debts and payables, Group companies	Debts and payables, third parties	Liabilities held for trading	Total
Finance costs at amortised cost	156,606	636	-	157,242
Total	<u>156,606</u>	<u>636</u>	<u>-</u>	<u>157,242</u>

(16) Payables and Trade Payables(a) Group companies

Details of payables to Group companies are as follows:

	Thousands of Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Group				
Group companies	2,843,115	119,607	2,986,433	-
Interest	-	444	-	2,432
Suppliers of fixed assets, Group companies	-	40	-	43
Derivative financial instruments (note 11)	129,960	54,337	79,184	131,332
Current account with Group companies		152,255	-	116,939
Total	<u>2,973,075</u>	<u>326,683</u>	<u>3,065,617</u>	<u>250,746</u>

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

The current account with Group companies accrues daily interest, which is settled or collected on a monthly basis. The rate applicable to interest receivable ranges between one-month Euribor plus 1% and one-year Euribor plus 1% whilst the rate applicable to interest payable ranges between the one-month Euribor and one-year Euribor.

At 31 December 2012 and 2011, Group companies reflect ten fixed-interest loans obtained from EDP Finance BV.

(b) Payables

Details of payables are as follows:

	Thousands of Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Unrelated parties				
Suppliers of fixed assets	-	-	-	390
Interest	-	11	-	39
Other	-	928	-	22
Total	-	939	-	451

At 31 December 2011, payables to suppliers of fixed assets reflected invoices payable to suppliers of computer software.

(c) Main characteristics of payables

The terms and conditions of loans and payables are as follows:

Type	Currency	Effective rate	Nominal rate	Maturity	2012		
					Thousands of Euros		
					Nominal amount	Carrying amount	
						Current	Non-current
Group	EUR	4.66%	4.66%	2018	890,275	-	890,275
	EUR	6.93%	6.93%	2019	186,644	-	186,644
	EUR	5.04%	5.04%	2020	133,124	-	133,124
	EUR	6.54%	6.54%	2016	241,000	-	241,000
	USD	4.57%	4.57%	2018	1,116,252	-	1,116,252
	USD	7.86%	7.86%	2019	172,923	-	172,923
	USD	7.30%	7.30%	2019	102,897	-	102,897
	USD	7.40%	7.40%	2013	38,002	38,002	-
	USD	8.35%	8.35%	2013	36,215	36,215	-
	USD	7.50%	7.50%	2013	39,427	39,427	-
Total					2,956,759	113,644	2,843,115

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

On 26 December 2012 an agreement was reached with EDP Finance BV for the early repayment of three US Dollar loans. The costs incurred as a result of early repayment total Euros 5,963 thousand. These have been recognised as finance costs on payables to Group companies in the income statement and presented as an increase in the balance payable to EDP Finance BV under current payables to Group companies and associates.

Type	Currency	Effective rate	Nominal rate	Maturity	2011		
					Thousands of Euros		
					Nominal amount	Carrying amount	
						Current	Non-current
Group	EUR	4.66%	4.66%	2018	890,275	-	890,275
	EUR	6.93%	6.93%	2019	186,644	-	186,644
	EUR	5.04%	5.04%	2020	133,124	-	133,124
	EUR	6.54%	6.54%	2016	241,000	-	241,000
	USD	4.57%	4.57%	2018	1,138,251	-	1,138,251
	USD	7.86%	7.86%	2019	176,331	-	176,331
	USD	7.30%	7.30%	2019	104,925	-	104,925
	USD	7.40%	7.40%	2020	38,751	-	38,751
	USD	8.35%	8.35%	2019	36,929	-	36,929
	USD	7.50%	7.50%	2021	40,203	-	40,203
Total					<u>2,986,433</u>	<u></u>	<u>2,986,433</u>

(d) Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Group				
Suppliers	-	12,622	-	13,106
			-	13,106
Unrelated parties				
Trade payables	-	1,395	-	1,555
Salaries payable	-	1,839	-	4,022
Public entities, other (note 18)	-	276	-	283
	-	3,510	-	5,860
Total	<u>-</u>	<u>16,132</u>	<u>-</u>	<u>18,966</u>

Payables to Group companies and associates mainly comprise expenses invoiced by EDP Energías de Portugal, S.A. and EDP Energías de Portugal, S.A. (Sucursal en España), primarily for management and IT services and use of the trademark.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(e) Classification by maturity

The classification of financial liabilities by maturity is as follows:

	2012							
	Thousands of Euros							
	2013	2014	2015	2016	2017	Subsequent years	Less current portion	Total non-current
Derivative financial instruments	54,337	-	-	-	129,960	-	(54,337)	129,960
Group companies and associates	272,346	-	-	241,000	-	2,602,115	(272,346)	2,843,115
Trade and other payables	15,856	-	-	-	-	-	(15,856)	-
Total financial liabilities	<u>342,539</u>	<u>-</u>	<u>-</u>	<u>241,000</u>	<u>129,960</u>	<u>2,602,115</u>	<u>(342,539)</u>	<u>2,973,075</u>

	2011							
	Thousands of Euros							
	2012	2013	2014	2015	2016	Subsequent years	Less current portion	Total non-current
Derivative financial instruments	131,332	-	-	-	-	79,184	(131,332)	79,184
Group companies and associates	119,414	-	-	-	-	2,986,433	(119,414)	2,986,433
Current payables	451	-	-	-	-	-	(451)	-
Trade and other payables	18,683	-	-	-	-	-	(18,683)	-
Total financial liabilities	<u>269,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,065,617</u>	<u>(269,880)</u>	<u>3,065,617</u>

(f) Exchange differences recognised in profit or loss in relation to financial liabilities

Details of exchange differences recognised in profit or loss in relation to financial instruments, distinguishing between settled and outstanding transactions, are as follows:

	Thousands of Euros			
	2012		2011	
	Settled	Outstanding	Settled	Outstanding
Group companies and associates, non-current	9	30,357	-	(51,545)
Hedges of net investments in foreign operations	-	40,623	-	-
Trade and other payables	(35)	100	(9)	(100)
Total financial liabilities	<u>(26)</u>	<u>71,080</u>	<u>(9)</u>	<u>(51,645)</u>

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(17) Late Payments to Suppliers. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010

Pursuant to the third additional provision of Law 15/2010 of 5 July 2010, which amends Law 3/2004 and contains measures to combat late payments in commercial transactions, companies are required to expressly disclose information on payment periods with suppliers in the notes to the annual accounts. Details of payments to suppliers in 2012 and 2011 (highlighting the amounts that exceeded the maximum legal payment period), the weighted average period by which payments are past-due and the outstanding amount payable that exceeds the legal payment period at year end are as follows:

	Payments made and outstanding at the balance sheet date			
	2012		2011	
	Amount	%	Amount	%
Within maximum legal period	5,765	39%	7,672	65%
Other	9,040	61%	4,180	35%
Total payments for the period	14,805	100%	11,852	100%
Weighted average late payment days	129	-	48	-
Late payments for which the maximum legal payment term has been exceeded at the reporting date	3,999	-	5,274	-

Euros 3,924 thousand of the past-due suppliers balance at the 2012 year end is payable to Group companies (Euros 5,194 thousand in 2011).

This law stipulates a maximum legal payment period of 75 days in 2012 and 85 days in 2011. The Company has applied this criterion when preparing the information required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 December 2010 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions, and as such the information for 2012 and 2011 is not directly comparable.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(18) Taxation

Details of balances with public entities are as follows:

	Thousands of Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	17,248	-	2,109	-
Current tax assets	-	-	-	11
	<u>17,248</u>	<u>-</u>	<u>2,109</u>	<u>11</u>
Liabilities				
Deferred tax liabilities	29,866	-	28,117	-
Value added tax and similar taxes	-	276	-	283
	<u>29,866</u>	<u>276</u>	<u>28,117</u>	<u>283</u>

The Company files consolidated income tax and value added tax returns. The parent of this consolidated tax group is EDP-Energías de Portugal, S.A. Sucursal en España. At 31 December 2012 the Company has recognised income tax payable of Euros 35,220 thousand (Euros 18,148 thousand in 2011) and VAT payable of Euros 797 thousand (Euros 1,490 thousand in 2011). These balances are recognised in the current account with the Parent (see note 20.a).

The Company has the following main applicable taxes open to inspection by the Spanish taxation authorities:

Tax	Years open to inspection
Income tax	2009 to 2011
Value added tax	2009 to 2012
Personal income tax	2009 to 2012
Capital gains tax	2009 to 2012
Business activities tax	2009 to 2012
Social Security	2009 to 2012
Non-residents	2009 to 2012

The Company's income tax and value added tax for 2007 and 2008 were subject to an inspection in 2010, which was concluded in 2011.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any case, the Parent Company directors do not consider that any such liabilities that could arise would have a significant effect on the annual accounts.

(a) Income taxes

The Company files consolidated tax returns as part of the tax group headed by EDP Energías de Portugal, S.A. Sucursal en España, which includes Hidroeléctrica del Cantábrico, S.A., Hidrocantábrico Distribución Eléctrica, S.A., Hidrocantábrico Energía, S.A., Hidrocantábrico Soluciones Comerciales, S.A., Hidrocantábrico Servicios, S.A., EDP Servicios Financieros España, S.A., Hidrocantábrico Cogeneración, S.L., Energía e Industria de Toledo, S.A., Cerámica Técnica de Illescas Cogeneración, S.A., Tratamientos Ambientales Sierra de la Tercia, S.A., Sinova Medioambiental, S.A., Iniciativas Tecnológicas de Valoración Energética de Residuos, S.A., HC Energia Gas, S.L., EDP Renewables Europe, S.L.U., EDP Renovables España S.L., EDPR Servicios Financieros S.L., NEO Energía Aragón, S.L., P.E. Plana de Artajona, S.L., P.E. Montes de Castejón, S.L., P.E. Los Cantales, S.L., Iberia Aprovechamientos Eólicos, S.A., Corporación Empresarial de Renovables Alternativas, S.L.U., Compañía Eléctrica de Energías Renovables Alternativas, S.A.U., Acampo Arias, S.L., Bont Vent de Corbera, S.L., Bont Vent de Vilalba, S.L., Desarrollos Eólicos de Galicia, S.A., Desarrollos Eólico de Tarifa, SAU, Desarrollos Eólicos de Corme, S.A., Desarrollos Eólicos Buenavista, SAU, Desarrollos Eólicos de Lugo, SAU, Desarrollos Eólicos Rabosera, S.A., Desarrollos Eólicos Almarchal, SAU, Desarrollos Eólicos Dumbría, SAU, Eólica Muxia S.L., Eólica La Janda, S.L., Eólica Guadalteba S.L., Eólica Fontesilva S.L., EDP Renovaveis Cantabria S.L., Eneroliva, S.A., Eólica Curiscao Pumar, S.A., Parques Eólicos del Cantábrico, S.A., Energías Eolicas de la Manchuela, S.A., Parque Eólico Belchite, S.L., Siesa Renovables Canarias, S.L., Eólica Don Quijote S.L., Eólica Dulcinea S.L., Eólica Sierra de Avila S.L., Eólica de Radona, S.L., Eólica La Navica, S.L., Eólica Garcimuñoz, S.L., Parc Eólic Serra Voltorera, S.L., Parc Eólic Coll de la Garganta, S.L., Bont Vent de L'Ébre, S.L., and Iberenergia, S.A.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

A reconciliation of net income and expenses for the year with the taxable income is as follows:

	2012		
	Thousands of Euros		
	Income statement		
	Increases	Decreases	Net
Profit for the year			50,838
Income tax	21,838	-	21,838
Profit before income tax			72,676
Permanent differences	104	-	104
Temporary differences:	58,024	(13,393)	44,631
originating in current year	58,024	-	58,024
originating in prior years	-	(13,393)	(13,393)
Taxable income			117,411

	2011		
	Thousands of Euros		
	Income statement		
	Increases	Decreases	Net
Profit for the year			59,018
Income tax			23,743
Profit before income tax			82,761
Permanent differences	-	(3,612)	(3,612)
Temporary differences:	6,455	(20,521)	(14,066)
originating in current year	6,455	-	6,455
originating in prior years	-	(20,521)	(20,521)
Taxable income			65,083

Decreases due to permanent differences in 2011 reflect costs relating to the recognition of the provision mentioned in note 14, which is considered to be a non-deductible expense.

Increases due to temporary differences totalling Euros 54,101 thousand in 2012 essentially reflect the limited deductibility of net finance costs under Royal Decree 12/2012. The remaining increases due to temporary differences reflect salaries payable and other non-deductible items, as well as costs relating to the recognition of the provision mentioned in note 14, considered non-deductible expenses. In 2011 these increases related to expenses for the rendering of services considered to be non-deductible.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Decreases due to temporary differences in 2012 reflect the tax amortisation of the financial goodwill of EDPR NA, salaries payable and other non-deductible items in 2011. In 2011 these decreases reflected the tax amortisation of the financial goodwill of EDPR NA, salaries payable and other non-deductible items in 2010.

The relationship between the tax expense and accounting profit for the year is as follows:

	2012		
	Thousands of Euros		
	Profit or loss	Equity	Total
Profit for the year	72,676	-	72,676
Tax at 30%	21,803	-	21,803
Non-deductible expenses			
Provisions	31	-	31
Prior years' adjustments	4	-	4
Deductions and credits for the current year	-	-	-
Income tax expense	<u>21,838</u>	<u>-</u>	<u>21,838</u>

	2011		
	Thousands of Euros		
	Profit or loss	Equity	Total
Profit for the year	82,761	-	82,761
Tax at 30%	24,828	-	24,828
Non-deductible expenses			
Provisions	(1,083)	-	(1,083)
Prior years' adjustments	(2)	-	(2)
Deductions and credits for the current year	-	-	-
Income tax expense	<u>23,743</u>	<u>-</u>	<u>23,743</u>

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Details of the income tax expense are as follows:

	Thousands of Euros	
	2012	2011
Current tax		
Present year	35,223	19,525
Other	4	(2)
	<u>35,227</u>	<u>19,523</u>
Deferred tax		
Source and reversal of temporary differences		
Provisions	2,268	2,832
Tax amortisation of EDPR NA goodwill	1,750	1,750
Limited deductibility of finance costs under RD 12/2012	(16,230)	-
Salaries payable and other items	(1,177)	(362)
	<u>(13,389)</u>	<u>4,220</u>
	<u>21,838</u>	<u>23,743</u>

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	Thousands of Euros					
	Assets		Liabilities		Net	
	2012	2011	2012	2011	2012	2011
Tax amortisation of EDPR NA goodwill	-	-	(29,866)	(28,117)	(29,866)	(28,117)
Salaries payable and other items	1,018	2,109	-	-	1,018	2,109
Limited deductibility of finance costs under RD 12/2012	16,230	-	-	-	16,230	-
Total assets/liabilities	<u>17,248</u>	<u>2,109</u>	<u>(29,866)</u>	<u>(28,117)</u>	<u>(12,618)</u>	<u>(26,008)</u>

As a result of the additional taxes raised in the tax inspection of 2007 and 2008, in 2011 the Company reduced deferred tax liabilities by Euros 4,254 thousand, reflecting the amount paid to the taxation authorities in respect of the tax amortisation of EDPR NA goodwill for 2007.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

	Thousands of Euros	
	2012	2011
Tax amortisation of EDPR NA goodwill	(29,866)	(28,117)
Limited deductibility of finance costs under RD 12/2012	16,230	-
Net	(13,636)	(28,117)

(19) Environmental Information

Given that the business nature of the Corporation does not include directly, but indirectly through the companies integrating the Group, the development, construction and operation of electricity generation facilities, it is not considered necessary to make investments through the Corporation to prevent or correct environmental impacts, or make any environmental provisions.

However, on behalf of the Group companies in the development of new facilities, a number of environmental studies, in compliance with the prevailing legislation, and consequent preventive, corrective and compensatory measures, have been carried out. These investments have been recognised as an increase in property, plant and equipment under construction.

These annual accounts do not detail any other environmental costs.

The directors consider that no significant environmental contingencies exist.

(20) Related Party Balances and Transactions(a) Related party balances

Balances receivable from and payable to Group companies and related parties, including key management personnel and directors, and the main details of these balances, are disclosed in notes 10 and 16.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Details of balances by category are as follows:

	2012			
	Thousands of Euros			
	Parent	Group companies	Directors	Total
Non-current investments in Group companies	-	4,090,612	-	4,090,612
Non-current investments	-	4,272,201	-	4,272,201
Total non-current assets	-	8,362,813	-	8,362,813
Trade and other receivables	-	2,784	-	2,784
Current investments	154,691	643,889	-	798,580
Cash and cash equivalents	-	-	-	-
Total current assets	154,691	646,673	-	801,364
Total assets	154,691	9,009,486	-	9,164,177
Payables to Group companies, non-current	-	2,843,115	-	2,843,115
Total non-current liabilities	-	2,843,115	-	2,843,115
Current accounts with Group companies	-	152,295	-	152,295
Current payables	-	120,051	-	120,051
Trade and other payables	7,801	4,821	-	12,622
Total current liabilities	7,801	277,167	-	284,968
Total liabilities	7,801	3,120,282	-	3,128,083

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

	2011			
	Thousands of Euros			
	Parent	Group companies	Directors	Total
Non-current investments in Group companies	-	4,189,354	-	4,189,354
Non-current investments	-	4,293,063	-	4,293,063
Total non-current assets	-	8,482,417	-	8,482,417
Trade and other receivables	-	16,143	-	16,143
Current investments	179,074	480,815	-	659,889
Cash and cash equivalents	-	-	-	-
Total current assets	179,074	496,958	-	676,032
Total assets	179,074	8,979,375	-	9,158,449
Payables to Group companies, non-current	-	2,986,433	-	2,986,433
Total non-current liabilities	-	2,986,433	-	2,986,433
Current accounts with Group companies	-	116,939	-	116,939
Current payables	-	4,531	-	4,531
Trade and other payables	6,996	6,110	-	13,106
Total current liabilities	6,996	127,580	-	134,576
Total liabilities	6,996	3,114,013	-	3,121,009

At 31 December 2012 and 2011 all derivative financial instruments held by the Company have been arranged with Group companies.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(b) Related party transactions

The Company's transactions with related parties are as follows:

	2012		
	Thousands of Euros		
	Group companies	Directors	Total
Income			
Other services rendered	32	-	32
Finance income (notes 9 and 21.a)	272,737	-	272,737
	272,769	-	272,769
Expenses			
Operating lease expenses and royalties	(2,232)	-	(2,232)
Other services received	(7,560)	-	(7,560)
Personnel expenses			
Salaries	-	(1,851)	(1,851)
Finance costs (note 15)	(181,384)	-	(181,384)
	(191,176)	(1,851)	(193,027)
	81,593	(1,851)	79,742
	2011		
	Thousands of Euros		
	Group companies	Directors	Total
Income			
Other services rendered	695	-	695
Finance income (notes 9 and 21.a)	274,012	-	274,012
	274,707	-	274,707
Expenses			
Operating lease expenses and royalties	(2,169)	-	(2,169)
Other services received	(7,479)	-	(7,479)
Personnel expenses			
Salaries	-	(2,454)	(2,454)
Finance costs (note 15)	(156,606)	-	(156,606)
	(166,254)	(2,454)	(168,708)
	108,453	(2,454)	105,999

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

Other services rendered mainly reflect management support services and various costs passed on to subsidiaries.

Operating lease expenses and royalties essentially reflect the lease payments for the Company's offices and royalties for using the EDP Group's trademarks.

Other services received comprise various management services, specifically for loan of personnel and other items.

Furthermore, in 2011 the Company sold various wind farm management applications to the Group subsidiaries EDPR EU and EDPR NA (see note 5).

(c) Information on the Company's directors and key management personnel

In 2012 the directors of the Company have accrued remuneration of Euros 963 thousand (Euros 1,063 thousand in 2011) in respect of their position as directors. Mrs. Ana Maria Fernandes resigned as Chief Executive Officer of EDPR on February 28th, 2012. The remuneration mentioned above refers only to the months when she was still on duty paid in 2012 and adjustments paid on February 2013.

On 4 November 2008, EDP Energias de Portugal, S.A. and the Company entered into a contract whereby the former renders executive management services to the latter, including matters relating to its day-to-day administration. By virtue of this contract, EDP Energias de Portugal, S.A. appointed four members of the Company's executive committee, for which the Company pays an amount determined by the board of directors.

This contract expired on 18 March 2011 and was replaced by a new executive management services contract signed on 4 May 2011 between EDP Energias de Portugal, S.A. and the Company, effective from 18 March 2011. This contract stipulates the conditions under which EDP Energias de Portugal, S.A. renders executive management services to the Company, including matters relating to its day-to-day administration. By virtue of this contract, EDP Energias de Portugal, S.A. appoints three members of the Company's executive committee, for which the Company pays an amount determined by the remuneration committee.

Pursuant to this contract, the Company has recognised payments for management services provided totalling Euros 1,295 thousand in 2012 (variable and fixed remuneration) and Euros 380 thousand in 2011 (fixed remuneration) as other services, under external services in the income statement.

The Company's key management personnel, who have also acted as directors since their appointment in 2011, have earned monetary remuneration of Euros 906 thousand in 2012 (Euros 1,391 thousand in 2011) in connection with the executive duties carried out at the Company. Key management personnel received no significant non-monetary remuneration in 2012.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

The directors and key management personnel have not received any loans or advances and the Company has not extended any guarantees on their behalf. The Company has no pension or life insurance obligations with its former or current directors in 2012 or 2011.

- (d) Transactions other than ordinary business or under terms differing from market conditions carried out by the directors of the Company

In 2012 and 2011 the directors have not carried out any transactions other than ordinary business with the Company or applying terms that differ from market conditions.

- (e) Investments and positions held by directors

Details of investments held by the directors and their related parties in companies with identical, similar or complementary statutory activities to that of the Company, as well as positions held and functions and activities performed in these companies, are shown in Appendix II, which forms an integral part of this note to the annual accounts.

(21) Income and Expenses

- (a) Revenues

Details of revenues by category of activity and geographical market are as follows:

	Thousands of Euros					
	Domestic		Rest of Europe		Total	
	2012	2011	2012	2011	2012	2011
Finance income	258,457	261,353	14,280	12,659	272,737	274,012

- (b) Foreign currency transactions

Details of income and expenses denominated in foreign currencies are as follows:

	Thousands of Euros	
	2012	2011
Income		
Financial instruments	12,495	7,660
Finance income	12,495	7,660
Expenses		
Financial instruments	(84,049)	(77,981)
Finance costs	(84,049)	(77,981)
Net	(71,554)	(70,321)

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

The Company's main foreign currency transactions are carried out in US Dollars and Polish Zlotys.

(c) Employee benefits expense

Details of employee benefits expense are as follows:

	Thousands of Euros	
	2012	2011
Employee benefits expense		
Social Security payable by the Company	1,116	870
Other employee benefits expenses	578	537
	<u>1,694</u>	<u>1,407</u>

(d) External services

Details of external services are as follows:

	Thousands of Euros	
	2012	2011
Leases	918	835
Royalties	1,501	1,500
Independent professional services	2,275	1,932
Advertising and publicity	726	727
Other services	11,696	10,521
	<u>17,116</u>	<u>15,515</u>

Leases mainly include the rental of the Company's offices. There are no non-cancellable payments at 31 December 2012 and 2011.

Other services primarily include management support, communications and maintenance expenses, as well as travel costs.

At 31 December 2012 the Company has commitments to purchase external services amounting to Euros 1,784 thousand within one year, Euros 24 thousand within two years and Euros 6 thousand within three years (in 2011 Euros 1,119 thousand within one year).

(e) Other operating income

Other operating income in 2011 basically reflects the reversal of the surplus provision cancelled during that year (see note 14).

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(22) Employee Information

The average headcount of the Company in 2012 and 2011, distributed by category, is as follows:

	Number	
	2012	2011
Management	18	19
Senior technicians	70	73
Technicians	4	2
Administrative staff	4	5
	<u>96</u>	<u>99</u>

At year end the distribution by gender of Company personnel and the members of the board of directors is as follows:

	Number		Number	
	2012		2011	
	Male	Female	Male	Female
Management	13	4	18	2
Senior technicians	52	25	66	30
Technicians	4	1	4	3
Administrative staff	3	1	2	2
	<u>72</u>	<u>31</u>	<u>90</u>	<u>37</u>

In 2012, the fourteen members of the board of directors are male (one of the seventeen members in 2011 was female).

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EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(23) Audit Fees

KPMG Auditores, S.L., the auditors of the individual and consolidated annual accounts of the Company, and other individuals and companies related to the auditors as defined by Audit Law 19/1988 of 12 July 1988, have invoiced the Company the following net fees for professional services during the years ended 31 December 2012 and 2011:

	Thousands of Euros	
	2012	2011
Audit services, individual and consolidated annual accounts	130	130
Assurance services	5	3
Review services for internal control over financial reporting	180	-
	<u>315</u>	<u>133</u>

Audit services detailed in the above table include the total fees for services rendered in 2012 and 2011.

Other companies related to KPMG International have invoiced the Company as follows:

	Thousands of Euros	
	2012	2011
Audit-related services	-	219
Audit services, consolidated annual accounts	96	96
Other services	33	-
	<u>129</u>	<u>315</u>

(24) Commitments

At 31 December 2012 the Company has extended guarantees to suppliers of wind turbines on behalf of Group companies amounting to Euros 268 million (0 in 2011), including guarantees of US Dollars 353 million. The Company has deposited guarantees with financial institutions on behalf of Group companies amounting to Euros 536 million (Euros 483 million in 2011), including guarantees of US Dollars 226 million (US Dollars 395 million in 2011).

The Company's directors do not expect any significant liabilities to arise from these guarantees.

(Continued)

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

(25) Events After the Reporting Date

In early January 2013 the EDP Renováveis Group carried out a number of operations aimed at reorganising the Group's finances in order to maximise the efficiency of financing between Group companies.

EDP R Servicios Financieros España, S.L. was incorporated in 2012. Once the above operations have been completed, this company will become the financial entity of the EDP Renováveis Group.

As part of this restructuring, in January 2013 EDP Renewables Europe, S.L.U., a subsidiary of EDP Renováveis, S.A., subscribed a share capital increase at EDP R Servicios Financieros España, S.L. through the non-monetary contribution of loans extended to its subsidiaries and other loans obtained from EDP Renováveis, S.A.

EDP Renováveis, S.A. has also subscribed a share capital increase at EDP R Servicios Financieros España, S.L. through the non-monetary contribution of the loans extended to its subsidiaries and loans received from EDP Finance, B.V. The EDP Renováveis Group has also transferred the majority of its finance department to the new financial entity as part of this restructuring.

EDP Renováveis, S.A. has subscribed a further share capital increase at EDP R Servicios Financieros España, S.L. for an amount of Euros 580 million, and an additional share capital increase at EDP Renewables Europe, S.L.U. for an amount of Euros 2,195 million.

As a result of the above operations, EDP Renováveis, S.A. holds a 70% interest in the financial entity, whilst the remaining 30% is held by EDP Renewables Europe, S.L.U.

(Continued)

Information on Investments in Group Companies

31 December 2012

Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Thousands of Euros					
						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
EDP RENEWABLES EUROPE, S.L.	Oviedo, Spain	100%	-	KPMG	Holding company	30,000	93,240	-	95,602	95,602	218,842
Edpr Ro Pv.SRL	Romania	0.1%	99.9%	Unaudited	Holding company	2	1,951	-	84	84	2,037
					Wind farm installation						
Edpr España, SL.	Spain	-	100%	KPMG	and assembly	8,061	469,314	-	47,535	47,535	524,910
Edpr Polska, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	121,228	2,355	10	5,799	5,799	129,392
					Other economic						
Tarcan, B.V	Netherlands	-	100%	KPMG	activities	20	8,904	-	3,075	3,075	11,999
Greenwind, S.A.	Belgium	-	70%	KPMG	Wind energy production	24,924	3,747	(489)	3,172	3,172	31,354
					Other economic						
Edpr Serv Finan ,S.L	Spain	-	100%	Unaudited	activities	3	-	-	(1)	(1)	2
Neo Energía Aragón, S.L.	Spain	-	100%	Unaudited	Wind energy production	10	(2)	-	(1)	(1)	7
Mfv Neptun SP,ZO.O	Poland	-	100%	Unaudited	Wind energy production	1	(1)	-	(13)	(13)	(13)
Mfv Gryf SP,ZO.O	Poland	-	100%	Unaudited	Wind energy production	1	(1)	-	(13)	(13)	(13)
EDP Renovaveis Portugal, S.A.	Portugal	-	100%	KPMG	Wind energy production	7,500	28,177	8,212	45,560	45,560	89,449
Mfv Pomorze SP,ZO.O	Poland	-	100%	Unaudited	Wind energy production	1	(1)	-	(13)	(13)	(13)
EDP Renewables France, S.A.S.	France	-	100%	KPMG	Holding company	48,527	(15,529)	-	(9,303)	(9,303)	23,695
EDP Renewables Romania, S.R.L.	Romania	-	85%	KPMG	Wind energy production	-	5,443	-	(1,585)	(1,585)	3,858
Cernavoda Power, S.R.L.	Romania	-	85%	KPMG	Wind energy production	10,023	(11,250)	(6,933)	1,214	1,214	(6,946)
EDP Renewables Italia, S.R.L.	Italy	-	93.52%	KPMG	Wind energy production	21,335	6,743	-	(1,712)	(1,712)	26,366
EDPR Uk Ltd	United Kingdom	-	100%	KPMG	Wind energy production	113	(2,091)	-	(3,202)	(3,202)	(5,180)
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100%	KPMG	Wind energy production	6,130	3,777	597	1,126	1,126	11,630
Desarrollos Eólicos de Tarifa, S.A.U	Sevilla, Spain	-	100%	KPMG	Wind energy production	5,800	2,524	-	1,651	1,651	9,975
Desarrollos Eólicos de Corme, S.A.	Sevilla, Spain	-	100%	KPMG	Wind energy production	3,666	3,784	-	1,011	1,011	8,461
Desarrollos Eólicos Buenavista, S.A.U	Sevilla, Spain	-	100%	KPMG	Wind energy production	1,712	1,527	602	1,271	1,271	5,112
Desarrollos Eólicos de Lugo, S.A.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	7,761	7,775	(982)	7,763	7,763	22,317
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	95%	KPMG	Wind energy production	7,561	2,587	(297)	3,600	3,600	13,451
Desarrollos Eólicos Almarchal S.A.U.	Sevilla, Spain	-	100%	KPMG	Wind energy production	2,061	2,485	(580)	615	615	4,581
Desarrollos Eólicos Dumbría S.A.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	61	13,131	-	4,284	4,284	17,476
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	58.33%	KPMG	Wind energy production	63	13,709	(129)	3,187	3,187	16,830
Eólica La Janda, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	4,525	10,129	-	91	91	14,745
Eólica Guadalteba. S.L.	Sevilla, Spain	-	100%	KPMG	Wind energy production	1,460	5,952	-	615	615	8,027
Eólica Muxia, S.L.U.	Sevilla, Spain	-	100%	Unaudited	Wind energy production	23,480	(85)	-	66	66	23,461
Eólica Fontesilva, S.L.U.	Sevilla, Spain	-	100%	KPMG	Wind energy production	6,860	3,583	-	349	349	10,792
Eneroliva, S.A.U	Sevilla, Spain	-	100%	Unaudited	Wind energy production	308	179	-	(137)	(137)	350
Eólica Curiscao Pumar, S.A.U.	Madrid, Spain	-	100%	KPMG	Wind energy production	60	13	-	1,518	1,518	1,591
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	61%	KPMG	Wind energy production	7,813	10,113	(105)	3,954	3,954	21,775
Sierra de la Peña, S.A.	Madrid, Spain	-	84.9%	KPMG	Wind energy production	3,294	6,834	(636)	3,570	3,570	13,062

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Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Eólica Arlanzón S.A.	Madrid, Spain	-	77.5%	KPMG	Wind energy production	4,509	3,197	(168)	2,623	2,623	10,161
Eolica Campollano S.A.	Madrid, Spain	-	75%	KPMG	Wind energy production	6,560	15,115	-	8,409	8,409	30,084
Parque Eólico Belchite S.L.U.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	3,600	3,220	-	3,206	3,206	10,026
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	64.84%	KPMG	Wind energy production	2,000	2,764	(399)	2,045	2,045	6,410
J&Z Wind Farms SP.ZO.O	Poland	-	60%	Unaudited	Wind energy production	4,047	3,724	-	120	120	7,891
Eólica Don Quijote, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	3	1	-	2,985	2,985	2,989
Eólica Dulcinea, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	10	171	-	1,692	1,692	1,873
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	12,978	21,683	-	(1,300)	(1,300)	33,361
Eólica de Radona, S.L.U.	Madrid, Spain	-	100%	KPMG	Wind energy production	22,088	(2,643)	-	686	686	20,131
Eolica Alfoz, S.L.	Madrid, Spain	-	83.73%	KPMG	Wind energy production	8,480	1,286	-	3,987	3,987	13,753
Eólica La Navica, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	10	1,311	-	1,755	1,755	3,076
Investigación y desarrollo de Energías Renovables (Ider). S.L.	León, Spain	-	59.59%	KPMG	Wind energy production	29,451	(9,519)	-	1,784	1,784	21,716
Rasacal Cogeneración, S.A.	Madrid, Spain	-	60%	Unaudited	Cogeneration: Electricity production	60	(476)	-	-	-	(416)
Korsze Wind Farm SP.ZO.O	Poland	-	100%	Unaudited	Wind energy production	1	-	-	(1)	(1)	-
Monts de la Madeleine Energie,SAS	France	-	100%	KPMG	Wind energy production	37	-	-	-	-	37
Monts du Forez Energie.SAS	France	-	100%	KPMG	Wind energy production	37	-	-	-	-	37
Laterza Wind, SRL	Italy	-	93.52%	Unaudited	Wind energy production	10	-	-	(3)	(3)	7
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100%	KPMG	Wind energy production	9,080	19,371	(257)	3,316	3,316	31,510
Industrias Medioambientales Río Carrión, S.A.	Madrid, Spain	-	90%	Unaudited	Waste: Livestock waste treatment	60	(610)	-	-	-	(550)
Tratamientos Mediambientales del Norte, S.A.	Madrid, Spain	-	80%	Unaudited	Waste: Livestock waste treatment	60	(44)	-	(6)	(6)	10
Sotromal, S.A.	Soria, Spain	-	90%	Unaudited	Waste treatment and recycling	451	(289)	-	8	8	170
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90%	KPMG	Wind energy production	60	889	-	1,501	1,501	2,450
Eólica La Manchuela, S.A.	Albacete, Spain	-	100%	KPMG	Wind energy production	1,142	1,161	-	1,505	1,505	3,808
Casellaneta Wind,SRL	Italy	-	93.52%	Unaudited	Wind energy production	10	-	-	(3)	(3)	7
Pietragalla Eolica.S.R.L	Italy	-	100%	Unaudited	Wind energy production	15	177	-	(120)	(120)	72
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric energy prod,	361	48	-	(4)	(4)	405
Acampo Arias, SL	Spain	-	98.19%	KPMG	Wind energy production	3,314	(340)	-	581	581	3,555
SOCPE Sauvageons, SARL	France	-	49%	KPMG	Wind energy production	1	(106)	-	152	152	47
SOCPE Le Mee, SARL	France	-	49%	KPMG	Wind energy production	1	(76)	-	393	393	318
SOCPE Petite Piece, SARL	France	-	49%	KPMG	Wind energy production	1	(63)	-	125	125	63
Plouvien, S.A.S	France	-	100%	KPMG	Wind energy production	40	(1,930)	-	(90)	(90)	(1,980)

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Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
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CE Patay, SAS	France	-	100%	KPMG	Wind energy production	1,640	2,895	(675)	1,378	1,378	5,238
Relax Wind Park III, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	16,616	(2,270)	-	(724)	(724)	13,622
Relax Wind Park I, Sp.z.o.o.	Poland	-	96.4%	KPMG	Wind energy production	597	7,338	(3,409)	(561)	(562)	3,964
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	109	(259)	-	(585)	(585)	(735)
Relax Wind Park II, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	123	(104)	-	(22)	(22)	(3)
Edp Renewables Belgium,S.A	Belgium	-	100%	Unaudited	Holding company	62	-	-	(12)	(12)	50
Sibioara Wind Farm,S.R.L	Romania	-	85%	Unaudited	Wind energy production	-	(188)	-	255	255	67
Eolica.Garcimuñoz SL	Spain	-	100%	Unaudited	Wind energy production	4,060	12,146	-	3	3	16,209
Compañía Eólica Campo de Borja, SA	Spain	-	75.83%	KPMG	Wind energy production	858	725	-	262	262	1,845
Desarrollos Catalanes del Viento, SL	Spain	-	60%	KPMG	Wind energy production	5,993	16,338	-	267	267	22,598
Iberia Aprovechamientos Eólicos, SAU	Spain	-	100%	KPMG	Wind energy production	1,919	221	-	883	883	3,023
Molino de Caragüelles, S.L.	Spain	-	80%	KPMG	Wind energy production	180	247	-	84	84	511
Edp Renewables SGPS,SA	Portugal	-	100%	KPMG	Holding company	50	(69)	-	-	-	(19)
Parque Eólico Los Cantales, SLU	Spain	-	100%	KPMG	Wind energy production	1,963	1,130	-	2,475	2,475	5,568
					Wind power: Project						
Edpr Pt-Promocao e Operacao,S.A	Portugal	-	100%	KPMG	development	50	-	-	(609)	(609)	(559)
Parques de Generación Eólica, SL	Spain	-	60%	KPMG	Wind energy production	1,924	3,589	(2,712)	1,055	1,055	3,856
CE Saint Bernabé, SAS	France	-	100%	KPMG	Wind energy production	1,600	1,464	(766)	735	735	3,033
CE Segur, SAS	France	-	100%	KPMG	Wind energy production	1,615	2,076	(776)	784	784	3,699
Eolienne D'Etalondes, SARL	France	-	100%	Unaudited	Wind energy production	1	(34)	-	(4)	(4)	(37)
Eolienne de Saugueuse, SARL	France	-	100%	Unaudited	Wind energy production	1	(35)	-	146	146	112
Parc Eolien D'Ardennes	France	-	100%	Unaudited	Wind energy production	1	(158)	-	-	-	(157)
Eolienne des Bocages, SARL	France	-	100%	Unaudited	Wind energy production	1	(28)	-	(9)	(9)	(36)
Parc Eolien des Longs Champs, SARL	France	-	100%	Unaudited	Wind energy production	1	(76)	-	(10)	(10)	(85)
Parc Eolien de Mancheville, SARL	France	-	100%	Unaudited	Wind energy production	1	(44)	-	(3)	(3)	(46)
Parc Eolien de Roman, SARL	France	-	100%	Unaudited	Wind energy production	1	686	-	670	670	1,357
Parc Eolien des Vatines, SAS	France	-	100%	KPMG	Wind energy production	37	(905)	(957)	163	163	(1,662)
Parc Eolien de La Hetroye, SAS	France	-	100%	KPMG	Wind energy production	37	(36)	-	(4)	(4)	(3)
Eolienne de Callengeville, SAS	France	-	100%	KPMG	Wind energy production	37	(29)	-	(5)	(5)	3
Parc Eolien de Varimpre, SAS	France	-	100%	KPMG	Wind energy production	37	(378)	(1,080)	466	466	(955)
Parc Eolien du Clos Bataille, SAS	France	-	100%	KPMG	Wind energy production	37	(604)	(839)	172	172	(1,234)
Eólica de Serra das Alturas,S.A	Portugal	-	50.1%	KPMG	Wind energy production	50	3,140	-	936	936	4,126
Malhadizes- Energia Eólica, SA	Portugal	-	100%	KPMG	Wind energy production	50	100	-	906	906	1,056
Eólica de Montenegro, LDA	Portugal	-	50.1%	KPMG	Wind energy production	50	5,045	-	1,933	1,933	7,028
Eólica da Alagoa, S.A.	Portugal	-	60%	KPMG	Wind energy production	50	1,729	949	1,529	1,529	4,257
Aplica.Indust de Energias limpias S.L	Spain	-	61.5%	Unaudited	Wind energy production	131	694	-	558	558	1,383
Aprofitament D'Energies Renovables	Spain	-	48.7%	Unaudited	Infrastructure	1,994	(799)	-	100	100	1,295

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Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
de la Tierra Alta S.A					Management						
Bon Vent de L'Ebre S.L.U	Spain	-	100%	KPMG	Wind energy production	12,600	1,167	-	5,292	5,292	19,059
Parc Eólic Coll de la Garganta S.L	Spain	-	100%	KPMG	Wind energy production	1,693	(704)	-	(772)	(772)	217
Parc Eólic Serra Voltorera S.l	Spain	-	100%	KPMG	Wind energy production	3,458	5,581	-	218	218	9,257
Elektrownia Wiatrowa Kresy I sp zoo	Poland	-	100%	Unaudited	Wind energy production	20	(293)	-	(247)	(247)	(520)
Moray Offshore renewables limited	United Kingdom	-	66.64%	KPMG	Wind energy production	9,931	1,068	1,129	(157)	(157)	11,971
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	100%	KPMG	Wind energy production	125	456	(906)	477	477	152
Centrale Eolienne de Gueltras Noyal – Pontiv y S.A.S	France	-	100%	KPMG	Wind energy production	2,261	2,332	-	637	637	5,230
Centrale Eolienne Neo Truc de L'Homme .S.A.S	France	-	100%	KPMG	Wind energy production	38	(12)	-	(10)	(10)	16
Vallee de Moulin SARL	France	-	100%	Unaudited	Wind energy production	1	(428)	-	258	258	(169)
Mardelle SARL	France	-	100%	Unaudited	Wind energy production	1	(295)	-	134	134	(160)
Quinze Mines SARL	France	-	49%	Unaudited	Wind energy production	1	(641)	-	721	721	81
Desarrollos Eólicos de Teruel SL	Spain	-	51%	Unaudited	Wind energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	60%	KPMG	Wind energy production	4,173	5	(3,646)	96	96	628
Par Eólic de Torre Madrina S.L.	Spain	-	60%	KPMG	Wind energy production	4,173	(666)	(3,285)	2,666	2,666	2,888
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	60%	KPMG	Wind energy production	1,432	1,020	(1,498)	1,274	1,274	2,228
Parc Eolic Molinars S.L.	Spain	-	54%	Unaudited	Wind energy production	3	-	-	-	-	3
Bon Vent de Vilalba, SL	Spain	-	100%	KPMG	Wind energy production	3,600	(1,066)	-	1,515	1,515	4,049
Bon Vent de Corbera, SL	Spain	-	100%	KPMG	Wind energy production	7,255	8,677	-	912	912	16,844
Masovia Wind Farm I s.p. zo.o.	Poland	-	100%	KPMG	Energy production	351	4,877	-	(69)	(69)	5,159
Farma wiatrowa Starozbery Sp.z.o.o	Poland	-	100%	Unaudited	Energy production	130	(71)	-	(27)	(27)	32
Rowy-Karpacka mala Energetyka.sp.z.o.o	Poland	-	85%	Unaudited	Energy production	14	(42)	-	(35)	(35)	(63)
Repano wind S.R.L	Italy	-	93.52%	Unaudited	Energy production	11	124	-	(7)	(7)	128
Re plus – Societa ́a Responsabilita ́a limitada	Italy	-	74.82%	Unaudited	Energy production	100	411	-	(120)	(120)	391
Telfford Offshore Windfarm limited	United Kingdom	-	66.64%	Unaudited	Energy production	-	-	-	-	-	-
Maccoll offshore windfarm limited	United Kingdom	-	66.64%	Unaudited	Energy production	-	-	-	-	-	-
Stevenson offshore windfarma limited	United Kingdom	-	66.64%	Unaudited	Energy production	-	-	-	-	-	-
Parc Eolien des Bocages Sarl	France	-	100%	Unaudited	Energy production	1	(163)	-	2	2	(160)
Studina Solar,SRL	Romania	-	100%	Unaudited	Energy production	4	1	-	100	100	105
Cujmir Solar,SRL	Romania	-	100%	Unaudited	Energy production	3	1	-	117	117	121
Potelu Solar,SRL	Romania	-	100%	Unaudited	Energy production	-	1	-	51	51	52
Vanju Mare Solar,SRL	Romania	-	100%	Unaudited	Energy production	3	1	-	88	88	92
Foton Delta,SRL	Romania	-	100%	Unaudited	Energy production	-	-	-	-	-	-

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Foton Epsilon,SRL	Romania	-	100%	Unaudited	Energy production	-	-	-	-	-	-
EDPR Renovaveis Cantabria, SL	Madrid	-	100%	Unaudited	Wind energy production	300	(15)	-	(15)	(15)	270
Villa Castelli Wind srl	Verbania	-	93.52%	Unaudited	Wind energy production	100	6,597	-	(141)	(141)	6,556
Pestera Wind Farm, S.A.	Bucharest	-	85%	KPMG	Wind energy production	7,149	(16,998)	(4,629)	330	330	(14,148)
Pochidia Wind Farm S.A.	Bucharest	-	85%	KPMG	Wind energy production	26	(5)	-	(11)	(11)	10
S. C. Ialomita Power SRL	Bucharest	-	85%	Unaudited	Wind energy production	-	(4)	-	(90)	(90)	(94)

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EDP Renewables North America, LLC	Texas	100.00%	-	KPMG	Holding company	3,147,380	(170,316)	278	(62,007)	(62,007)	2,915,336
Wind Turbine Prometheus, LP	California	-	100.00%	Unaudited	Wind energy production	5	(5)	-	-	-	-
Lost Lakes Wind Farm LLC	Minnesota	-	100.00%	KPMG	Wind energy production	150,130	(13,687)	-	(158)	(158)	136,285
Quilt Block Wind Farm, LLC	Minnesota	-	100.00%	Unaudited	Wind energy production	4,115	(15)	-	-	-	4,100
Cloud County Wind Farm. LLC	Kansas	-	100.00%	KPMG	Wind energy production	221,693	2,128	-	1,835	1,835	225,657
Whitestone Wind Purchasing, LLC	Texas	-	100.00%	Unaudited	Wind energy production	1,641	(841)	-	(7)	(7)	793
Blue Canyon Windpower II LLC	Oklahoma	-	100.00%	KPMG	Wind energy production	110,777	12,172	-	1,776	1,776	124,726
Blue Canyon Windpower V. LLC	Oklahoma	-	100.00%	KPMG	Wind energy production	113,438	11,189	-	7,776	7,776	132,403
Pioneer Prairie Wind Farm I. LLC	Iowa	-	100.00%	KPMG	Wind energy production	401,492	(14,252)	7,737	11,798	11,798	406,775
Sagebrush Power Partners. LLC	Washington	-	100.00%	KPMG	Wind energy production	153,513	(8,538)	-	(15,789)	(15,789)	129,186
Telocaset Wind Power Partners. LLC	Oregon	-	51.00%	KPMG	Wind energy production	85,542	18,684	317	5,303	5,303	109,847
High Trail Wind Farm. LLC	Illionois	-	100.00%	KPMG	Wind energy production	256,692	7,625	-	6,044	6,044	270,360
Marble River. LLC	New York	-	100.00%	Unaudited	Wind energy production	227,970	(156)	(2,099)	913	913	226,628
Rail Splitter	Illionois	-	100.00%	KPMG	Wind energy production	174,869	(12,703)	-	(5,144)	(5,144)	157,022
Blackstone Wind Farm. LLC	Illionois	-	100.00%	Unaudited	Wind energy production	110,561	(6,477)	-	(977)	(977)	103,107
Aroostook Wind Energy LLC	Maine	-	100.00%	Unaudited	Wind energy production	9,944	(90)	-	(1)	(1)	9,853
Jericho Rise Wind Farm LLC	New York	-	100.00%	Unaudited	Wind energy production	4,211	(34)	-	-	-	4,176
Madison Windpower LLC	New York	-	100.00%	KPMG	Wind energy production	9,447	(3,186)	-	(1,031)	(1,031)	5,230
Mesquite Wind. LLC	Texas	-	100.00%	KPMG	Wind energy production	170,378	21,603	-	3,507	3,507	195,489
Martinsdale Wind Farm LLC	Colorado	-	100.00%	Unaudited	Wind energy production	2,742	(17)	-	(7)	(7)	2,719
Post Oak Wind. LLC	Texas	-	51.00%	KPMG	Wind energy production	197,189	31,085	-	4,710	4,710	232,983
BC2 Maple Ridge Wind LLC	Texas	-	100.00%	KPMG	Wind energy production	258,905	2,791	133	2,114	2,114	263,942
High Prairie Wind Farm II. LLC	Minnesota	-	51.00%	KPMG	Wind energy production	102,814	(906)	426	1,424	1,424	103,759
Arlington Wind Power Project LLC	Oregon	-	100.00%	KPMG	Wind energy production	117,584	3,926	-	1,591	1,591	123,101
Signal Hill Wind Power Project LLC	Colorado	-	100.00%	Unaudited	Wind energy production	3	(3)	-	-	-	-
Tumbleweed Wind Power Project LLC	Colorado	-	100.00%	Unaudited	Wind energy production	3	(3)	-	-	-	-
Old Trail Wind Farm. LLC	Illionois	-	51.00%	KPMG	Wind energy production	275,452	(5,611)	2,499	6,345	6,345	278,685
Stinson Mills Wind Farm. LLC	Colorado	-	100.00%	Unaudited	Wind energy production	2,595	(74)	-	-	-	2,522
OPQ Property LLC	Illionois	-	100.00%	Unaudited	Wind energy production	-	111	-	-	-	111
Meadow Lake Wind Farm. LLC	Indiana	-	100.00%	Unaudited	Wind energy production	211,816	(7,666)	-	(3,822)	(3,822)	200,328
Wheatfield Wind Power Project. LLC	Oregon	-	100.00%	Unaudited	Wind energy production	60,335	12,877	-	4,491	4,491	77,702
2007 Vento I. LLC	Texas	-	100.00%	KPMG	Wind energy production	757,769	3,736	-	1,363	1,363	762,868
2007 Vento II. LLC	Texas	-	51.00%	KPMG	Wind energy production	670,403	(2,646)	-	(318)	(318)	667,439
2008 Vento III. LLC	Texas	-	100.00%	KPMG	Wind energy production	748,470	(1,940)	-	(617)	(617)	745,912
Horizon Wind Ventures I LLC	Texas	-	100.00%	Unaudited	Wind energy production	635,351	241,473	-	21,325	21,325	898,149
Horizon Wind Ventures II. LLC	Texas	-	100.00%	Unaudited	Wind energy production	107,307	2,021	-	1,069	1,069	110,397

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Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Horizon Wind Ventures III. LLC	Texas	-	100.00%	Unaudited	Wind energy production	47,252	810	-	2,575	2,575	50,637
Clinton County Wind Farm. LLC	New York	-	100.00%	Unaudited	Wind energy production	227,976	(6)	-	-	-	227,970
BC2 Maple Ridge Holdings LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Cloud West Wind Project. LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Five-Spot. LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Alabama Ledge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Antelope Ridge Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	11,124	(11)	-	(116)	(116)	10,997
Arkwright Summit Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Ashford Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	4,811	(1)	-	(1)	(1)	4,809
Blackstone Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind energy production	231,440	(6,425)	-	(4,867)	(4,867)	220,148
Blackstone Wind Farm III LLC	Texas	-	100.00%	Unaudited	Wind energy production	4,524	(10)	-	(1)	(1)	4,513
Blackstone Wind Farm IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm V LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower VI LLC	Texas	-	100.00%	KPMG	Wind energy production	116,748	11	-	1,707	1,707	118,466
Broadlands Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Chateaugay River Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Crossing Trails Wind. Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Dairy Hills Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Diamond Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Ford Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Gulf Coast Windpower Management Company. LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Rising Tree Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest X LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest XI LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-

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Horizon Wind Energy Southwest III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Valley I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind MREC Iowa Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind. Freeport Windpower I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Juniper Wind Power Partners. LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Lexington Chenoa Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	8,604	(9)	-	-	-	8,595
Machias Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm II LLC	Texas	-	100.00%	KPMG	Wind energy production	144,891	(1,860)	-	(2,162)	(2,162)	140,870
New Trail Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
North Slope Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Number Nine Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Pacific Southwest Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Buffalo Bluff Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Saddleback Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	1,776	(4)	-	(295)	(295)	1,477
Sardinia Windpower LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Turtle Creek Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Western Trail Wind Project I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Whistling Wind WI Energy Center. LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Coos Curry Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Midwest IX LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Peterson Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Interconnection LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
The Nook Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Tug Hill Windpower LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Whiskey Ridge Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Wilson Creek Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
WTP Management Company LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm IV LLC	Indiana	-	100.00%	Unaudited	Wind energy production	92,432	123	-	(707)	(707)	91,847
Meadow Lake Windfarm III LLC	Indiana	-	100.00%	Unaudited	Wind energy production	110,053	(1,148)	-	(1,323)	(1,323)	107,581
2009 Vento IV. LLC	Texas	-	100.00%	KPMG	Wind energy production	175,205	(234)	-	(102)	(102)	174,869
2009 Vento V. LLC	Texas	-	100.00%	KPMG	Wind energy production	113,770	(230)	-	(102)	(102)	113,438
2009 Vento VI. LLC	Texas	-	100.00%	KPMG	Wind energy production	150,377	(156)	-	(90)	(90)	150,130

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Horizon Wind Ventures VI. LLC	Texas	-	100.00%	Unaudited	Wind energy production	85,447	(1,713)	-	363	363	84,097
Lexington Chenoa Wind Farm II LLC	Illinois	-	100.00%	Unaudited	Wind energy production	454	(2)	-	(456)	(456)	(3)
Lexington Chenoa Wind Farm III LLC	Illinois	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
East Klickitat Wind Power Project LLC	Washington	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest IV LLC	Oregon	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Wind Power VII LLC	Oklahoma	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wyoming Transmission LLC	Wyoming	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
AZ Solar LLC	Arizona	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm II LLC	Illinois	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm III LLC	Illinois	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100.00%	Unaudited	Wind energy production	4,369	(1)	-	(2)	(2)	4,365
Paulding Wind Farm II LLC	Ohio	-	100.00%	KPMG	Wind energy production	144,299	2,213	-	4,437	4,437	150,949
Paulding Wind Farm III LLC	Ohio	-	100.00%	Unaudited	Wind energy production	3,265	(29)	-	(57)	(57)	3,179
Simpson Ridge Wind Farm II LLC	Wyoming	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm III LLC	Wyoming	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm IV LLC	Wyoming	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm V LLC	Wyoming	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project II. LLC	Oregon	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm V. LLC	Indiana	-	100.00%	Unaudited	Wind energy production	2,401	(5)	-	(3)	(3)	2,393
Horizon Wind Ventures IB. LLC	Texas	-	51.00%	Unaudited	Wind energy production	227,989	52,629	-	18,938	18,938	299,556
Horizon Wind Ventures IC. LLC	Texas	-	100.00%	Unaudited	Wind energy production	6,023	13,190	-	8,190	8,190	27,404
Headwaters Wind Farm LLC	Indiana	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
17th Star Wind Farm LLC	Ohio	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Rio Blanco Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Hidalgo Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Stone Wind Power LLC	New York	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Franklin Wind Farm LLC	New York	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Waverly Wind Farm LLC	Kansas	-	100.00%	Unaudited	Wind energy production	2,615	-	-	(5)	(5)	2,610
2010 Vento VII. LLC	Texas	-	100.00%	KPMG	Wind energy production	145,078	(97)	-	(90)	(90)	144,891
2010 Vento VIII. LLC	Texas	-	100.00%	KPMG	Wind energy production	153,684	(81)	-	(128)	(128)	153,474
Horizon Wind Ventures VII. LLC	Texas	-	100.00%	Unaudited	Wind energy production	83,046	(34)	-	687	687	83,699
Horizon Wind Ventures VIII. LLC	Texas	-	100.00%	Unaudited	Wind energy production	82,907	(478)	-	167	167	82,596
Horizon Wind Ventures IX. LLC	Texas	-	100.00%	Unaudited	Wind energy production	57,377	(2,684)	-	(853)	(853)	53,839
2011 Vento IX. LLC	Texas	-	100.00%	KPMG	Wind energy production	144,422	(34)	-	(89)	(89)	144,299
2011 Vento X. LLC	Texas	-	100.00%	KPMG	Wind energy production	116,838	(19)	-	(72)	(72)	116,748
EDPR Wind Ventures X	Texas	-	100.00%	Unaudited	Wind energy production	45,493	(43)	-	3,045	3,045	48,496

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						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Paulding Wind Farm IV. LLC	Ohio	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Rush County Wind Farm. LLC	Kansas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Eastern Nebraska Wind Farm. LLC	Nebraska	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Verde Wind Power LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
2012 Vento XI. LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
EDPR Wind Ventures XI	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP RENEWABLES CANADA. LTD	Canada	100.00%	-	Unaudited	Holding company	2,284	-	(1,127)	(1,345)	(1,345)	(189)
EDP Renewables Canada LP Ltd.	Canada	-	100.00%	Unaudited	Wind energy production	3,370	-	-	-	-	3,370
EDP Renewables Canada GP Ltd.	Canada	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Eolia Renewable Energy Canada Ltd.	Canada	-	100.00%	Unaudited	Wind energy production	3	-	-	-	-	3
0867242 BC Ltd.	Canada	-	100.00%	Unaudited	Wind energy production	3	-	-	-	-	3
South Branch Wind Farm Inc	Canada	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
SBWFI GP Inc	Canada	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
South Dundas Wind Farm LP	Canada	-	100.00%	Unaudited	Wind energy production	-	-	-	(4)	(4)	(4)
EDP RENOVÁVEIS BRASIL. S.A.	Sao Paulo	55.00%	-	KPMG	Wind energy production	80,388	-	(4,706)	(2,382)	(2,382)	73,299
Central Nacional de Energia Eólica. S.A. (Cenaeel)	Sao Paulo	-	55.00%	KPMG	Wind energy production	4,585	868	(900)	900	900	5,453
Elebrás Proyectos. Ltda	Sao Paulo	-	55.00%	KPMG	Wind energy production	38,386	7,176	(4,721)	4,721	4,721	45,561
Central Eólica Feijao I. S.A.	Sao Paulo	-	55.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Central Eólica Feijao II. S.A.	Sao Paulo	-	55.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Central Eólica Feijao III. S.A.	Sao Paulo	-	55.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Central Eólica Feijao IV. S.A.	Sao Paulo	-	55.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Central Eólica Aventura. S. A.	Sao Paulo	-	55.00%	Unaudited	Wind energy production	-	-	-	-	-	-

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Associates	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Thousands of Euros					
						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Aprofitament D'Energies Renovables de l'Ebre S.l	Spain	-	18.97	Unaudited	Infrastructure Management	3,870	(721)	-	(102)	(102)	3,047
Biomassas del Pirineo, S.A.	Huesca. Spain	-	30	Unaudited	Biomass: Electricity production	455	(217)	-	-	-	238
Cultivos Energéticos de Castilla, S.A.	Burgos. Spain	-	30	Unaudited	Biomass: Electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria. Spain	-	42	Ernst & Young	Wind energy production	7,194	4,806	809	4,770	4,770	17,579
Desarrollos Eólicos de Canarias, S.A.	Las Palmas de Gran Canaria.	-	44.75	KPMG	Wind power: Project development	4,291	1,306	30	2,123	2,123	7,750
Solar Siglo XXI, S.A.	Spain	-	25	Unaudited	Solar energy	80	(18)	-	-	-	62
Eólicas de Portugal, SA	Ciudad Real. Spain	-	35.96	Mazars	Wind energy production	25,248	30,781	(39,861)	11,385	11,385	27,553
Parque Eólico Belmonte, S.A.	Portugal	-	29.9	KPMG	Wind energy production	120	2,793	-	1,040	1,040	3,953
Inch Cape Offshore Limited	Madrid. Spain	-	49	Deloitte	Wind energy production	1,826	(1,041)	-	(1,128)	(1,128)	(343)
	Edimburg	-									

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Jointly controlled entities	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
	Tébar/Cuenca.										
Tebar Eolica, S.A.	Spain	-	50%	Unaudited	Wind energy production	4,720	4,890	(278)	1,832	1,832	11,164
Evolución 2000, S.L.	Madrid, Spain	-	49.15%	KPMG	Wind energy production	118	10,019	(1,786)	4,065	4,065	12,434
					Wind power: Project						
Desarrollos Energéticos Canarias, S.A.	Las Palmas, Spain	-	49.9%	Unaudited	development	67	(28)	-	-	-	39
Compañía Eólica Aragonesa S.A.	Spain	-	50%	Deloitte	Wind energy production	6,701	48,830	(355)	15,752	15,752	70,928
Flat Rock Windpower LLC	Nueva York	-	50.00%	E&Y	Wind energy production	198,128	-	(46,545)	(2,816)	(2,816)	148,767
Flat Rock Windpower II LLC	Nueva York	-	50.00%	E&Y	Wind energy production	78,614	-	(16,726)	(2,510)	(2,510)	59,378

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EDP RENEWABLES EUROPE, S.L.	Oviedo, Spain	100.00%	-	KPMG	Holding company Wind power: Project development	30,000	123,863	-	(30,623)	(30,623)	123,240
Generaciones Especiales I, S.L.	Spain	-	100.00%	KPMG	Wind Energy production	28,562	169,264	-	90,664	90,664	288,490
Edpr Polska, Sp.z.o.o.	Poland	-	100.00%	KPMG	Other economic activities	121,228	(412)	2,537	(1,453)	(1,453)	121,900
Tarcan, B.V	Holanda	-	100.00%	KPMG	Wind Energy production	20	6,638	-	2,266	2,266	8,924
Greenwind, S.A.	Belgium	-	70.00%	KPMG	Wind Energy production	24,924	1,866	-	3,381	3,381	30,171
Neo Energía Aragón, S.L.	Spain	-	100.00%	Unaudited	Wind Energy production	10	(2)	-	-	-	8
Neo Energías de Occidente Catalunya, S.L.	Spain	-	100.00%	Unaudited	Wind Energy production	10	(1,315)	-	(254)	(254)	(1,559)
Agrupación Eólica, S.L.U	Spain	-	100.00%	KPMG	Other economic activities	650	33,978	-	5,877	5,877	40,505
EDP Renovaveis Portugal, S.A.	Spain	-	100.00%	KPMG	Wind Energy production	7,500	23,040	8,935	36,405	36,405	75,880
Ceasa Promociones Eólicos	Spain	-	100.00%	KPMG	Wind Energy production	1,205	4,677	-	1,192	1,192	7,074
EDP Renewables France, S.A.S.	France	-	100.00%	KPMG	Holding company	48,527	(10,569)	-	(4,960)	(4,960)	32,998
EDP Renewables Romania, S.R.L.	Romania	-	85.00%	KPMG	Wind Energy production	7,123	(2,111)	(165)	(9,418)	(9,418)	(4,571)
Cernavoda Power, S.R.L.	Romania	-	85.00%	KPMG	Wind Energy production	10,023	(3,170)	(3,054)	(8,484)	(8,484)	(4,685)
EDP Renewables Italia, S.R.L.	Italy	-	93.52%	Unaudited	Wind Energy production	21,335	9,165	-	(2,422)	(2,422)	28,078
EDPR Uk Ltd	United Kingdom	-	100.00%	Unaudited	Wind Energy production	113	(720)	(441)	410	410	(638)
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100.00%	KPMG	Wind Energy production	6,130	3,712	651	645	645	11,138
Desarrollos Eólicos de Tarifa, S.A.U	Sevilla, Spain	-	100.00%	KPMG	Wind Energy production	5,800	2,396	-	2,642	2,642	10,838
Desarrollos Eólicos de Corme, S.A.	Sevilla, Spain	-	100.00%	KPMG	Wind Energy production	3,666	3,784	-	495	495	7,945
Desarrollos Eólicos Buenavista, S.A.U	Sevilla, Spain	-	100.00%	KPMG	Wind Energy production	1,712	1,527	646	1,256	1,256	5,141
Desarrollos Eólicos de Lugo, S.A.U.	Coruña, Spain	-	100.00%	KPMG	Wind Energy production	7,761	5,856	(1,094)	5,919	5,919	18,442
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	95.00%	KPMG	Wind Energy production	7,561	2,289	(441)	2,973	2,973	12,382
Desarrollos Eólicos Almarchal S.A.U.	Sevilla, Spain	-	100.00%	KPMG	Wind Energy production	2,061	2,353	(511)	1,324	1,324	5,227
Desarrollos Eólicos Dumbría S.A.U.	Coruña, Spain	-	100.00%	KPMG	Wind Energy production	61	13,131	-	4,609	4,609	17,801
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	83.96%	KPMG	Wind Energy production	63	12,290	(211)	2,720	2,720	14,862
Eólica La Janda, SL	Madrid, Spain	-	100.00%	KPMG	Wind Energy production	2,050	2,549	-	2,378	2,378	6,977
Eólica Guadalteba, S.L.	Sevilla, Spain	-	100.00%	KPMG	Wind Energy production	1,460	5,952	-	4,868	4,868	12,280
Eólica Muxia, S.L.U.	Sevilla, Spain	-	100.00%	KPMG	Wind Energy production	23,480	(3)	-	(82)	(82)	23,395
Eólica Fontesilva, S.L.U.	Sevilla, Spain	-	100.00%	KPMG	Wind Energy production	4,610	(1,644)	-	(1,522)	(1,522)	1,444
Eneroliva, S.A.U	Sevilla, Spain	-	100.00%	Unaudited	Wind Energy production	301	(7)	-	-	-	294
Eólica Curiscao Pumar, S.A.U.	Madrid, Spain	-	100.00%	KPMG	Wind Energy production	60	13	-	863	863	936
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	61.00%	KPMG	Wind Energy production	7,813	6,666	(230)	4,030	4,030	18,279
Sierra de la Peña, S.A.	Madrid, Spain	-	84.90%	KPMG	Wind Energy production	3,294	4,754	(996)	2,080	2,080	9,132
Eólica Arlanzón S.A.	Madrid, Spain	-	77.50%	KPMG	Wind Energy production	4,509	3,197	(289)	2,094	2,094	9,511
Eolica Campollano S.A.	Madrid, Spain	-	75.00%	KPMG	Wind Energy production	6,560	15,115	(50)	5,514	5,514	27,139
Parque Eólico Belchite S.L.U.	Zaragoza, Spain	-	100.00%	KPMG	Wind Energy production	3,600	3,220	-	2,356	2,356	9,176

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Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	64.85%	KPMG	Wind Energy production	2,000	2,130	(373)	1,834	1,834	5,591
Siesa Renovables Canarias S.L.	Las Palmas, Spain	-	100.00%	Unaudited	Wind Energy production	3	(3)	-	-	-	-
Eólica Don Quijote, S.L.	Madrid, Spain	-	100.00%	KPMG	Wind Energy production	3	1	-	2,888	2,888	2,892
Eólica Dulcinea, S.L.	Madrid, Spain	-	100.00%	KPMG	Wind Energy production	10	171	-	995	995	1,176
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	100.00%	KPMG	Wind Energy production	4,628	(1,656)	-	(1,711)	(1,711)	1,261
Eólica de Radona, S.L.U.	Madrid, Spain	-	100.00%	KPMG	Wind Energy production	6,888	(1,218)	-	(1,424)	(1,424)	4,246
Eolica Alfoz, S.L.	Madrid, Spain	-	83.73%	KPMG	Wind Energy production	8,480	(1,185)	-	2,471	2,471	9,766
Eólica La Navica, SL	Madrid, Spain	-	100.00%	KPMG	Wind Energy production	10	1,311	-	1,181	1,181	2,502
Investigación y desarrollo de Energías Renovables (Ider), S.L.	León, Spain	-	59.59%	KPMG	Wind Energy production	29,451	(7,413)	-	(2,106)	(2,106)	19,932
Rasacal Cogeneración, S.A.	Madrid, Spain	-	60.00%	Unaudited	Cogeneration: Electricity production	60	(476)	-	-	-	(416)
Hidroeléctrica Fuentehermosa, S.L.	Oviedo, Spain	-	100.00%	Unaudited	Mini-hydroelectric energy prod.	77	185	1	18	18	281
Hidroeléctrica Gormaz, S.A.	Salamanca, Spain	-	75.00%	Unaudited	Mini-hydroelectric energy prod.	61	(147)	-	(19)	(19)	(105)
Hidroeléctrica del Rumblar, S.L.	Madrid, Spain	-	80.00%	Unaudited	Mini-hydroelectric energy prod.	277	(32)	-	(185)	(185)	60
SINAE Inversiones Eólicas, S.A.	Madrid, Spain	-	100.00%	KPMG	Wind power: Project development	6,010	7,670	-	13,721	13,721	27,401
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100.00%	KPMG	Wind Energy production	9,080	17,088	(390)	2,283	2,283	28,061
Industrias Medioambientales Río Carrión, S.A.	Madrid, Spain	-	90.00%	Unaudited	Waste: Livestock waste treatment	60	(610)	-	-	-	(550)
Tratamientos Mediambientales del Norte, S.A.	Madrid, Spain	-	80.00%	Unaudited	Waste: Livestock waste treatment	60	13	-	863	863	936
Sotromal, S.A.	Soria, Spain	-	90.00%	Unaudited	Waste treatment and recycling	451	(289)	-	-	-	162
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90.00%	KPMG	Wind Energy production	60	889	-	1,326	1,326	2,275
Eólica La Manchuela, S.A.	Albacete, Spain	-	100.00%	KPMG	Wind Energy production	1,142	1,161	-	1,032	1,032	3,335
Desarrollos Eólicos, S.A.	Sevilla, Spain	-	100.00%	KPMG	Wind power: Project development	1,056	15,917	-	(621)	(621)	16,352
Desarrollos Eólicos Promoción, S.A.	Sevilla, Spain	-	100.00%	KPMG	Wind power: Project development	8,061	1,612	-	23,723	23,723	33,396
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric energy prod.	360	51	-	(3)	(3)	408
Acampo Arias, SL	Spain	-	98.19%	KPMG	Wind Energy production	3,314	(595)	-	255	255	2,974
SOCPE Sauvageons, SARL	France	-	49.00%	KPMG	Wind Energy production	1	(41)	-	(65)	(65)	(105)

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Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
SOCPE Le Mee, SARL	France	-	49.00%	KPMG	Wind Energy production	1	(20)	-	(56)	(56)	(75)
SOCPE Petite Piece, SARL	France	-	49.00%	KPMG	Wind Energy production	1	(109)	-	46	46	(62)
				Jean-Yves							
Plouvien,,S.A.S	France	-	100.00%	Morisset	Wind Energy production	40	(1,801)	-	(130)	(130)	(1,891)
CE Patay, SAS	France	-	100.00%	KPMG	Wind Energy production	1,640	2,180	(575)	714	714	3,959
Relax Wind Park III, Sp.z.o.o.	Poland	-	100.00%	Unaudited	Wind Energy production	117	(159)	17	(123)	(123)	(148)
Relax Wind Park I, Sp.z.o.o.	Poland	-	96.40%	KPMG	Wind Energy production	597	4,581	1,467	2,346	2,346	8,991
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100.00%	Unaudited	Wind Energy production	109	(127)	12	(117)	(117)	(123)
Relax Wind Park II, Sp.z.o.o.	Poland	-	100.00%	Unaudited	Wind Energy production	123	(63)	(9)	(32)	(32)	19
C.E.Renovables alternativa slu	Spain	-	100.00%	Unaudited	Wind Energy production	86	(2)	-	-	-	84
CIA.E d enrgias renov alternativas sau.2	Spain	-	100.00%	Unaudited	Wind Energy production	69	(14)	-	-	-	55
Eolica.Garcimuñoz SL	Spain	-	100.00%	Unaudited	Wind Energy production	10	-	-	(3)	(3)	7
Compañía Eólica Campo de Borja, SA	Spain	-	75.83%	KPMG	Wind Energy production	858	704	-	220	220	1,782
Desarrollos Catalanes del Viento, SL	Spain	-	60.00%	KPMG	Wind Energy production	5,993	15,773	-	565	565	22,331
Iberia Aprovechamientos Eólicos, SAU	Spain	-	100.00%	KPMG	Wind Energy production	1,919	175	-	426	426	2,520
Molino de Caragüelles, S.L.	Spain	-	80.00%	KPMG	Wind Energy production	180	208	-	73	73	461
Parque Eólico Plana de Artajona, SLU	Spain	-	100.00%	KPMG	Wind Energy production	12	(3)	-	(1)	(1)	8
Parque Eólico Los Cantales, SLU	Spain	-	100.00%	KPMG	Wind Energy production	1,963	1,130	-	1,906	1,906	4,999
Parque Eólico Montes de Castejón,S.L.	Spain	-	100.00%	KPMG	Wind Energy production	12	(3)	-	-	-	9
Parques de Generación Eólica, SL	Spain	-	60.00%	KPMG	Wind Energy production	1,924	3,369	(1,741)	512	512	4,064
CE Saint Bernabé, SAS	France	-	100.00%	KPMG	Wind Energy production	1,600	1,095	(650)	369	369	2,414
CE Secur, SAS	France	-	100.00%	KPMG	Wind Energy production	1,615	1,290	(659)	786	786	3,032
Eolienne D'Etalondes, SARL	France	-	100.00%	Unaudited	Wind Energy production	1	(32)	-	(2)	(2)	(33)
Eolienne de Saugueuse, SARL	France	-	100.00%	Unaudited	Wind Energy production	1	(34)	-	(1)	(1)	(34)
Parc Eolien D'Ardenne	France	-	100.00%	Unaudited	Wind Energy production	1	(142)	-	(16)	(16)	(157)
Eolienne des Bocages, SARL	France	-	100.00%	Unaudited	Wind Energy production	1	(28)	-	-	-	(27)
Parc Eolien des Longs Champs, SARL	France	-	100.00%	Unaudited	Wind Energy production	1	(71)	-	(5)	(5)	(75)
Parc Eolien de Mancheville, SARL	France	-	100.00%	Unaudited	Wind Energy production	1	(42)	-	(2)	(2)	(43)
Parc Eolien de Roman, SARL	France	-	100.00%	Unaudited	Wind Energy production	1	(115)	-	801	801	687
Parc Eolien des Vaines, SAS	France	-	100.00%	Unaudited	Wind Energy production	37	(1,217)	(798)	312	312	(1,666)
Parc Eolien de La Hetroye, SAS	France	-	100.00%	Unaudited	Wind Energy production	37	(32)	-	(4)	(4)	1
Eolienne de Callengeville, SAS	France	-	100.00%	Unaudited	Wind Energy production	37	(25)	-	(4)	(4)	8
Parc Eolien de Varimpre, SAS	France	-	100.00%	Unaudited	Wind Energy production	37	(938)	(901)	560	560	(1,242)
Parc Eolien du Clos Bataille, SAS	France	-	100.00%	Unaudited	Wind Energy production	37	(796)	(700)	192	192	(1,267)
Eólica de Serra das Alturas,S.A	Portugal	-	50.10%	KPMG	Wind Energy production	50	2,508	-	632	632	3,190
Malhadizes- Energia Eólica, SA	Portugal	-	100.00%	KPMG	Wind Energy production	50	100	-	396	396	546
Eólica de Montenegro, LDA	Portugal	-	50.10%	KPMG	Wind Energy production	50	5,045	-	1,435	1,435	6,530

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						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Eólica da Alagoa, S.A.	Portugal	-	60.00%	KPMG	Wind Energy production	50	1,729	1,014	1,240	1,240	4,033
Aplica.Indust de Energias limpias S.L	Spain	-	61.50%	Unaudited	Wind Energy production	131	594	-	661	661	1,386
Aprofitament D'Energies Renovables de la Tierra Alta S.A	Spain	-	48.70%	Unaudited	Infrastructure Management	1,994	(778)	-	(21)	(21)	1,195
Bon Vent de L'Ebre S.L.U	Spain	-	100.00%	Unaudited	Wind Energy production	90	(35)	-	1,202	1,202	1,257
Parc Eólic Coll de la Garganta S.L	Spain	-	100.00%	Unaudited	Wind Energy production	1,693	-	-	(704)	(704)	989
Parc Eólic Serra Voltorera S.l	Spain	-	100.00%	Unaudited	Wind Energy production	1,283	(534)	-	(410)	(410)	339
Elektrownia Wiatrowa Kresy I sp zoo	Poland	-	100.00%	Unaudited	Wind Energy production	20	(71)	27	(219)	(219)	(243)
Moray Offshore renewables limited	United Kingdom	-	66.64%	Unaudited	Wind Energy production	9,931	153	1,267	22	22	11,373
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	100.00%	KPMG	Wind Energy production	125	153	(705)	303	303	(124)
Centrale Eolienne de Gueltas Noyal – Pontiv y S.A.S	France	-	100.00%	KPMG	Wind Energy production	2,261	1,847	3	485	485	4,596
Centrale Eolienne Neo Truc de L'Homme ,S.A.S	France	-	100.00%	Unaudited	Wind Energy production	38	(10)	-	(1)	(1)	27
Vallee de Moulin SARL	France	-	100.00%	Unaudited	Wind Energy production	1	(285)	-	(143)	(143)	(427)
Mardelle SARL	France	-	100.00%	Unaudited	Wind Energy production	1	(204)	-	(91)	(91)	(294)
Quinze Mines SARL	France	-	49.00%	Unaudited	Wind Energy production	1	(348)	-	(293)	(293)	(640)
Desarrollos Eólicos de Teruel SL	Spain	-	51.00%	Unaudited	Wind Energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	60.00%	Unaudited	Wind Energy production	3	5	-	-	-	8
Par Eólic de Torre Madrina S.L.	Spain	-	60.00%	Unaudited	Wind Energy production	3	4	-	(671)	(671)	(664)
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	60.00%	Unaudited	Wind Energy production	3	682	-	338	338	1,023
Parc Eolic Molinars S.L.	Spain	-	54.00%	Unaudited	Wind Energy production	3	-	-	-	-	3
Bon Vent de Vilalba, SL	Spain	-	100.00%	Unaudited	Wind Energy production	3,600	(943)	-	(122)	(122)	2,535
Bon Vent de Corbera, SL	Spain	-	100.00%	Unaudited	Wind Energy production	3,330	(2,620)	-	(478)	(478)	232
Masovia Wind Farm I s.p. zo.o.	Poland	-	100.00%	Unaudited	Energy production	350	5,025	(32)	(119)	(119)	5,224
Farma wiatrowa Starozbery Sp.z.o.o	Poland	-	100.00%	Unaudited	Energy production	130	(22)	(18)	(35)	(35)	55
Rowy-Karpacka mala											
Energetyka,sp,z.o.o	Poland	-	85.00%	Unaudited	Energy production	14	(17)	2	(24)	(24)	(25)
Repano wind S.R.L	Italy	-	93.52%	Unaudited	Energy production	11	133	-	(10)	(10)	134
Re plus – Societa ́a Responsabilita ́limitada	Italy	-	93.52%	Unaudited	Energy production	100	1,013	-	(603)	(603)	510
Telfford Offshore Windfarm limited	United Kingdom	-	66.64%	Unaudited	Energy production	-	-	-	-	-	-
Maccoll offshore windfarm limited	United Kingdom	-	66.64%	Unaudited	Energy production	-	-	-	-	-	-
Stevenson offshore windfarma limited	United Kingdom	-	66.64%	Unaudited	Energy production	-	-	-	-	-	-
Parc Eolien des Bocages Sarl	France	-	100.00%	Unaudited	Energy production	1	(28)	-	-	-	(27)
Santa quiteria Energia S.L.U	Spain	-	100.00%	Unaudited	Energy production	3	467	-	299	299	769

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EDPR Renovaveis Cantabria, SL	Madrid	-	100.00%	Unaudited	Wind Energy production	300	-	-	(15)	(15)	285
Villa Castelli Wind srl	Verbania	-	93.52%	Unaudited	Wind Energy production	-	-	-	-	-	-
Pestera Wind Farm, S.A.	Bucharest	-	85.00%	Unaudited	Wind Energy production	26	(2,115)	154	(439)	(439)	(2,374)
Pochidia Wind Farm S.A.	Bucharest	-	85.00%	Unaudited	Wind Energy production	26	-	(2)	(2)	(2)	22
S. C. Ialomita Power SRL	Bucharest	-	85.00%	Unaudited	Wind Energy production	-	-	-	(4)	(4)	(4)
EDP Renewables North America, LLC	Texas	100.00%	-	KPMG	Holding company	3,275,952	(126,896)	-	(47,410)	(47,410)	3,101,646
Wind Turbine Prometheus, LP	California	-	100.00%	KPMG	Wind Energy production	5	(5)	-	-	-	-
Lost Lakes Wind Farm LLC	Minnesota	-	100.00%	KPMG	Wind Energy production	155,865	(6,948)	399	(7,009)	(7,009)	142,307
Quilt Block Wind Farm, LLC	Minnesota	-	100.00%	KPMG	Wind Energy production	4,042	(14)	-	(1)	(1)	4,027
Cloud County Wind Farm, LLC	Kansas	-	100.00%	KPMG	Wind Energy production	237,645	920	-	1,250	1,250	239,815
Whitestone Wind Purchasing, LLC	Texas	-	100.00%	KPMG	Wind Energy production	3,406	(843)	-	(14)	(14)	2,549
Blue Canyon Windpower II LLC	Oklahoma	-	100.00%	KPMG	Wind Energy production	120,974	8,919	-	3,493	3,493	133,386
Blue Canyon Windpower V, LLC	Oklahoma	-	100.00%	KPMG	Wind Energy production	128,450	4,360	-	7,050	7,050	139,860
Horizon Wind Energy International	Texas	-	100.00%	KPMG	Wind Energy production	19	202	-	1	1	222
Pioneer Prairie Wind Farm I, LLC	Iowa	-	100.00%	KPMG	Wind Energy production	439,448	(16,988)	8,267	2,455	2,455	433,182
Sagebrush Power Partners, LLC	Washington	-	100.00%	KPMG	Wind Energy production	156,956	(833)	397	(7,873)	(7,873)	148,647
Telocaset Wind Power Partners, LLC	Oregon	-	100.00%	KPMG	Wind Energy production	95,878	13,913	4,945	5,139	5,139	119,875
High Trail Wind Farm, LLC	Illionois	-	100.00%	KPMG	Wind Energy production	282,683	3,646	-	4,129	4,129	290,458
Marble River, LLC	New York	-	100.00%	KPMG	Wind Energy production	193,972	(138)	-	(21)	(21)	193,813
Rail Splitter	Illionois	-	100.00%	KPMG	Wind Energy production	180,653	(7,891)	423	(5,062)	(5,062)	168,123
Blackstone Wind Farm, LLC	Illionois	-	100.00%	KPMG	Wind Energy production	119,595	(4,205)	38,376	(2,399)	(2,399)	151,367
Aroostook Wind Energy LLC	Maine	-	100.00%	KPMG	Wind Energy production	10,103	(85)	-	(7)	(7)	10,011
Jericho Rise Wind Farm LLC	New York	-	100.00%	KPMG	Wind Energy production	4,330	(35)	-	-	-	4,295
Madison Windpower LLC	New York	-	100.00%	KPMG	Wind Energy production	8,937	(2,319)	-	(929)	(929)	5,689
Mesquite Wind, LLC	Texas	-	100.00%	KPMG	Wind Energy production	187,518	17,770	-	4,259	4,259	209,547
Martinsdale Wind Farm LLC	Colorado	-	100.00%	KPMG	Wind Energy production	2,949	(7)	-	(11)	(11)	2,931
Post Oak Wind, LLC	Texas	-	100.00%	KPMG	Wind Energy production	213,141	28,368	-	3,329	3,329	244,838
BC2 Maple Ridge Wind LLC	Texas	-	100.00%	KPMG	Wind Energy production	284,390	2,710	5,001	136	136	292,237
High Prairie Wind Farm II, LLC	Minnesota	-	100.00%	KPMG	Wind Energy production	112,365	(1,276)	464	352	352	111,905
Arlington Wind Power Project LLC	Oregon	-	100.00%	KPMG	Wind Energy production	130,432	2,288	1,887	1,716	1,716	136,323
Signal Hill Wind Power Project LLC	Colorado	-	100.00%	KPMG	Wind Energy production	3	(2)	-	(2)	(2)	(1)
Tumbleweed Wind Power Project LLC	Colorado	-	100.00%	KPMG	Wind Energy production	3	(3)	-	-	-	-
Old Trail Wind Farm, LLC	Illionois	-	100.00%	KPMG	Wind Energy production	300,743	(9,214)	2,676	3,492	3,492	297,697
Stinson Mills Wind Farm, LLC	Colorado	-	100.00%	KPMG	Wind Energy production	2,411	(78)	-	2	2	2,335
OPQ Property LLC	Illionois	-	100.00%	KPMG	Wind Energy production	-	107	-	6	6	113
Meadow Lake Wind Farm, LLC	Indiana	-	100.00%	KPMG	Wind Energy production	221,428	(5,731)	78,689	(2,086)	(2,086)	292,300
Wheatfield Wind Power Project, LLC	Oregon	-	100.00%	KPMG	Wind Energy production	69,700	7,641	32,852	5,489	5,489	115,682

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						Thousands of Euros					
Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
2007 Vento I, LLC	Texas	-	100.00%	KPMG	Wind Energy production	828,073	2,795	-	1,014	1,014	831,882
2007 Vento II, LLC	Texas	-	100.00%	KPMG	Wind Energy production	732,464	(2,348)	-	(350)	(350)	729,766
2008 Vento III, LLC	Texas	-	100.00%	KPMG	Wind Energy production	815,835	(1,280)	-	(698)	(698)	813,857
Horizon Wind Ventures I LLC	Texas	-	100.00%	KPMG	Wind Energy production	977,686	46,902	-	22,716	22,716	1,047,304
Horizon Wind Ventures II, LLC	Texas	-	100.00%	KPMG	Wind Energy production	109,602	909	-	1,151	1,151	111,662
Horizon Wind Ventures III, LLC	Texas	-	100.00%	KPMG	Wind Energy production	53,199	(585)	-	1,411	1,411	54,025
Clinton County Wind Farm, LLC	New York	-	100.00%	KPMG	Wind Energy production	193,978	(6)	-	-	-	193,972
BC2 Maple Ridge Holdings LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Cloud West Wind Project, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Five-Spot, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Alabama Ledge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Antelope Ridge Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind Energy production	10,806	(1)	-	(10)	(10)	10,795
Arkwright Summit Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Ashford Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Black Prairie Wind Farm LLC	Texas	-	100.00%	KPMG	Wind Energy production	4,080	(1)	-	(1)	(1)	4,078
Blackstone Wind Farm II LLC	Texas	-	100.00%	KPMG	Wind Energy production	232,481	(271)	84,866	(6,281)	(6,281)	310,795
Blackstone Wind Farm III LLC	Texas	-	100.00%	Unaudited	Wind Energy production	4,155	(8)	-	(2)	(2)	4,145
Blackstone Wind Farm IV LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Blackstone Wind Farm V LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Blue Canyon Windpower III LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Blue Canyon Windpower IV LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Blue Canyon Windpower VI LLC	Texas	-	100.00%	Unaudited	Wind Energy production	40,153	-	-	12	12	40,165
Broadlands Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Broadlands Wind Farm III LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Broadlands Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Chateaugay River Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Crossing Trails Wind, Power Project LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Dairy Hills Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Diamond Power Partners LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Ford Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Gulf Coast Windpower Management Company, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Rising Tree Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-

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Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Horizon Wind Energy Northwest X LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest XI LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest III LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Valley I LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind MREC Iowa Partners LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind, Freeport Windpower I LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Juniper Wind Power Partners, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Lexington Chenoa Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	7,660	-	-	(9)	(9)	7,651
Machias Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Meadow Lake Wind Farm II LLC	Texas	-	100.00%	KPMG	Wind Energy production	151,344	(1,296)	405	(600)	(600)	149,853
New Trail Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
North Slope Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Number Nine Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Pacific Southwest Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Pioneer Prairie Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Buffalo Bluff Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Saddleback Wind Power Project LLC	Texas	-	100.00%	KPMG	Wind Energy production	1,082	(4)	-	-	-	1,078
Sardinia Windpower LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Turtle Creek Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Western Trail Wind Project I LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Whistling Wind WI Energy Center, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Coos Curry Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Midwest IX LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest I LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Peterson Power Partners LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Pioneer Prairie Interconnection LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
The Nook Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Tug Hill Windpower LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Whiskey Ridge Power Partners LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Wilson Creek Power Partners LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
WTP Management Company LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-

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						Thousands of Euros					
Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Meadow Lake Wind Farm IV LLC	Indiana	-	100.00%	KPMG	Wind Energy production	96,379	80	35,788	45	45	132,292
Meadow Lake Windfarm III LLC	Indiana	-	100.00%	KPMG	Wind Energy production	112,749	(41)	43,202	(1,130)	(1,130)	154,780
2009 Vento IV, LLC	Texas	-	100.00%	KPMG	Wind Energy production	180,897	(160)	-	(79)	(79)	180,658
2009 Vento V, LLC	Texas	-	100.00%	KPMG	Wind Energy production	128,617	(122)	-	(112)	(112)	128,383
2009 Vento VI, LLC	Texas	-	100.00%	KPMG	Wind Energy production	156,031	(235)	-	76	76	155,872
Horizon Wind Ventures VI, LLC	Texas	-	100.00%	KPMG	Wind Energy production	87,637	(1,774)	-	27	27	85,890
Lexington Chenoa Wind Farm II LLC	Illinois	-	100.00%	KPMG	Wind Energy production	427	-	-	(2)	(2)	425
Lexington Chenoa Wind Farm III LLC	Illinois	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
East Klickitat Wind Power Project LLC	Washington	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest IV LLC	Oregon	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Blue Canyon Wind Power VII LLC	Oklahoma	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Horizon Wyoming Transmission LLC	Wyoming	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
AZ Solar LLC	Arizona	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Black Prairie Wind Farm II LLC	Illinois	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Black Prairie Wind Farm III LLC	Illinois	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100.00%	KPMG	Wind Energy production	4,408	-	-	(1)	(1)	4,407
Paulding Wind Farm II LLC	Ohio	-	100.00%	KPMG	Wind Energy production	78,525	(5)	425	2,262	2,262	81,207
Paulding Wind Farm III LLC	Ohio	-	100.00%	KPMG	Wind Energy production	3,190	-	-	(30)	(30)	3,160
Simpson Ridge Wind Farm II LLC	Wyoming	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm III LLC	Wyoming	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm IV LLC	Wyoming	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm V LLC	Wyoming	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project II, LLC	Oregon	-	100.00%	KPMG	Wind Energy production	-	-	-	-	-	-
Meadow Lake Wind Farm V, LLC	Indiana	-	100.00%	KPMG	Wind Energy production	1,589	-	-	(5)	(5)	1,584
Horizon Wind Ventures IB, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	10,988	36,712	-	19,119	19,119	66,819
Horizon Wind Ventures IC, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	5,990	6,124	-	7,327	7,327	19,441
Headwaters Wind Farm LLC	Indiana	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
17th Star Wind Farm LLC	Ohio	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Rio Blanco Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Hidalgo Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Stone Wind Power LLC	New York	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Franklin Wind Farm LLC	New York	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Waverly Wind Farm LLC	Kansas	-	100.00%	Unaudited	Wind Energy production	2,367	-	-	(1)	(1)	2,366
2010 Vento VII, LLC	Texas	-	100.00%	KPMG	Wind Energy production	151,444	(161)	-	62	62	151,345
2010 Vento VIII, LLC	Texas	-	100.00%	KPMG	Wind Energy production	157,039	(12)	-	(71)	(71)	156,956
2010 Vento IX, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-

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						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Horizon Wind Ventures VII, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	87,262	(579)	-	544	544	87,227
Horizon Wind Ventures VIII, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	81,048	(385)	-	(102)	(102)	80,561
Horizon Wind Ventures IX, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	(2,737)	(2,737)	(2,737)
2011 Vento IX, LLC	Texas	-	100.00%	Unaudited	Wind Energy production	78,559	-	-	(35)	(35)	78,524
2011 Vento X, LLC	Texas	-	100.00%	KPMG	Wind Energy production	40,153	-	-	(19)	(19)	40,134
EDPR Wind Ventures X	Texas	-	100.00%	Unaudited	Wind Energy production	-	-	-	(44)	(44)	(44)
Paulding Wind Farm IV, LLC	Ohio	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Rush County Wind Farm, LLC	Kansas	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
Eastern Nebraska Wind Farm, LLC	Nebraska	-	100.00%	Unaudited	Wind Energy production	-	-	-	-	-	-
EDP RENOVÁVEIS BRASIL, S.A.	Sao Paulo	55.00%	-	KPMG	Wind Energy production	28,948	(2,064)	-	(3,203)	(3,203)	23,681
Central Nacional de Energia Eólica, S.A. (Cenaeel)	Sao Paulo	-	55.00%	KPMG	Wind Energy production	5,809	(28)	-	803	803	6,584
Elebrás Proyectos, Ltda	Sao Paulo	-	55.00%	Unaudited	Wind Energy production	32,122	(764)	-	3,511	3,511	34,869
EDP RENEWABLES CANADA, LTD	Canada	100.00%	-	Unaudited	Wind Energy production	2,270	(102)	-	(1,019)	(1,019)	1,149

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Associates	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Thousands of Euros					
						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Aprofitament D'Energies Renovables de l'Ebre S.l	Spain	-	18.97%	Unaudited	Infrastructure Management	3,870	-	(551)	(168)	(168)	3,151
Hidroastur, S.A.	Oviedo, Spain	-	25.00%	Centium	Mini-hydroelectric energy prod.	4,808	3,952	132	797	797	9,689
Biomassas del Pirineo, S.A.	Huesca, Spain	-	30.00%	Unaudited	Biomass: Electricity production	455	(217)	-	-	-	238
Culitvos Energéticos de Castilla, S.A.	Burgos, Spain	-	30.00%	Unaudited	Biomass: Electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	42.00%	Ernst & Young	Wind Energy production	7,194	1,559	886	3,247	3,247	12,886
Desarrollos Energéticos Canarios, S.A.	Las Palmas de Gran Canaria, Spain	-	49.90%	Unaudited	Wind power: Project development	15	(25)	-	-	-	(10)
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	25.00%	Unaudited	Solar Energy	80	(18)	-	-	-	62
Natureneo Energía, S.L.	Spain	-	49.00%	Unaudited	Holding company	3	(2)	-	(1)	(1)	-
Eólicas de Portugal,SA	Portugal	-	35.96%	Unaudited	Wind Energy production	42,312	7,689	(26,285)	6,027	6,027	29,743
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	29.90%	KPMG	Wind Energy production	120	2,793	-	258	258	3,171
Inch Cape Offshore Limited	Edimburg	-	49.00%	Deloitte	Wind Energy production	1,621	(32)	-	(12)	(12)	1,577

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Jointly controlled entities	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
	Tébar/Cuenca, Spain	-	50.00%	Unaudited	Wind Energy production	4,720	3,386	1,066	1,666	1,666	10,838
Tebar Eolica, S.A.											
Evolución 2000, S.L.	Madrid, Spain	-	49.15%	KPMG	Wind Energy production	118	8,397	3,048	3,412	3,412	14,975
					Wind power: Project						
Desarrollos Energéticos Canarias, S.A.	Las Palmas, Spain	-	49.90%	Unaudited	development	60	-	(24)	-	-	72
Compañía Eólica Aragonesa S.A.	Spain	-	50.00%	Deloitte	Wind Energy production	6,701	39,800	(719)	15,543	15,543	61,325
Flat Rock Windpower LLC	Nueva York	-	50.00%	E&Y	Wind Energy production	202,032	(38,838)	-	(2,420)	(2,420)	160,774
Flat Rock Windpower II LLC	Nueva York	-	50.00%	E&Y	Wind Energy production	80,164	(14,187)	-	(2,011)	(2,011)	63,966

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Name or registered name of board member	Registered name of entity	Position
Antonio Luís Guerra Nunes Mexía	EDP Energias de Portugal, S.A.	Chairperson of the Executive of the Board of Directors
	Energias do Brasil, S.A.	Chairperson of the Board of Directors
	EDP Energias de Portugal, S.A., Sucursal en España	Permanent Representative
	EDP Finance BV	Representative
Rui Manuel Rodrigues Lopes Teixeira	EDP Renewables Europe, S.L.	Member of the Board
	EDP Renováveis Portugal, S.A.	Member of the Board
	Malhadizes – Energia Eólica, S.A.	Member of the Board
	EDP Renewables Canada, Ltd.	Director
	Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
	Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
	EDP Renewables Polska SP. Z O.O.	Member of the Board
	Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
	Masovia Wind Farm I SP. Z O.O.	Member of the Board
	Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
	Karpacka Mala Energetyka SP. Z O.O.	Member of the Board
	Relax Wind Park IV SP. Z O.O.	Member of the Board
	Relax Wind Park II SP. Z O.O.	Member of the Board
	EDP Renováveis Brasil, S.A.	Member of the Board
	EDP Renewables SGPS S.A.	Member of the Board
	EDPR PT - Promoção e Operação S.A.	Member of the Board
	EDP Renewables Canada LP, Ltd.	Member of the Board
	EDP Renewables Canada GP, Ltd.	Member of the Board
	SBWF GB Inc.	Director
	South Branch Wind Farm Inc.	Director
	Eolia Renewable Energy Canada Inc.	Director
	0867242 B.C.	Director
	EDPR UK, Ltd.	Member of the Board
	Moray Offshore Renewables, Ltd.	Member of the Board
	Maccoll Offshore Windfarm, Ltd.	Member of the Board
	Stevenson Offshore Windfarm, Ltd.	Member of the Board
	Telford Offshore Windfarm, Ltd.	Member of the Board
	EDP Renováveis Servicios Financieros S.L.U.	Member of the Board
Nuno Maria Pestana de Almeida Alves	EDP – Energias de Portugal, S.A.	Board member and Chief Financial Officer
	EDP Energias do Brasil, S.A.	Board member
	Hidroeléctrica del Cantábrico, S.A.	Board member
	EDP- Estudos e Consultoria S.A.	Chairman & Chief Executive Officer
	EDP-Inmobiliaria e Participações S.A.	Chairman & Chief Executive Officer
	Savida - Medicina Apoiada S.A.	Chairman & Chief Executive Officer
	SCS - Serviços complementares de Saude S.A.	Chairman & Chief Executive Officer
	Energia RE S.A.	Chairman & Chief Executive Officer
	Balwerk - Consultadoria Economica e Participações, sociedade unipessoal, LDA.	Manager
	EDP Energias de Portugal Sociedade Anónima	
	Sucursal en España	Permanet representative
	EDP Finance BV	Representative
João Paulo Nogueira de Sousa Costeira	EDP Renewables Europa, S.L.U.	Member of the Board
	EDP Renováveis Portugal, S.A.	Chairperson of the Board of Directors
	Malhadizes – Energia Eólica, S.A.	Chairperson of the Board of Directors
	Eólica da Serra das Alturas, S.A.	Member of the Board
	Eólica de Montenegro, S.A.	Member of the Board
	ENEOP 2 – Exploração de Parques Eolicos, S.A.	Chairperson of the Board of Directors
	EDP Renewables France, S.A.	Chairperson of the Board of Directors

Name or registered name of board member	Registered name of entity	Position
	Centrale Eolienne Neo Truc de l'Homme, SAS	Chairperson of the Board of Directors
	Eolienne de Callengeville, SAS	Chairperson of the Board of Directors
	Parc Eolien de la Hetroye, SAS	Chairperson of the Board of Directors
	Eolienne de Saugueuse, SARL	Joint Director
	Parc Eolien des Bocages	Joint Director
	Eolienne d'Etalondes, SARL	Joint Director
	Parc Eolien d'Ardennes, SARL	Joint Director
	Parc Eolien de Mancheville, SARL	Joint Director
	Parc Eolien de Roman, SARL	Joint Director
	Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
	Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
	EDP Renewables Polska SP. Z O.O.	Member of the Board
	Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
	Masovia Wind Farm I SP. Z O.O.	Member of the Board
	Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
	Karpacka Mala Energetyka SP. Z O.O.	Member of the Board
	EDPR UK, Ltd	Member of the Board
	Moray Offshore Renewables, Ltd	Member of the Board
	Maccoll Offshore Windfarm, Ltd	Member of the Board
	Stevenson Offshore Windfarm, Ltd	Member of the Board
	Telford Offshore Windfarm, Ltd	Member of the Board
	EDP Renewables Italia, Srl	Chairperson of the Board of Directors
	Operação e Manutenção Industrial, S.A.	Member of the Board
	EDP Renováveis Servicios Financieros S.L.U.	Member of the Board
	EDP Renewables SGPS S.A.	Chairperson of the Board of Directors
	EDPR PT - Promoção e Operação S.A.	Chairperson of the Board of Directors
	Parc Eolien des Vatines	Chairperson of the Board of Directors
	Parc Eolien du Clos Bataille	Chairperson of the Board of Directors
	Parc Eolien de Varinpre	Chairperson of the Board of Directors
	Parc Eolien Longs Champs	Joint Director
	Socpe de la Mardelle	Joint Director
	Socpe de la Vallée du Moulin	Joint Director
	Socpe de Sauvageons	Joint Director
	Socpe des Quinze Mines	Joint Director
	Socpe Le Mée	Joint Director
	Socpe Petite Pièce	Joint Director
	CE Canet Pont de Salars SAS	Chairperson of the Board of Directors
	CE Gueltas Noyal Pontivy	Chairperson of the Board of Directors
	CE Patay SAS	Chairperson of the Board of Directors
	CE Saint Barnabé SAS	Chairperson of the Board of Directors
	CE Segur SAS	Chairperson of the Board of Directors
	Monts de la Madeleine Energie SAS	Chairperson of the Board of Directors
	Monts du Forez Energie SAS	Chairperson of the Board of Directors
	Eolienne des Bocages, SARL	Joint Director
	EDP Renváveis Brasil	Member of the Board
	EDP Renewables Romania, S.R.L.	Member of the Board
	Cernavoda Power S.A.	Member of the Board
	Greenwind S.A.	Member of the Board
	Neo Plouvien SAS	Chairperson of the Board of Directors
João Manuel Manso Neto		Member of the Executive Board of Directors
	EDP Energías de Portugal, S.A.	
	EDP Energías de Portugal S.A Sucursal en España	Permanent Representative
	EDP Energía Iberica, S.A.	Member of the Board
	EDP Gás.Com Comércio de Gás Natural, S.A.	Chairperson of the Board of Directors
	Hidroeléctrica del Cantábrico, S.A.	Vice-president of the Board of Directors

Name or registered name of board member	Registered name of entity	Position
	Naturgás Energía Grupo, S.A.	Vice-president of the Board of Directors
	HidroCantábrico Energía, S.A.U.	Chairperson of the Board of Directors
	Eléctrica de la Ribera del Ebro, S.A.	Chairperson of the Board of Directors
	EDP Finance BV	Representative
	EDP Renewables Europa S.L.	Chairperson of the Board of Directors
	EDP Renovaveis Brasil, S.A.	Chairperson of the Board of Directors
	ENEOP – Eólicas de Portugal S.A.	Chairperson of the Board of Directors
Manuel Menéndez Menéndez	Naturgas Energía Grupo, S.A.	Chairperson of the Board of Directors
	EDP Renewables Europe, S.L.	Member of the Board
	Hidroeléctrica del Cantábrico, S.A.	Chairperson of the Board of Directors
Gabriel Alonso Imaz	EDP Renewables Canada, Ltd.	Chief Executive Officer
	EDP Renewables North America, LLC y sociedades dependientes (véase detalle de sociedades incluido en Anexo I)	Chief Executive Officer
	American Wind Energy Association	Chair-Elect and Executive Board Member
Joao Manuel Verissimo Marques da Cruz	EDP Energías de Portugal, S.A.	Member of the Executive Board of Directors
	Companhia de Electricidade de Macau - CEM, S.A.	Chairperson of the Board of Directors
	EDP Ásia - Investimentos e Consultoria Lda.	Chairperson of the Board of Directors
	EDP Ásia Soluções Energéticas Lda.	Chairperson of the Board of Directors
	EDP Finance BV	Representative
	EDP Renováveis, S.A.	Member of the Board
	EDP Valor - Gestao Integrada de Serviços, S.A.	Chairperson of the Board of Directors

Name or registered name of director or board member	Registered name of entity	Number of shares
Antonio Luís Guerra Nunes Mexía	EDP Energías de Portugal, S.A.	41,000
	EDP Energías do Brasil, S.A.	1
	EDP Renováveis, S.A.	4,200
João Manuel Manso Neto	EDP Energías de Portugal, S.A.	1,268
Nuno Maria Pestana de Almeida Alves	EDP Energías de Portugal, S.A.	125,000
	EDP Energías do Brasil, S.A.	1
	EDP Renováveis, S.A.	5,000
Jorge Manuel Azevedo Henriques dos Santos	EDP Energías de Portugal, S.A.	2,379
	EDP Renováveis, S.A.	200
João Manuel de Mello Franco	EDP Energías de Portugal, S.A.	4,550
	REN - Redes Energéticas Nacionais, SGPS, S.A.	980
	EDP Renováveis, S.A.	380
Gabriel Alonso Imaz	Iberdrola, S.A.	27
	Gamesa Corp. Tec., SA	7,880
	EDP Renováveis, S.A.	26,503
Related person of Gabriel Alonso Imaz - Teresa Sancho	Iberdrola, S.A.	26
	Gamesa Corp. Tec., SA	7,881
Joao Manuel Verissimo Marques da Cruz	EDP Energías de Portugal, S.A.	3,878
	EDP Renováveis, S.A.	1,200
João Pedro Nogueira de Sousa Costeira	EDP Renováveis, S.A.	3,000
Rui Manuel Rodrigues Lopes Teixeira	EDP Renováveis, S.A.	12,370
José Fernando Maia de Araújo e Silva	EDP Renováveis, S.A.	80
João José Belard da Fonseca Lopes Raimundo	EDP Renováveis, S.A.	840



EDP Renováveis S.A.

**MANAGEMENT REPORT
DECEMBER 2012**

MANAGEMENT REPORT
of
EDP Renováveis S.A. (Holding)

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ATTACHED:

EDP RENOVÁVEIS INDIVIDUAL FINANCIAL STATEMENTS AS OF 31/DEC/2012

INTRODUCTION

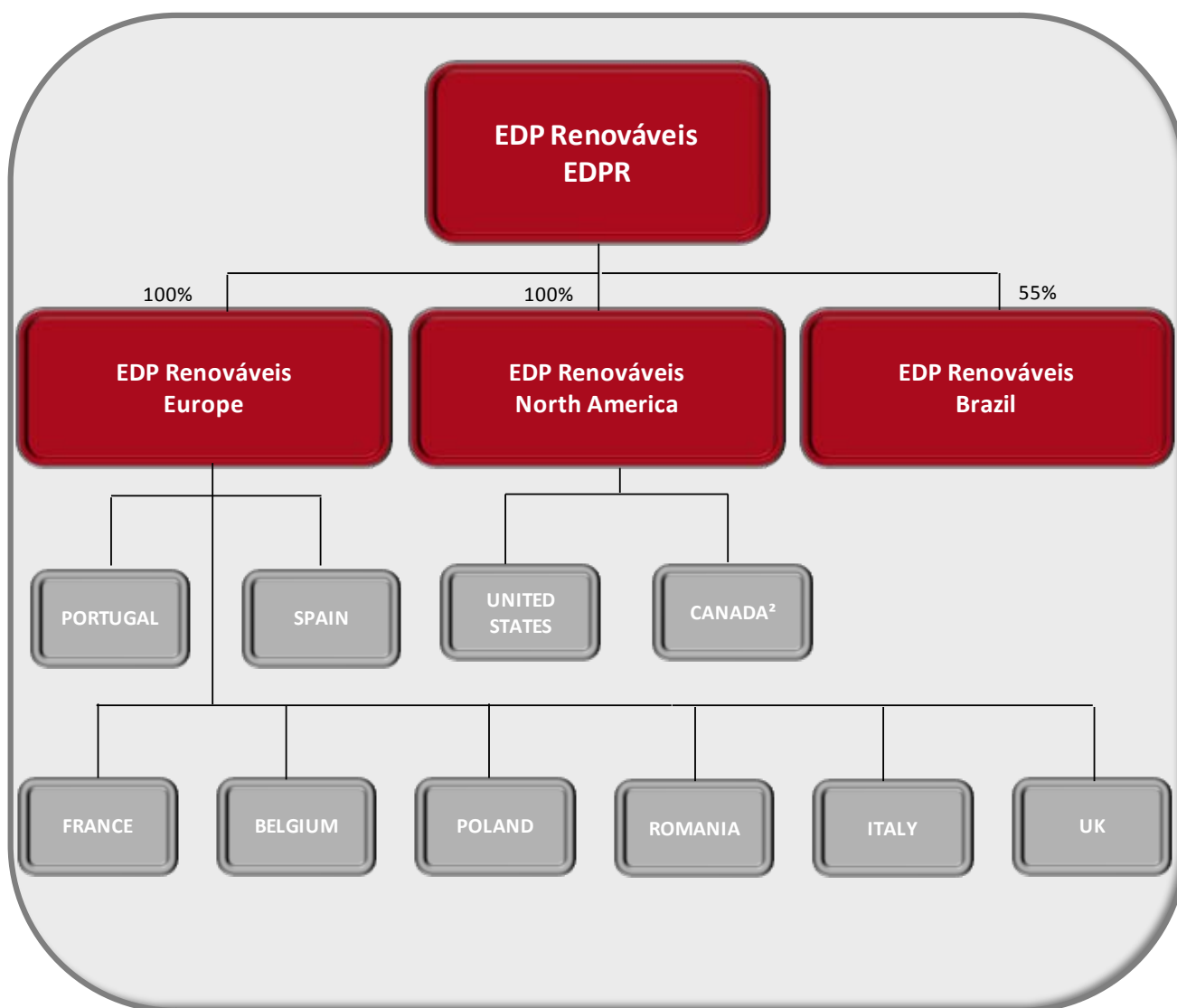
By means of the current Management Report, the Board of Directors of EDPR hereby provides shareholders and all other relevant stakeholders and all other relevant stakeholders with a synopsis of the most relevant aspects of the EDP Renováveis business and performance during 2012.

EDP Renováveis S.A.:

EDP Renováveis S.A. individual accounts refer to the Holding of EDP Renováveis Group (EDPR), which includes (apart from EDPR Holding) its subsidiaries EDPR Europe (EDP Renewables Europe, S.L.), EDPR North America (EDP Renewables North America, LLC and EDP Renewables Canada, Ltd), EDPR Brazil (EDP Renováveis Brasil, S.A.). This management report focus on 2012 activity and financial results of “EDPR Holding” as well as its subsidiaries in each of the supra-mentioned platforms. Therefore, this report describes both the Holding and EDPR Group’s business and activity during the year of 2012. Financial accounts for EDPR Holding are presented according to Spanish GAAP (“Plan General de Contabilidad”, in all material aspects similar to IFRS), while EDPR Group consolidated financial info were prepared according to IFRS-EU. The current management report addresses both EDPR Holding and EDPR Group.

2. ORGANIZATIONAL CHART

EDP Renováveis Organization¹



¹ Non-exhaustive Organization Chart, illustrating simplified geography of presence rather than comprehensive list of legal entities. For simplification purposes, country holdings are shown

² 100% owned by EDPR S.A., operationally integrated under EDPR NA platform.

3. MAIN EVENTS OF THE PERIOD

JANUARY

January 6th – Proposal for EDPR's new CEO to be approved at next EDP's General Shareholders' Meeting

EDP Renováveis informed that its principal shareholder EDP - Energias de Portugal, S.A. will hold a General Shareholders' Meeting in February 20th in which, among other, will decide upon the election of new members of the Executive Board of Directors. As a consequence, shall the referred proposal for the election of new Executive Board Members be approved, EDP hereby informs, from now, that, as major shareholder of EDP Renováveis, it intends to propose the necessary steps for Mr. João Manso Neto to assume the position of EDP Renováveis' Chief Executive Officer, in substitution Mrs. Ana Maria Fernandes.

FEBRUARY

February 2nd – EDP Renováveis disclosed 2011 provisional data

In 2011 EDPR wind energy capacity grew by 806 MW (+12% YoY), adding 720 MW to its EBITDA consolidated capacity and 87 MW (attributable to EDPR) through the Eólicas de Portugal consortium. By the end of December 2011, EDPR managed a portfolio of 7.2 GW in 8 different countries, plus the 326 MW through its interest in the Eólicas de Portugal consortium.

In 2011, EDPR produced 16.8 TWh of CO2-free energy, a 17% increase vis-à-vis 2010, outpacing the capacity growth. The US represented the main source of growth (+21% YoY), while Europe's growth (+10% YoY) continues to be supported by Central and Eastern European markets (Rest of Europe, +65% YoY).

EDPR achieved a solid top-sector 29% load factor, with the capacity factor reaching 25% in Europe and 33% in the US, underlying the high quality of EDPR's assets. The annual stability on the total average load factor is result of a balanced portfolio, a selective geographical diversification and a strong knowledge in maximizing wind farm output.

February 29th – EDP Renováveis announced 2011 results

Revenues reached €1,069 million (+13% YoY) and EBITDA €801 million (+12% YoY), with an EBITDA margin of 75%. Net income increased 10% YoY to €89 million.

February 29th – Approval of Mr. João Manso Neto as the new CEO of EDP Renováveis

At the Board of Directors' Meeting of EDP Renováveis held on the February 28th, 2012, the board members have approved the election of Mr. João Manso Neto to the position of CEO and Vice-President of EDP Renováveis Board of Directors following a proposal from the Appointment and Remuneration Committee. The election pursues Mrs. Ana Maria Fernandes' resignation to such positions given her new responsibilities within EDP.

MARCH**March 5th – EDP Renováveis executed project finance for 125 MW in Spain**

EDP Renováveis executed a project finance structure agreement with a consortium of five European banks for 125 MW in Spain.

The long-term contracted debt facility (17 years) amounts to €177 million and the transaction financial close is expected to occur until the end of the first quarter of 2012.

The 125 MW comprises three wind farms in the Spanish region of Cataluña with 25 MW installed in 2009 and 50 MW installed in the 2011, being the remaining 50 MW currently under construction and to be installed by the end of 2012. All the capacity has a long term remuneration scheme in place according with the Royal Decree 661/2007.

APRIL**April 12th – EDP Renováveis Annual Shareholder Meeting**

EDP Renováveis' Annual General Shareholders' Meeting was held in the April 12th and approved the following resolutions:

- Review and approval of the individual and consolidated accounts for the fiscal year ended on December 31, 2011, namely the balance sheet, profit and loss account, changes to the net assets, cash flow statement and notes.

- Review and approval of the application of results for the fiscal year ended on December 31, 2011: i) Base breakdown: profit for the year 2011: €59,018,372.50; ii) Distribution: €5,901,837.25 to legal reserve and €53,116,535.25 to voluntary reserve.
- Review and approval of the Individual Management Report, Consolidated Management Report with its subsidiaries, and the Corporate Governance Report, for the fiscal year ended on December 31, 2011.
- Review and approval of the management conducted by the Board of Directors during the fiscal year ended on December 31, 2011, as well as a vote of confidence to its members.
- Approval of the remuneration policy for the managers of EDP Renováveis.
- Re-election, as Auditor of EDP Renováveis S.A., of KPMG Auditores, S.L. recorded in the Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153, for the year 2012.
- Delegation of powers to the Chairperson of the Board, António L. Guerra Nunes Mexia, to the Director, João Manso Neto, and to the Company Secretary, Emilio Garcia-Conde Noriega, for the formalization and implementation of all resolutions adopted at the General Shareholders' Meeting, for the purpose of celebrating the respective public deed and to permit its interpretation, correction, addition or development in order to obtain the appropriate registrations.

April 12th – EDP Renováveis Board of Directors approved resolutions

EDP Renováveis' Board of Directors approved, pursuant to the terms provided for under the applicable Spanish law, the following resolutions:

- Resignation of António Mexia as President and member of the Executive Committee of EDPR, and Ana Maria Fernandes as member of the Executive Committee. António Mexia remains as Chairman the Board of Directors and Ana Maria Fernandes remains as member of the same board;
- Resolution by unanimity to appoint João Manso Neto as President of the Executive Committee;
- Following the approved resolutions, the Board of Directors resolved unanimously to reduce the number of members of the Executive Committee of EDPR from the current 8 members to 6 members, being composed by the following members: João Manso Neto, CEO; Nuno Alves; Rui Teixeira, CFO; Luís Adão da Fonseca, CBDO; João Paulo Costeira, COO of Europe; Gabriel Alonso, COO of EDPR North America.

April 18th – EDP Renováveis disclosed 1Q2012 provisional data

In the last 12 months, EDPR added 532 MW to its EBITDA consolidated capacity and 87 MW (attributable to EDPR) through the Eólicas de Portugal consortium. As of Mar-2012, EDPR managed a global portfolio of 7.5 GW of onshore wind energy spread over 8 different countries, of which 7.2 GW fully consolidated with an additional 326 MW through its interest in the Eólicas de Portugal consortium.

In the 1Q12, EDPR produced 5.2 TWh of clean energy, an 18% increase vs. 1Q11. The annual growth in the electricity output benefited from the capacity additions in the last 12 months and the outstanding wind resource in the US. EDPR operations in the US were the main source for the electricity production growth, having increased by +26% YoY to 3.1 TWh. The European production growth (+6% YoY to 2.1 TWh) was strongly supported by Central and Eastern European markets (Rest of Europe, +50% YoY).

EDPR achieved a solid top-sector 34% load factor, reaching 27% in Europe and 41% in the US, underlining the high quality of EDPR's assets. The stability of the total average load factor is a result of a balanced portfolio, a selective geographical diversification and a strong knowledge in maximizing wind farm output.

MAY

May 8th – Ms. Ana Maria Fernandes resigned from member of EDP Renováveis' Board of Directors

Ms. Ana Maria Fernandes resigned from member of EDP Renováveis' Board of Directors given her new responsibilities within EDP.

In order to fill the vacancy, following the proposal from the Nomination and Remuneration Committee, the EDP Renováveis' Board of Directors appointed by cooption Mr. João Marques da Cruz, shareholder of EDPR, as member of such Board until the first General Meeting is gathered.

The cooption proposal is according to the Number 2 of the Article 23º of EDPR Articles of Association.

May 9th – EDP Renováveis announced 1Q2011 results

Revenues increased 22% YoY to €346 million resulting in a 20% YoY EBITDA increase to €263 million, with an EBITDA margin of 76%. Net income reached €62 million (+26% YoY).

May 22nd – EDP Renováveis held its Investor Day in Oporto

EDP Renováveis management team present to the market the company's strategy for the next few years.

JUNE**June 5th – EDP Renováveis informed on management transactions**

Mr. Rui Teixeira acquired 500 shares at an average price of €2.90 increasing its holding to 12,370 shares.

June 21st – EDP Renováveis informed on management transactions

Mr. Gabriel Alonso acquired 8,000 shares at an average price of €2.74 increasing its holding to 26,503 shares.

JULY**July 11th – EDP Renováveis disclosed 1H2012 provisional data**

In the 1H12, EDPR produced 10 TWh of clean energy, a 13% growth vs. 1H11. The electricity output growth reflects EDPR's well balanced portfolio: generation in Europe increased by 15% YoY and in the US by 10% YoY.

In the period, EDPR delivered a premium 32% load factor, maintaining its leading position within the wind sector reflecting its assets intrinsic quality.

By the end of the 1H12, EDPR managed a global portfolio of 7.5 GW of wind energy onshore spread over 8 different countries, of which 7.2 GW fully consolidated plus 332 MW through its interest in the Eólicas de Portugal consortium.

July 25th – EDP Renováveis disclosed 1H2012 results

Revenues in the 1H12 increased 23% YoY, outpacing volumes growth given the sustained increase of the average selling price. EBITDA growth was in line with the Top-Line performance (+23% YoY) after a 16% Opex increase (excl. other operating income) and an €8m decline in other operating income, which resulted in a 75% EBITDA margin

Net Profit in the 1H12 increased 12% YoY to €100m or 33% on a like-for-like basis (Adj. Net Profit of €103m in the 1H12 vs. €78m in the 1H11) when adjusted by the change in the operating assets' useful life to 25 years, introduction of deferred tax accounting in the US, forex differences, capital gains, excess of provisions and write-offs/impairments.

July 30th – EDP Renováveis executes project finance for 57 MW in Belgium

EDP executed a project finance structure agreement with two European banks for 57 MW in Belgium. The long-term contracted debt facilities amount to €46 million and the transaction financial close is expected to occur until the end of the third quarter of 2012.

The 57 MW comprises three wind farms in operation in Belgium in the region of Walloon, with 47 MW installed in 2008 and 10 MW installed in 2009, and all the capacity has a long-term PPA in place.

SEPTEMBER**September 3rd – Wind sector and Portuguese Government reached agreement for the extension of the remuneration framework**

The Portuguese wind sector and the Portuguese Government reached an agreement in principles that maintains the legal stability of the current contracts (Decree-Law 33-A/2005) and protects the value of the investments made by the wind energy developers in the Portuguese economy. The wind farm operators can voluntarily invest to obtain further remuneration visibility, through the acquisition of a new tariff scheme to be applied upon the initial 15 years established by law. The proceeds will be used to reduce the overall costs of the Portuguese electricity system.

The agreement is only applicable to the wind farms under the “old tariff regime”, while the wind farms awarded under the competitive tenders (e.g. Eólicas de Portugal - ENEOP) after the publication of the Decree-Law 33-A/2005 will not be subject to any type of changes.

The agreement reached provides additional stability to the Portuguese electricity system, and reinforces the legal framework in place and the country's commitment with renewable energy, by:

- Keeping unchanged all the provisions included in the Decree-Law 33-A/2005;
- Making the agreement voluntary to each one of the wind developers;
- Introducing a new tariff scheme, by extending the duration of the remuneration framework from the initial 15 years since the publication of the Decree-Law 33-A/2005 or the commercial operating date if later, to a duration of 20-22 years, in exchange for an annual payment by the developers from 2013 through 2020.

In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework the Government proposed 4 alternative tariff schemes to be elected by each of the wind developers, providing i) alternative cap and floor selling prices; ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently iii) alternative levels of investment (on a per MW basis) to acquire the new scheme.

Through this regime, wind energy will be remunerated between year 16th and 22nd according with:

- The Floor Price whenever the daily average wholesale market price is below the Floor Price;
- The Cap Price whenever the daily average wholesale market price is above the Cap Price, and;
- The daily average wholesale market price when it is within the Floor and the Cap.

EDPR expects to annually invest between €3.6 million to €4.0 million, during the 2013-2020 period, thus enabling additional long-term remuneration visibility for its Portuguese assets.

September 4th – EDP Renováveis informed on the resignation of members of the Board of Directors

EDPR informed that Mr. António do Pranto Nogueira Leite and Mr. Francisco José Queiroz Barros de Lacerda have presented, by letters addressed to EDPR, their resignation from members of the Board of Directors. Following their resignation as members of the Board of Directors, Mr. António do Pranto Nogueira Leite and Mr. Francisco José Queiroz Barros de Lacerda also cease their positions in the Related Party Transactions Committee and in the Nominations and Remunerations Committee, respectively.

September 24th – EDP Renováveis informed on the resignation of members of the Board of Directors

EDPR hereby informs that Mr. Luís de Abreu Castello-Branco Adão da Fonseca has presented, by letter addressed to EDPR, his resignation from member of the Board of Directors, due to personal reasons. Following his resignation Mr. Luís de Abreu Castello-Branco Adão da Fonseca also ceases his position in the Executive Committee.

September 25th - EDPR started the construction of its first Solar PV projects

EDPR started the construction of 39 MW of solar photovoltaic (solar PV) projects in Romania, executing one of the strategic growth options announced on its May 2012 Investor Day. The construction of the projects is expected to be concluded by the 1Q 2013.

OCTOBER**October 17th - EDP Renováveis disclosed 9M2012 provisional data**

In the 9M12, EDPR produced 13.3 TWh of clean energy, a 11% growth vs. 9M11. The electricity output growth reflects EDPR's well balanced portfolio: generation in Europe increased by 14% YoY and 9% in the US.

In the period, EDPR delivered a high 29% load factor (+1pp YoY), maintaining its leading position within the wind sector and reflecting its wind farms intrinsic quality.

As of Sep-12, EDPR managed a global portfolio of 7.7 GW in onshore wind energy spread over 8 different countries, of which 7.4 GW is fully consolidated plus 350 MW through its interest in the Eólicas de Portugal consortium.

NOVEMBER**November 6th – EDP Renováveis disclosed 9M2012 results**

Revenues in the 9M12 increased 22% YoY to €936m, outpacing volume growth given the sustained increase of the average selling price. EBITDA growth was in line with the Top-Line performance (+23% YoY to €675m) after a 15% Opex increase (excl. other operating income) and a €5m decline in other operating income, which resulted in a 72% EBITDA margin (+1pp YoY).

Net Profit in the 9M12 increased 48% YoY to €93m or 31% on a like-for-like basis (Adj. Net Profit of €94m in the 9M12 vs. €72m in the 9M11) when adjusted by the change in the operating assets' useful life to 25 years, recognition of deferred taxes in the US, forex differences, capital gains, use of provisions and write-offs/impairments.

November 6th – EDP Renováveis executed its first asset rotation transaction

EDPR has reached an agreement with Borealis Infrastructure (“Borealis”) – which invests in and manages infrastructure investments on behalf of the Ontario Municipal Employees Retirement System (“OMERS”), one of Canada’s largest pension funds – to sell a 49% equity shareholding in a portfolio of wind farm assets in the US. The portfolio is comprised of four wind farms totalling 599 MW, installed between 2007 and 2008 (4.5 years of average age), and all of which have long-term Power Purchase Agreements (PPAs) in place.

DECEMBER**November 9th – Update on agreement between EDPR and Vestas**

EDP Renováveis S.A. (“EDPR”) and Vestas Wind Systems A/S (“Vestas”) have agreed to extend until 2015 the delivery period of the turbines covered by the 1,500 MW master supply agreement (in reference to reference to the announcement made in April 26th 2010).

December 11th – EDP Renováveis executed project finance for 57 MW in Romania

EDPR has executed a project finance structure agreement with a consortium of banks led by the European Bank for Reconstruction and Development (“EBRD”) for 57 MW in Romania.

The long-term contracted debt facility amounts to €50 million and the transaction financial close is expected to occur over the coming weeks.

This transaction, for the already in operation Vutcani (24 MW) and Sarichioi (33 MW) wind farms, represents EDPR's third project finance in Romania. With this agreement all the wind installed capacity by EDPR in Romania (285 MW) have now project financing structures fully secured (€238 million).

December 20th – EDP Renováveis agrees with CTG on the first investment in minority stakes in wind farms

EDPR”) entered today into an agreement with China Three Gorges International (Hong Kong) Company Limited (“CTGI HK”), a fully owned subsidiary of China Three Gorges (“CTG”), to sell a 49% equity shareholding and 25% of the outstanding shareholders loans in EDP Renováveis Portugal, S.A. (“EDPR PT”) for a total consideration of €359 million.

The transaction is subject to the customary regulatory approvals with closing expected to occur by the 1H13.

The transaction scope covers 615 MW in operation, with an average age of 6 years, as well as 29 MW ready-to-build, remunerated under a feed-in-tariff regime in accordance to Decree-Law 33-A/2005, article 4. During the last twelve months (Sep-11 through Sep-12), EDPR’s EBITDA and Net Profit in Portugal amounted to €116 million and €43 million, respectively, while total net fixed assets amounted to €558 million as of Sep-12. EDPR will continue to fully consolidate the assets.

4. PERFORMANCE OF 2012

4.1 Operational Performance

4.1.1 Financial Results – EDPR Holding

EDPR Holding closed the year of 2012 with €9.2bn in assets, mainly related to the investments in its subsidiaries of €4.1bn and loans to group affiliated companies of €4.3bn (non-current) and €0.8bn (current).

Total equity reached €5.9bn providing evidence of the robust EDPR Holding capital structure with Equity over Total Assets surpassing 63.6%.

Total Liabilities amounted at year-end 2012 to €3.3bn, for the most part as a result from the €3.1bn in financial debt with EDP group companies.

Turnover including a financial income totaled +€273m, net of the operational expenses of -€8 million in personnel costs, -€20m in other expenses and -€1m in amortization and depreciation resulted in an operational result of +€244m. Financial expenses of -€183m net of positive fx differences and derivatives of +€12m, resulted in a financial result of -€171m.

Operational results net of financial results amount to an Earnings Before Taxes (EBT) of +€73m, which reduced by an effective tax rate of 30%, result in an income tax expense of -€22m and a Net Income of +€51m.

Attached EDP Renováveis S.A. notes to Financial Statements where more detail is provided.

4.1.2 Operating Overview

Installed Capacity (MW)	2012	2011	Δ 12/11
Spain	2,310	2,201	+110
Portugal	615	613	+2
France	314	306	+8
Belgium	57	57	-
Poland	190	190	-
Romania	350	285	+65
Italy	40	-	+40
Europe	3,876	3,652	+225
US	3,637	3,422	+215
Brazil	84	84	-
EBITDA MW	7,597	7,157	+440
ENEOP- Eólicas de Portugal (equity consolidated)	390	326	+64
EBITDA MW + Eólicas de Portugal	7,987	7,483	+504

By Dec-12, EDPR managed a global portfolio of 8.0 GW spread over 9 geographies, of which 7.6 GW fully consolidated and with an additional 390 MW equity consolidated through the interest in the Eólicas de Portugal consortium. In 2012, EDPR entered the solar PV technology by commissioning 39 MW in Romania and completed its first wind farms (40MW) in Italy.

From the total 7.6 GW of its EBITDA consolidated capacity, 90% are remunerated according with long-term contracts and regulated frameworks, and only 10% are exposed to US spot electricity markets (although partly with short-term hedges).

During 2012, EDPR added a total of 504 MW of new capacity to its portfolio of which 440 MW to its fully consolidated capacity and 64 MW (attributable to EDPR) through the Eólicas de Portugal consortium. In the period, EDPR added in Europe and 215 MW in the US. In Europe, 110 MW were added in Spain, 65 MW in Romania (of which 39 MW of Solar PV), 40 MW in Italy, 8 MW in France and 66 MW in Portugal (of which 64 MW correspond to the ongoing capacity growth of the Eólicas de Portugal consortium that is attributable to EDPR). From this new capacity in Europe, 179 MW were added in the 4Q12. In the US, EDPR added in 2012 the Marble River wind farm in New York State with 215 MW of installed capacity (70 MW added in 4Q12).

Load Factor	2012	2011	Δ 12/11
Europe	26%	25%	+1.1 pp
US	33%	33%	-
Brazil	31%	35%	(3.5 pp)
Total	29%	29%	+0.4pp

In the year, EDPR delivered a solid 29% load factor (+0.4pp YoY) – top notch figure within the wind industry – reaffirming its assets premium quality. EDPR continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to mitigate wind volatility. In Europe, EDPR obtained a 26% load factor (+1.1pp YoY), driven by higher load factor in Spain and in Rest of Europe. In the US, the 2012 average load factor was stable YoY at 33%, despite the quarterly volatility experienced throughout the year. In Brazil, the average load factor was 31% vs. 35% in 2011.

GWh	2012	2011	Δ 12/11
Europe	8,277	7,301	+13%
US	9,937	9,330	+6%
Brazil	231	170	+36%
Total	18,445	16,800	+10%

EDPR's electricity output increased 10% YoY to 18.4 GWh, delivering growth in all geographies. The company's operations in Europe, backed by Central and Eastern European markets, drove the overall production increase (+13% YoY), with US and Brazil growing +6% and +36% YoY, respectively. The contribution of new PPAs and the investments in regulated markets, resulted in 86% of the year's production sold under PPAs or regulated framework schemes. The exposure to spot electricity prices will decrease further in 2013, following the 12-months contribution of the PPAs that started throughout 2012.

Selling prices (per MWh)	2012	2011	Δ 12/11
Europe	€94.2	€88.0	+7%
US	\$47.1	\$45.7	+3%
Brazil	R\$286.4	R\$278.4	+3%
Average Selling Price	€63.5	€57.7	+10%

The average selling price increased to €63.5/MWh (+€5.8/MWh or +10% YoY) as a result of: i) higher selling prices in Europe (+€2.7/MWh); ii) favourable evolution in the €/€\$ forex (+€1.5/MWh); iii) the production mix change following higher production in Europe (+€0.7/MWh); iv) US average price improvement (+€0.6/MWh), and; v) higher selling price and output in Brazil (+€0.3/MWh).

The higher output (+10% YoY) and the better selling prices (+10% YoY) drove electricity sales to increase 21% YoY to €1,158m. Income from Institutional Partnership totalled €127m in 2012 (+14% YoY) given: i) the dollar appreciation (+8% YoY), and; ii) the higher electricity output in the US (+6% YoY) leading to higher PTC related income.

All in all, EDPR revenues in 2012 increased 20% from 2011 to €1.3bn. The revenues per MW ratio improved 12% YoY, delivering evidence of the quality investments pursued in the last 12-months.

4.1.3 Development of Capacity and Capex

Under construction (MW)	2012
Spain	0
Portugal	0
France	0
Belgium	0
Poland	130
Romania	28
Italy	0
Europe	158
US	-
EBITDA MW	158
ENEOP- Eólicas de Portugal (equity consolidated)	-
EBITDA MW + Eólicas de Portugal	158

As of Dec-12, EDPR had 158 MW under construction in Europe: 130 MW in Poland and 28 MW in Romania.

Capex (€m)	2012	2011	Δ %	Δ €
Europe	423	368	+15%	+56
US	179	405	(56%)	(226)
Brazil & Others	10	56	(82%)	(47)
Total	612	829	(26%)	(218)

Capex in 2012 totalled €612m reflecting the 440 MW added in 2012 and the works done in the period for the plants under construction. Out of the €612m capex in 2012, €423m were in Europe (€349m in Rest of Europe and €74m in Iberia), while €179m were in the US. This level of investment is lower than the one registered in 2011 as a consequence of a lower pace of MW growth.

4.2 Condensed Consolidated Financial Statements

4.2.1 Statement of Financial Position

Assets (€m)	2012	2011	Δ 12/11
Property, plant and equipment, net	10,537	10,455	+1%
Intangible assets and goodwill, net	1,327	1,334	(1%)
Financial investments, net	57	61	(7%)
Deferred tax assets	89	56	+61%
Inventories	16	24	(32%)
Accounts receivable - trade, net	180	146	+23%
Accounts receivable - other, net	849	750	+13%
Financial assets at fair value through profit and loss	0	0	+84%
Cash and cash equivalents	246	220	+12%
Assets held for sale	-	-	-
Total Assets	13,302	13,045	+2%
Equity (€m)			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	384	325	+18%
Consolidated Net Profit (Equity holders of EDPR)	126	89	+43%
Non-controlling interests	325	127	+157%
Total Equity	5,749	5,454	+5%
Liabilities (€m)			
Financial debt	3,874	3,826	+1%
Institutional partnerships	942	1,011	(7%)
Provisions	64	58	+10%
Deferred tax liabilities	381	381	-
Deferred revenues from institutional partnerships	738	773	(5%)
Accounts payable - net	1,555	1,542	+1%
Total Liabilities	7,553	7,591	(1%)
Total Equity and Liabilities	13,302	13,045	+2%

Overall, 2012 was a year where EDPR has strengthen its balance sheet, by increasing total equity by +5% YoY and reducing its total liabilities by -1%.

Total assets in 2012 totaled €13.3bn, of which c. 80% (€10.5bn) are related to net Property, plant and equipment (PP&E) reflecting the cumulative net invested capital in renewable energy generation.

Total net PP&E increased +€82m, mainly following the new additions in the period (+€690m) reduced by the depreciation charges and impairment losses in the period (-€501m), the effect from Fx translation mostly due to the USD devaluation (-€89m) and the disposals and write-offs (-€19m). Total cumulative net invested capital related to renewable energy assets in operation at the end of 2012 (excluding work in progress related to assets under construction and pipeline and excluding investment grants received) amounted to €9.5bn.

Net intangible assets and goodwill of €1.3bn mostly include the goodwill assigned to acquisitions in the US (€588m) and Spain (€535m) while total net accounts receivable of €1.0bn comprise loans to related parties (€538m), trade receivables (€180m), guarantees (€64m) and tax receivables (€55m).

Total equity at year-end of €5.7bn increased by +€296m during the year essentially from the sale of non-controlling interests of +€179m and the net profit of the period of +€136m (including +€10m attributable to non-controlling interests).

Total liabilities of €7.6bn at year-end 2012, stable versus prior year-end, consist c. 51% from financial debt (€3.9bn) and c. 12% from liabilities related to institutional partnerships (€0.9bn).

Liabilities related to institutional partnerships decreased by -€69m to €942m, mainly as a result of tax benefits monetized (-€111m), payments to institutional investors (-€16m), interests accrued (€67m) and Fx translation (-€18m). Deferred revenues from institutional partnerships of €738m consist of the deferred income related to tax benefits monetized by the institutional partners yet to be recognized in the income statement throughout the remaining lifetime of the respective assets.

Deferred Tax liabilities in the amount of €381m reflect the tax effects from temporary differences between assets and liabilities on an accounting basis and on tax basis, while accounts payable of €1.6bn include payables to PP&E suppliers (€580m), deferred income related to Investment grants received (€324m), liabilities from fair value of derivative financial instruments (€245m) and tax payables (€57m).

4.2.2 Statement of Income

Consolidated Income Statement (€m)	2012	2011	Δ 12/11
Electricity sales and other	+1,158	+957	+21%
Income from Institutional Partnerships	+127	+112	+14%
Revenues	+1,285	+1,069	+20%
Other operating income	+63	+85	(25%)
Supplies and services	(262)	(225)	+16%
Personnel costs	(63)	(61)	+3%
Other operating costs	(86)	(67)	+29%
Operating Costs (net)	(348)	(268)	+30%
EBITDA	+938	+801	+17%
EBITDA/Revenues	+1	+1	(2.0 pp)
Provisions	-	+0	(99%)
Depreciation and amortization	(503)	(469)	+7%
Amortization of deferred income (government grants)	+15	+15	+2%
EBIT	+450	+348	+30%
Capital gains/(losses)	+3	+11	(74%)
Financial income/(expense)	(278)	(244)	+14%
Income/(losses) from group and associated companies	+7	+5	+42%
Pre-Tax Profit	+182	+119	+53%
Income taxes	(46)	(28)	+64%
Profit of the period	+136	+91	+50%
Net Profit (Equity holders of EDPR)	+126	+89	+43%
Non-controlling interests	+10	+2	+384%

In 2012, the company's revenues increased 20% YoY to €1,285m, on the back of higher output and stronger prices. Opex – defined as Operating Costs (net) minus Other operating income – was up 17% YoY, below the top-line growth evolution. On an unitary basis, Opex/MW and Opex/MWh increased 8% and 6% YoY, mostly impacted by a stronger US Dollar and write-offs. Excluding the forex impact and write-offs, Opex/MW and Opex/MWh only increased by 4% and 2% YoY.

In 2012, Supplies and services (which includes O&M costs) together with personnel costs increased 13% YoY, reflecting the stronger US Dollar, the higher average capacity in operation and lower capitalisations as a result of lower FTEs allocated to construction and development activities. Other operating costs (which mainly includes operating taxes, leases and rents) grew 29% YoY following the top-line growth, the stronger US Dollar, higher taxes (Spain and France) and grid access fees (Spain), and further write-offs related to pipeline rationalisation.

Unitary EBITDA per average MW in operation, a metric to measure the assets' profitability, increased 9% YoY to €131k in 2012 showing evidence of the ongoing improvement of EDPR's portfolio. As a result, EBITDA in 2012 totalled €938m, 17% higher vs. 2011.

The operating income (EBIT) increased 30% YoY to €450m in 2012, following the EBITDA performance and the 7% higher depreciation and amortisation. D&A were impacted by the new capacity brought into operation, the extension of the assets' useful life and impairments (€53m) mostly related to projects under development in Spain.

At the financial results level, net interest costs before capitalisation increased 8% YoY to €205m in 2012, below the 14% YoY average financial debt evolution. Institutional partnership costs were up 4% YoY given the stronger US Dollar, while forex differences and derivatives remained positive. Other financial expenses in the 4Q12 standalone amounted to €13m impacted by the early termination costs of financial debt (in line with 3Q12 excluding this effect).

Pre-Tax Profit increased 53% YoY to €182m in 2012. In the period, income taxes amounted to €46m, with an effective tax rate of 25% (vs. 24% in 2011). Non-controlling interests totalled €10m, following the better performance in EDPR Europe and the sale of a non-controlling interest in 599 MW in the US.

All in all, Net Profit increased 43% YoY to €126m in 2012 while Adjusted Net Profit increased by 32% YoY to €134m when adjusted by the non-recurrent events with impact on the operating income and by Forex differences and capital gains (in 2012 and 2011).

Dividend distribution:

The distribution of dividends must be proposed by EDPR 's Board of Directors and authorized by a resolution approved in the Company's Shareholders Meeting. In keeping with the legal provisions in force, namely the Spanish Companies Law, the EDPR Articles of Association require that profits for a business year consider:

- The amount required to serve legal reserves;
- The amount agreed by the same General Shareholders' Meeting to allocate to dividends of the outstanding shares;
- The amount agreed by the General Shareholders' Meeting to constitute or increase reserve funds or free reserves;
- The remaining amount shall be booked as surplus.

The expected dividend policy of EDPR, as announced in the EDPR Investor Day of May 22nd, 2012, is to propose dividend distribution each year from 2013-15, representing 25% to 35% of EDPR's distributable profit. Accordingly, for 2013, EDPR's Board of Directors proposes a dividend of EUR 34,892,326.48, or €0.04 per share, which corresponds to a pay-out ratio of 28% on the consolidated results of EDPR net profit of 2012.

Net Income Application Proposal	
Distribution basis:	
Net Income of the period	50,838,440
Total to be allocated	50,838,440
Allocation:	
Legal Reserves (10%)	5,083,844
Dividends	34,892,326
Free Reserves	10,862,269
Total Distributed	50,838,440

4.2.3 Cash-flow and change in Net Debt

Cash-Flow (€m)	2012	2011	Δ 12/11
EBITDA	938	801	+17%
Current income tax	(85)	(29)	+193%
Net interest costs	(205)	(189)	+8%
Income from group and associated companies	7	5	+36%
FFO (Funds From Operations)	655	588	+11%
Net interest costs	205	189	+8%
Income from group and associated companies	(7)	(5)	+36%
Non-cash items adjustments	(121)	(158)	(23%)
Changes in working capital	-66	29	-
Operating Cash-Flow	666	643	+4%
Capex	(612)	(829)	(26%)
Financial (investments)/divestments	(22)	(237)	(91%)
Changes in working capital related to PP&E suppliers	-	(23)	-
Cash grant	5	3	+105%
Net Operating Cash-Flow	37	(444)	-
Sale of non-controlling interests	177	6	-
Proceeds (payments) related to institutional partnerships	(15)	141	-
Net interest costs (post capitalization)	(189)	(156)	+22%
Forex & other	24	(3)	-
Decrease / (Increase) in Net Debt	+33	(457)	-

In 2012, for the first year, EDPR generated an Operating Cash-Flow above the overall investment. Operating Cash-Flow increased 4% YoY to €666m which compares unfavourably with the FFO performance given the non-recurrent working capital changes registered in 2011 and the increased stock of green certificates in Romania, which were mostly sold only at the beginning of 2013.

The key cash-flow items that explain the 2012 cash evolution are the following:

- Funds From Operations, resulting from EBITDA after net interest expenses, income from associates and current taxes increased 11% YoY to €655m;
- Operating Cash-Flow, before net interest costs, adjusted by non-cash items (namely income from US institutional partnerships) and net of changes in working capital, amounted to €666m (+4% YoY). The changes in working capital YoY comparison is influenced by non-recurrent receivables in 2011 (mostly related to VAT collection) and the

increased stock of green certificates in Romania, which were mostly sold only at the beginning of 2013;

- Capital expenditures with the ongoing construction and development works totalled €612m, while other investments activities amounted to €22m.
- In the period, EDPR completed two minority stake transactions executing its asset rotation strategy of selling non-controlling interests in operationally optimized assets. Through the first sale of a 49% equity stake in a 599 MW portfolio of wind farms to Borealis, EDPR received \$230m (€177m) in Dec-12. The instalment of the minority stake transaction announced in Dec-12 with CTG will occur in the 1H13.
- All in all, Net Debt decreased €33m to €3,355m. In 2012, EDPR was for the first time free-cash flow positive and going forward as the Operating Cash-Flow continues to grow and the asset rotation strategy is executed, EDPR is expected to enter into a solid free-cash flow generation cycle.

Net Debt (€m)	2012	2011	Δ €
Bank loans and other	917	837	+80
Loans with EDP Group related companies	2,957	2,989	(32)
Financial Debt	3,874	3,826	+48
Cash and cash equivalents	246	220	+26
Loans to EDP Group related companies and cash pooling	274	219	+55
Financial assets held for trading	0	0	+0.2
Cash & Equivalents	520	439	+81
Net Debt	3,355	3,387	(33)

By Dec-12, EDPR net debt decreased €33m vs. Dec-11 to €3.4bn given that the Operating Cash-Flow and the first instalment of the asset rotation strategy more than covered the investment activities and the debt service of the period. The average financial debt increased 14% in the last 12 months (€4.0bn in 2012 vs €3.5bn in 2011), while the average net debt increased 8% YoY.

76% of EDPR's financial debt was contracted through shareholder loans with the EDP Group – EDPR's principal shareholder –, while loans with financial institutions represented 24%. To continue to diversify its funding sources EDPR keeps on executing top quality projects enabling the company to secure local project finance at competitive costs. In 2012, EDPR signed three new project finances for a total of €274m for projects in Spain (125 MW), Belgium (57 MW) and Romania (57 MW). Moreover, all of EDPR's wind installed capacity in Romania (285 MW) has now project finance structures fully secured (€238m).

Liabilities referred to as Institutional Partnerships decreased €68m YoY (€50m excluding the forex translation effect) to €942m, due to the tax benefits captured by the tax equity partners.

As of Dec-12, 57% of EDPR's financial debt was Euro denominated, while 39% was funded in US Dollar given the company's investments in the US. The remaining debt is mainly related to funding in Polish Zloty and in Brazilian Real.

92% of the financial debt is at a fixed rate and most of it (c.80%) has a post-2018 maturity. EDPR continues to follow a long-term fixed rate funding strategy to match the Operating Cash-Flow profile with its financing costs, therefore mitigating its interest rate risk.

As of Dec-12, the average interest rate was 5.2%, a 20bps decrease vs. Dec-11, reflecting the long-term maturity of the current debt and the attractive rates closed in the latest funding.

4.3 Competitive Landscape and Business Plan

EDPR is a global leading energy company. Our growth has been the result of an extraordinary ability to execute projects and to smoothly integrate new companies, people and cultures. Our markets provide attractive growth potential, mainly due to their growth prospects and the fact that they possess stable regulatory structures that allows for profitable returns.

EDPR continues to look at the renewable energy sector with a long-term outlook, believing that the environmental, economic and technological trends that have underpinned the currently favorable renewable energy market conditions will continue to drive further support for growth in our markets.

EDPR has a solid history executing projects and delivering targets. We consistently increased installed capacity through the successful development of pipeline. The company's successful results stem from a unique combination of factors: strong track record in execution, first class assets with above average wind resource quality, a well balanced portfolio in terms of geography, stage of development and revenue sources, and a competitive turbine supply strategy.

The combination of diversified operations with a stable revenue base spread across countries with favorable regulatory regimes limits the exposure to market prices of electricity and provides significant visibility and stability.

At the core of EDPR's confidence in achieving these targets, is a dynamic, highly qualified and experienced team of world-wide employees with the track record and ambition to deliver upon our targets.

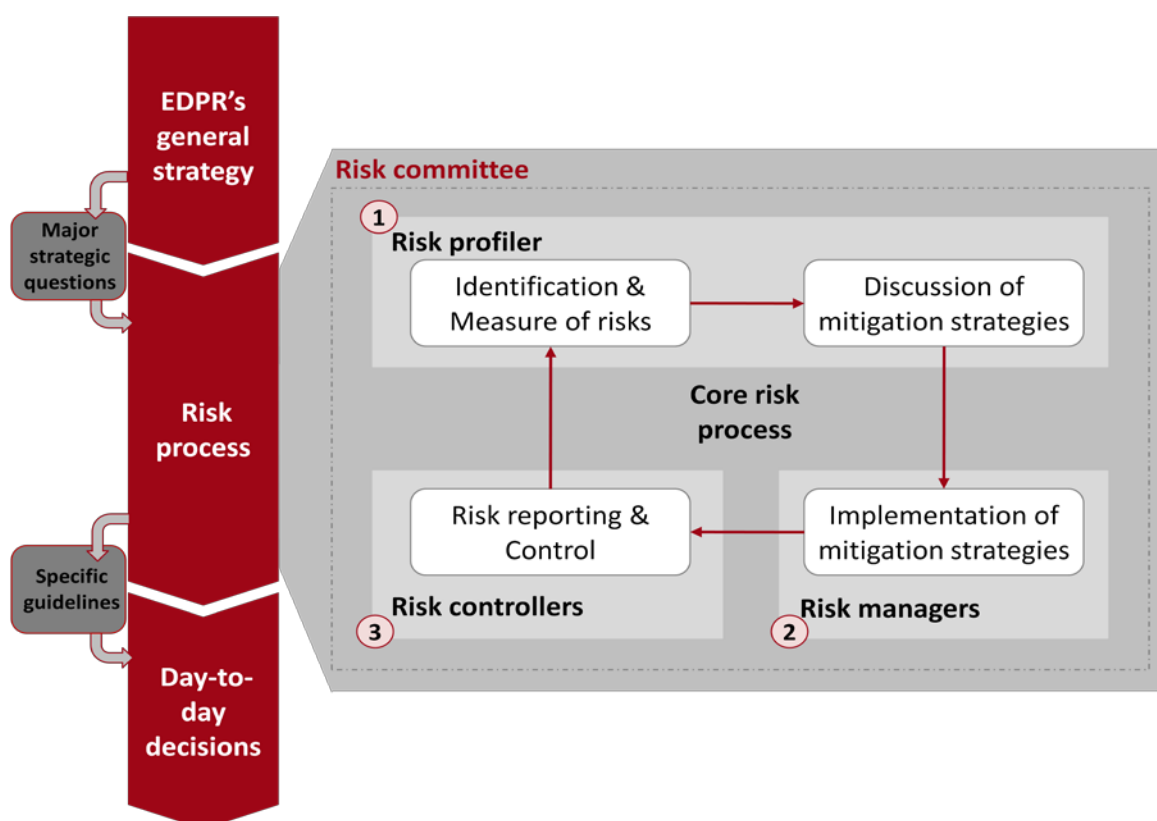
5. RISK MANAGEMENT

EDPR's risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

RISK FRAMEWORK AND PROCESS

In EDPR's risk framework, risk process aims to link the company's overall strategy to manager's day-to-day decisions, enabling the company to increase the likelihood of achieving its strategic objectives.

EDPR's general strategy is translated into major strategic questions that are grouped by risk area and then subject to EDPR's risk process. The outcome of the risk process is a set of specific guidelines per risk area that will guide managers in their decisions according to the company's risk profile.



RISK FUNCTIONS AND RISK COMMITTEE

Risk management in EDPR is supported by three distinct organizational functions:

Risk functions	Description
<div>1</div> <div>Strategy / Profile</div> <div>General risk policy & strategy</div>	<ul style="list-style-type: none"> Responsible for setting guidelines and limits for risk management within the company Attempts to clarify and support proposals related to general strategic issues
<div>2</div> <div>Management</div> <div>Risk manag. & risk business decisions</div>	<ul style="list-style-type: none"> Responsible for day to day operational decisions and for related risk – taking, risk – mitigating positions
<div>3</div> <div>Controlling</div> <div>Risk control</div>	<ul style="list-style-type: none"> Responsible for follow up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the executive committee

EDPR's risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

The following list summarizes the main risk areas and descriptions of EDPR's business:

- Countries & regulations** - Changes in regulations may impact EDPR's business in a given country
- Revenues** - Revenues received by EDPR's projects may diverge from what is expected
- Financing** - EDPR may not be able to raise enough cash to finance its planned Capex; EDPR may not be able to fulfill its financial obligations
- Wind turbine contracts** - Changes in turbine prices may impact projects' profitability; Contracts should take into account the pipeline development risk
- Pipeline development** - EDPR may deliver an installed capacity different from its targets or suffer delays and/or anticipations in its installation
- Operations** - Projects may deliver a volume different from expected

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

3.1 Countries and regulations

3.1.1. Regulatory risks

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide numerous types of incentives that support the energy generated from renewable sources.

The European Union and various US federal and state bodies have regularly reaffirmed their desire to continue and strengthen support for renewable energy sources, although due to the financial difficulties that Governments are experiencing, remuneration schemes have become less competitive in some countries.

Therefore, it cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources. Regulation promoting green energy has been revised or is being under study in a large number of regions.

Management of regulatory risks

EDPR is managing its exposure to regulatory risks through diversification (being present in several countries) and by being an active member in several wind associations. Sensitivity analyses to updated regulatory scenarios are also performed.

3.2 Revenues

3.2.1 Exposure to market electricity prices

EDPR faces limited market price risk as it pursues a strategy of being present in countries or regions with long term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In the markets where there is expected short term volatility in market prices, EDPR uses various financial and commodity hedging instruments in order to optimize the exposure to fluctuating electricity prices. However, it may not be possible to successfully hedge the exposures or there may be other difficulties in executing the hedging strategy.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Spain, Portugal and France) or in markets where on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland, and Romania). Additionally, EDPR is developing activity in Italy and UK where current incentive system is based on green certificates. Recently Italy changed to a feed in tariff from green certificates and UK is in process.

In North America, EDPR is focus on developing in states which have an RPS program in place, providing higher revenues visibility through the REC (Renewable Energy Credit) market and non-compliance penalties. The North American market does not provide a regulated framework system for the electricity price although it may exist for the RECs in some states. Most of EDPR's capacity in the US has predefined prices determined by long-term contracts with local utilities in line with the Company's policy of signing long-term contracts for the output of its wind farms.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract.

Management of risks related to exposure to market electricity prices

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits (measured through EBITDA at risk), assessing in which markets financial hedges may be more effective to correct it. In 2012, in order to manage such exposure, EDPR financially hedged a significant part of its generation in Spain while in the US it closed a significant portion of its exposure through several power purchase agreements, long term hedges and financial swaps. Additionally, EDPR hedged part of the merchant generation in Poland and Romania.

3.2.2 Risk related to volatility of energy production

The amount of electricity generated by EDPR from its wind farms, and therefore EDPR's profitability, is dependent on climatic conditions, which vary across the locations of the wind farms, and from season to season and year to year. Energy output at wind farms may decline if wind speed falls outside specific ranges, as turbines will only operate when wind speeds are within those ranges.

Variations and fluctuations in wind conditions at wind farms may result in seasonal and other fluctuations in the amount of electricity that is generated and, consequently, in the operating results and efficiency.

Management of risks related to volatility of energy production

EDPR mitigates wind resource volatility and seasonality by having a strong knowledge in the design of its wind farms and through geographical diversification – in each country and in different countries – of its asset base. This “portfolio effect” enables EDPR to offset wind variations in each area and to keep the total energy generation relatively steady. Currently, EDPR is present in 11 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil. There exist financial products to hedge weather risk. EDPR is currently exploring the interest of contracting those products in specific cases.

3.3. Financing

3.3.1 Risks related to financial market exposure

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated by contracting fixed rates and financial instruments such as hedges and interest rate swaps.

Additionally, because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial results. EDPR hedges against currency fluctuations by employing natural hedging strategies, and using hedging instruments such as forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR’s hedging efforts minimize but don’t eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

The evolution of the financial markets is analyzed on an on-going basis in accordance to EDP Group’s risk management policy approved by the EDPR’s Board of Directors.

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits based on the recommendation of the Risk Committee.

Taking into account the risk management policy and approved exposure limits, the Finance team identifies evaluates, and submits the financial strategy appropriate to each project/location for the Board’s approval.

3.3.1.1. Interest rate risk

The purpose of the interest rate risk management policies is to reduce the exposure of long term debt cash flows from market fluctuations, mainly by contracting long term debt with a fixed rate, but also through the settlement of derivative financial instruments to swap from floating rate to fixed rate when long term debt is issued with floating rates.

EDPR has a portfolio of interest-rate derivatives with maturities ranging from 2 to 14 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are performed.

Given the policies adopted by EDPR Group, its financial cash flows are substantially independent from the fluctuation in interest rates.

3.3.1.2. Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, the main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from our operations in the US. With the ongoing increasing capacity in others non-euro regions, EDPR is also exposed to different currencies in Poland, Romania, Brazil, United Kingdom and Canada.

EDPR's general policy is the Natural Hedging in order to match currency cash flows, minimizing the impact of changes in the exchange rate and preserving value. The essence of this approach is to create financial foreign currency outflows to match equivalent foreign currency inflows.

3.3.2 Counterparty credit risk

Counterparty risk is the default risk of third-parties in an agreement with EDPR either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

EDPR's policy in terms of the counterparty credit risk on financial transactions is managed by an analysis of the technical capacity, competitiveness, credit notation and exposure to each counterparty. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions, therefore, there cannot be considered any significant risk of counterparty non-compliance and no collateral is demanded for these transactions.

3.3.3 Liquidity risk

Liquidity risk is the risk that EDPR will not be able to meet its financial obligations.

Management of liquidity risk

EDPR's strategy to manage liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to EDPR's reputation.

EDPR has a diversified financial structure composed of corporate debt and project finance, which considers among other factors, financing cost, project ownership and project currency liquidity. Finally, EDPR uses a financial model to forecast liquidity risk in the medium and long term to meet strategic targets previously set (EBITDA, debt ratio and others).

3.4 Wind turbine contracts

3.4.1 Wind turbine supply risk

The wind turbine generator (WTG) is a key element in the development of EDPR's wind-related energy projects, as the shortfall or an unexpected sharp increase in WTG prices can create a question mark on new project's development and profitability. WTG represents on average 70 to 80% of a wind farm's capital expenditure.

Management of wind turbine supply risk

EDPR faces limited risk to the availability and price increase of WTG's due to the framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify the wind turbine supply risk.

3.5 Pipeline development

3.5.1 Permitting risks

Wind farms are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, we acknowledge a trend for legislations to align towards the most restrictive rules and development risks concentrating on the consenting (namely environmental and urbanistic aspects) and connection side.

In this context, the experience EDPR is able to gather in a certain country will be useful to anticipate and deal with future similar changes in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables under our control, such as choice of locations, optimal lay-out, we intend to make our projects more resilient to an adverse external environment

Management of permitting risk

EDPR mitigates this risk by generating optionality, by having development activities in 11 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil) with a portfolio of projects in several stages of maturity. EDPR has a large pipeline located in the most attractive regions providing a “buffer” to overcome potential delays in the development of new projects, ensuring growth targets and being able to compensate permitting delays in some geographies with development efforts in others.

3.6 Operations

3.6.1 Wind turbine performance risk

Wind farm output depends upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore, the risk is that the performance of the turbine does not reach its optimum thus leading to lower than expected value.

Management of wind turbine performance risk

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, by signing a medium-term full-scope maintenance agreement with the turbine supplier and by an adequate preventive and scheduled maintenance program.

Most recently, EDPR is externalizing non core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

6. FINANCIAL DERIVATIVE INSTRUMENTS

In line with EDPR's general risk policy and strategy EDPR uses financial derivative instruments and enters in hedging positions and transactions with the sole intent to protect against those risks and, as a consequence, mitigate fluctuations of its earnings and/or changes in its equity.

The type of derivative instruments contracted and their respective fair values are described in detail as part of the note 11 to the attached Condensed Individual Financial Statements.

7. TREASURY STOCKS (OWN SHARES)

At the Annual Shareholders' meeting of 2010, the Board of Directors was authorized, during a term of five years from the date of the General Shareholders Meeting, for the derivative acquisition and sale of own shares by the Company and/or other affiliate companies, to the maximum limit established by the Law and in accordance with its terms.

EDPR has not executed any acquisition and consequently any trade of its own shares.

8. RESEARCH & DEVELOPMENT (R&D)

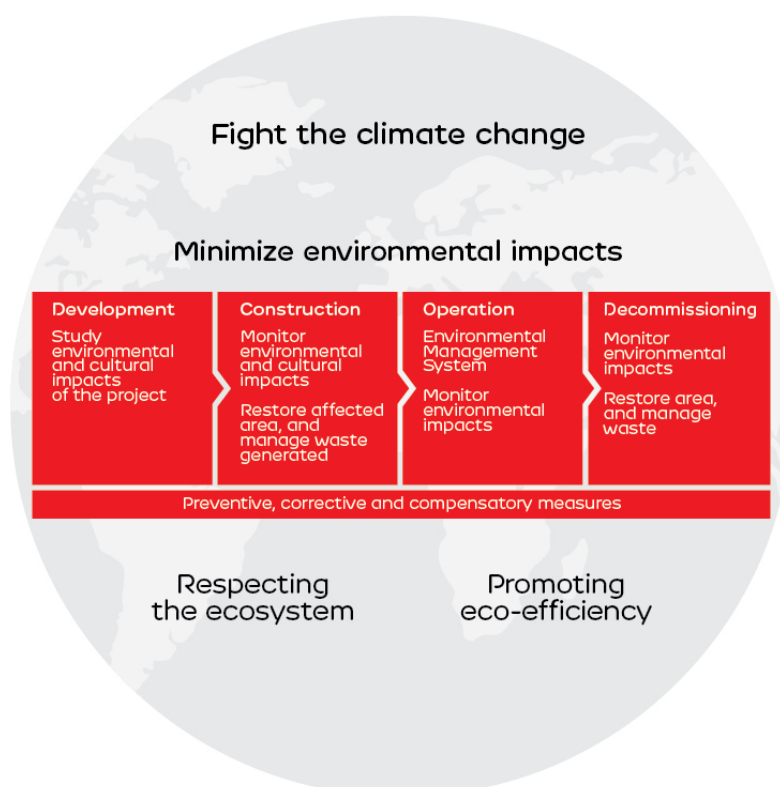
Beyond the commercial activities, EDP Renováveis supports EDP Inovação (EDPI) in developing different projects with the objective of improving competitiveness.

These projects are mainly focused on solar, offshore wind and other technologies.

This agreement with EDPI reinforces the long term commitment of EDPR to support R&D activities in areas related with its business.

9. ENVIRONMENTAL MANAGEMENT

EDPR is a leading company in renewable energy. We produce clean and green energy, energy without emissions. Our strategy towards the environment is based in four pillars: the generation of CO₂-free energy, a strategy to minimize impacts during the life-cycle of our wind farms, a culture of respect for the biodiversity and a culture of responsibility and recycling in our offices.

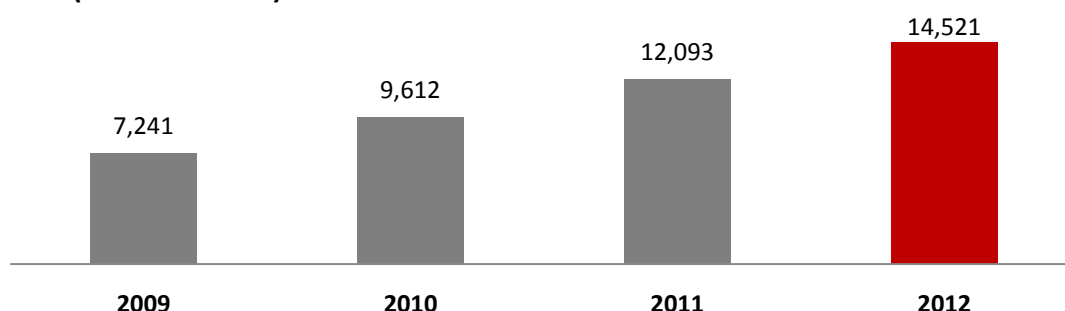


Climate Change Strategy

Our portfolio of 8 GW of installed capacity contributes every year to the worldwide fight against climate change. We significantly improve local and global air quality by mitigating emissions that would otherwise be released into the atmosphere due to the operation of other kinds of energy generation based on fossil fuels.

During 2012, EDPR has produced 18.4 TWh that is estimated to avoid the emission of 14,521 thousand tons of CO₂.

CO₂ avoided (thousand tons)¹



¹ Estimated as: *[production x country emission factors]*

The company growth plans of pure renewable energy represent a solid commitment to foster the use of green energy sources. Moreover, we are committed to support the use the best technologies available in order to preserve natural resources and reduce pollution.

Environmental Strategy

In order to protect the environment, we complement our strategy of fighting against climate change with an environmentally responsible management of our wind farms. This strategy is supported by the Environmental and Biodiversity policies based on EDP Group's Guidelines that were approved by EDPR Executive Committee.

Our policies reflect a responsible management of the environment along the whole value chain. From the very early stages of project development – when it is critical to perform environmental and cultural feasibility studies – to the decommissioning of our wind farms – where our environmental strategy includes a waste management plan, environmental monitoring plans and habitat restoration. All this process is supported by an extensive local knowledge that allows us to ensure environmental compliance during the project life cycle.

Moreover, EDPR pursues to minimize impacts on the eco-system. When impacts cannot be prevented, we implement compensation measures, including partnerships with environmental associations aimed at achieving a globally positive biodiversity balance.

Nevertheless, wind farms are typically constructed in rural areas where wind resource is abundant and the operation of wind farms is compatible with current land use. Once construction is complete, less than 1% of the total project area is taken out of permanent production, and its change of use is approved by the competent authorities.

The primary use of this land is for access roads to the wind turbine locations, a small area for the wind turbine and electrical transformer, and a gravelled pad area for a crane to be used in construction and maintenance activities.

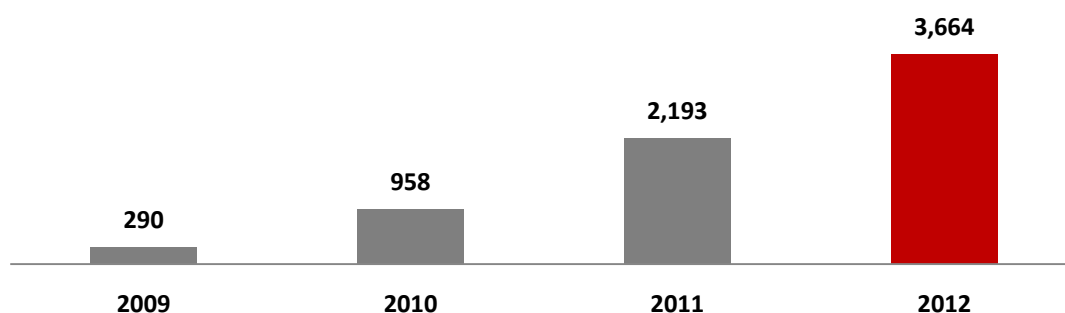
Environmental Management System and ISO 14001 certification

To guarantee the proper management of the environmental aspects and compliance with applicable environmental legislation, EDPR initiated in 2008 the implementation of an Environmental Management System (EMS).

The EMS covers, among others, the procedures applicable to all wind farms in operation to establish operational controls, monitoring and measurements of the relevant environmental aspects. Environment surveillance is carried out periodically to assess the significance of the environmental aspects. The frequency of further surveillances is established in the monitoring plan given the assessment made. There are a few cases in which the surveillance is performed on a daily basis.

In Europe, the EMS has been ISO 14001:2004 certified. By the end of 2012, all EDPR European wind farms that have been in service before June 2012 and operated by EDPR have been certified, accounting for 3.664 MW, about 50% of EDPR installed capacity.

MW Certified ISO 14001:2004

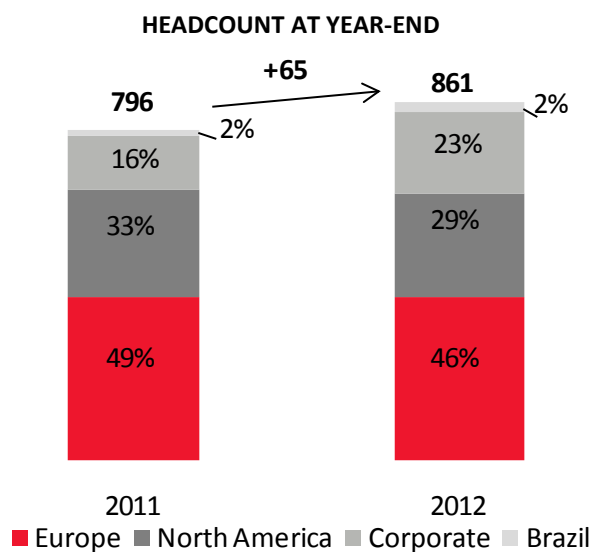


10. HUMAN CAPITAL

One of the main competitive advantages that leads EDPR to deliver, year after year, exceptional operational results is the company's human capital. A young world class team with excellent qualifications and an extensive local knowledge. EDPR's capacity to attract and retain this qualified workforce has been of vital importance to develop and retain a strong know-how essential to deliver on its strategy.

HUMAN CAPITAL SNAPSHOT

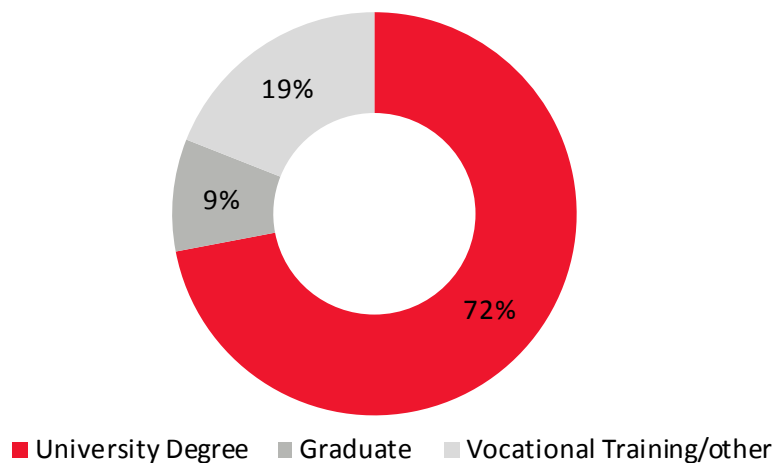
In 2012, EDPR employed 861 people, 32% of which are located in North America and Brazil, while 68% work in Europe. Of our employees, 99% have an undetermined contract.



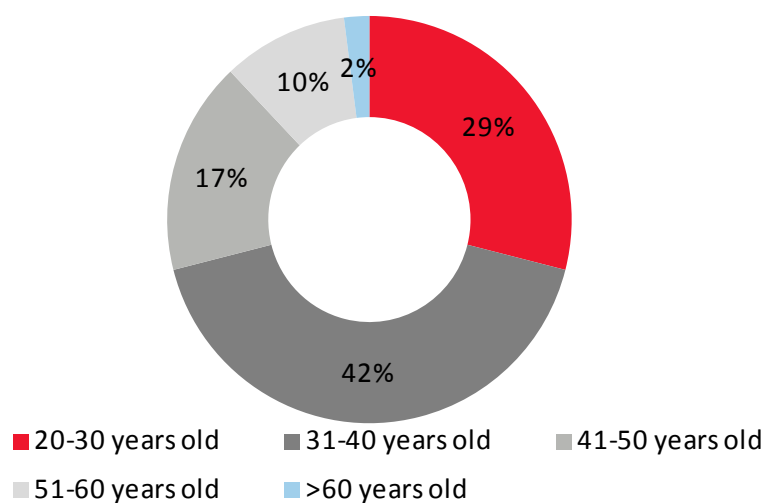
Note: Figures do not include the members of the Board of Directors, except three members of the Executive Committee

We have a qualified and diverse team aligned with our business strategy, 72% of which hold university degrees and 71% are less than 40 years old. This deep pool of highly qualified talent has supported EDPR's exponential growth and provides the optimal base to face future opportunities and challenges. Additionally, our people strongly reflect EDPR's energy and enthusiasm.

Breakdown of workforce by qualification



Breakdown of workforce by age



Throughout the year, 145 new employees joined EDPR while 80 are no longer with the company, resulting in a turnover ratio of 13%, which is in line with the previous years.

EMPLOYEE SATISFACTION

The satisfaction of our employees has been one of the key drivers to retain our highly qualified workforce. Providing one of the best workplaces in the regions where we are present increases our employees' pride and ownership feeling for the company. It is also a great communication channel to transmit our values to potential new hires. Therefore, at EDPR we pursue and have obtained different certifications that confirm our distinction as one of the best places to work.

Great Place to Work

In 2012, EDPR was included in the Great Place to Work (GPTW) ranking in Spain. This was achieved following a survey sent to the company's employees, by an independent body, asking for their opinion on many factors of company life.

Despite being the first time we applied to be included in this ranking, EDPR ranked among the top six best companies to work in Spain, in the 250 to 500 employees category.

Top Workplace in the US

EDPR in 2012 was voted a top workplace in the US for the third year in a row. More than 72,500 Houston-area employees weighed in with opinions for this year's Houston Chronicle's Top Workplaces section – rating their companies in such areas as opportunities for advancement, the value of their pay and benefits, and their bosses' communication and management skills.

COMPENSATION POLICY AND OTHER BENEFITS

We are committed to offer a competitive compensation and benefits package to recognize the work and talent of our employees, with no distinctions between full time and part time employees.

Our compensation policy addresses the needs of every local market, with enough flexibility to adapt to the specifics of each region. It is based on a fixed base, complemented by a variable component that depends on a performance evaluation measured against company performance, area, and individual KPIs.

We support our remunerations package with multiple benefits and a Flexible Remuneration Package, which allows our employees to benefit from tax incentives according to local legislation. In addition, we reached agreements with local partners, to offer our employees discounts on specific products.

WORK LIFE BALANCE

One of our main focuses continues to be the promotion and encouragement of work-life balance of our employees. This pursuit increases our employee's satisfaction, while boosting their productivity, commitment and accountability.

EDPR implemented work-life balance programs throughout its geographies and aims constantly at improving and providing additional benefits.

Benefits in the work-life balance program are specific and include, among others depending on the geographies, subsidies for employees' children to perform summer activities, additional paid leave to extend parental leave or to celebrate the birthday and others.

In 2011, EDPR has been recognized with the Family-Responsible Employer Certification (Empresa Familiarmente Responsable), for its work-life balance practices in Spain.

During 2012, our practices have been audited, as part of the certification renewal process performed every two years. The results of the audit process confirmed the excellence of the current management model, as well as the compliance with the certification standards. There was a special mention in the audit outcome to the efforts continuous improvement of the company's practices, which should be positively reflected in future evaluations.

Ensuring that employees have time for family and friends is one of the pillars to achieve a healthy work-life balance. During 2012, we hosted activities for employees' children. We wanted them to visit our offices and see where their parents work. These activities took place in Europe and in the US along the year.

VOLUNTEERING

As a sustainable company that is proud of being an active member of our many communities, our employees are encouraged to actively participate in their communities and to be responsive and aware of emerging needs through many volunteering initiatives.

Moreover, our volunteering practices create an environment both within the company and in the communities where we do business that is more open to new ideas, supportive of individual differences and embodies what is best in volunteerism.

To engage in our volunteering programs, employees can participate in several campaigns, by donating, or by engaging in several activities, during working hours or during the weekends. In the US, there is a Volunteering Committee that plans periodic activities aimed at generating a positive impact in society.

EDPR strives to train and prepare its top quality team, with a clear focus on tackling the challenges and opportunities of the future. To do so, EDPR has implemented a strong training, development and mobility strategy. With these efforts, we want to preserve the excellence of the company's human capital, while offering our people an attractive career development plan with opportunities for professional growth.

MOBILITY

To support company's global growth strategy, mobility is of utmost importance as a powerful tool to share EDPR culture and best practices with new markets where we plan to enter. In addition, it also opens new horizons to our employees in their career development.

During 2012, we initiated a process to facilitate employees' access to those opportunities that better match their career plans. Employees were encouraged to update their professional experience information and their preferences regarding mobility.

This information was processed in order to identify different profiles within the company, preparing for the forthcoming mobility requirements. In the following years, new open positions within the company will be matched with the generated profiles, in order to prioritize internal movement with those employees whose competencies, training and mobility preferences match the requirements for the new position.

TRAINING

When defining our strategy for the future, we strive to align current and future demands of the organization with employees' capabilities while fulfilling their professional development expectations and supporting their continued employability. We are committed to offer our employees an attractive career plan, as well as continuous education and training opportunities.

All of EDPR employees, regardless of their professional category, are evaluated yearly to determine the potential for development, thus creating a tailored development plan with the

most suitable training to address their particular needs. The potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model in which the system collects information from several data sources to evaluate employee performance: oneself, peers, subordinates and manager.

In 2012, the number of attendances to training sessions increased to 2,270, representing 2.93 attendances to training courses per employee. On the other hand, the total number of training hours decreased to 14,611, as a result of a change of profile of training to more focused, shorter courses.

Training Metrics	2012	2011	%
Number of training hours (#)	14,611	17,873	-18%
Training investment (k€)	924	1,033	-11%
Number of attendances (#)	2,270	2,004	13%

Note: Training from Portugal and Brazil is reported by EDP and, as a result, not included

Note 2: Metrics do not include language training. In 2012, language training accounted for 2,713 hours and 166 attendances, while in 2011 language training represented 20,123 hours and 1,681 attendances.

Renewable Energy School - EDP University

In the coming years, the Renewable Energy School will gain relevance as a tool aimed at facilitating know-how sharing and providing employees with an overview of the strategic challenges that the company faces.

The Renewable Energy School was created in 2011, in the context of the EDP University, and since its creation, it has proven to be a success, delivering 23 training sessions (representing 229 hours) to 389 attendants.

The School also fostered strategic discussion with a workshop prepared during 2012 involving directors from different areas across the company. And our business partners have also contributed to the objective of our school through collaborative courses, such as a specific training session in offshore wind energy held with Repsol and other collaborations with EDP University.

High Potential Program

Our training strategy is also focused on boost career development of our high potential employees, as we want them to become the future leaders to carry EDPR to the next level. With this objective, during 2012, we continued offering those employees a specific training program named High-Potential Program (HIPO).

Through the HIPO, those employees are assisted in their professional development with the support of a mentor that will provide employees with guidance in their careers, and specific training to develop the required soft skills to grow professionally within the company.

Leadership Guide

Effective leadership is a pre-requisite for success and company's development. During 2012, EDPR provided its management with top leadership training, spanning topics from leadership responsibilities to leadership style. The training sessions held for this purpose were an excellent forum to share leadership experiences.

When defining our strategy for the future, we strive to align current and future demands of the organization with employees' capabilities while fulfilling their professional development expectations and supporting their continued employability. We are committed to offer our employees an attractive career plan, as well as continuous education and training opportunities.

RECRUITING

In order to fuel future growth, increase efficiency and drive innovation, EDPR is constantly scanning globally to recruit top talent. To this extent a recruiting strategy has been developed to achieve this critical goal, while ensuring that new hires are aligned with the company's values:

- **Team Oriented Environment:** EDPR promotes an environment based on team building.
- **Career Development:** EDPR recognizes the importance of career development and helps employees acquire knowledge and master the business. The Company recognizes and rewards employees for their innovation, hard work and performance.
- **Diversity:** EDPR has a diverse team, with employees from a wide range of backgrounds and cultures.
- **Sustainability:** EDPR aims to encourage environmental, economic and social stewardship by its employees.

In 2012, we hired 145 employees, 33% of them women.

Detail New Hires 2012

New hires	2012	2011
Spain	43	30
Portugal	3	7
France	8	6
Poland	6	22
Romania	14	8
Italy	4	1
UK	6	9
US	52	43
Brazil	9	4
Total	145	130

In addition, in a process to attract the brightest people to the company, we hire interns from top universities and business schools. During 2012, 117 interns worked at EDPR and 13 of them were offered a full-time contract.

Interns	Summer	Annual	Total	Contracts	(%)
Europe	4	70	74	5	7%
North America	13	12	25	2	8%
Brazil	0	5	5	1	20%
Corporate	3	30	33	5	15%
Total	20	117	137	13	9%

11. CORPORATE GOVERNANCE

11.1 Model of Management and Supervision

EDP Renováveis, has adopted the governance structure in effect in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the company. The Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee, Related-Party Transactions Committee.

The governance model of EDPR is designed to ensure the transparency, meticulous separation of duties and the specialization of supervision.

The purpose of the choice of this model by EDPR is to adapt the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The choice of this model complies with the purpose of establishing compatibility between two different systems of company law, which could be considered applicable to the model.

The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organisation of EDP Renováveis activity, especially because it affords transparency and healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different specialised Board of Directors' committees.

The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other non-executive members of the Board of Directors has been harmony conducive to the development of the company's business.

In order to ensure a better understanding of EDP Renováveis corporate governance by its shareholders, the Company posts its updated Articles of Association at www.edprenovaveis.com.

11.2 Governing Bodies

11.2.1 General Meeting of Shareholders

The General Meeting of Shareholders, when properly convened, has the power to decide and adopt majority decisions on matters that the law and the Articles of Association set forth that it should be decided and be submitted for its approval.

11.2.2 Board of Directors

The Board of Directors has the broadest powers for the management and governance of the Company, with no limitations other than the competences expressly allocated exclusively to the General Shareholders' Meeting by law or the Articles of Association.

Name	Position	Date of Nomination	Date of Re-election	End of Term
António Mexia	Chairman and Director	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
João Marques da Cruz	Director	16/05/2012	-	*
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Gabriel Alonso Imaz	Director	21/06/2011	-	21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
Gilles August	Director (Indep.)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014

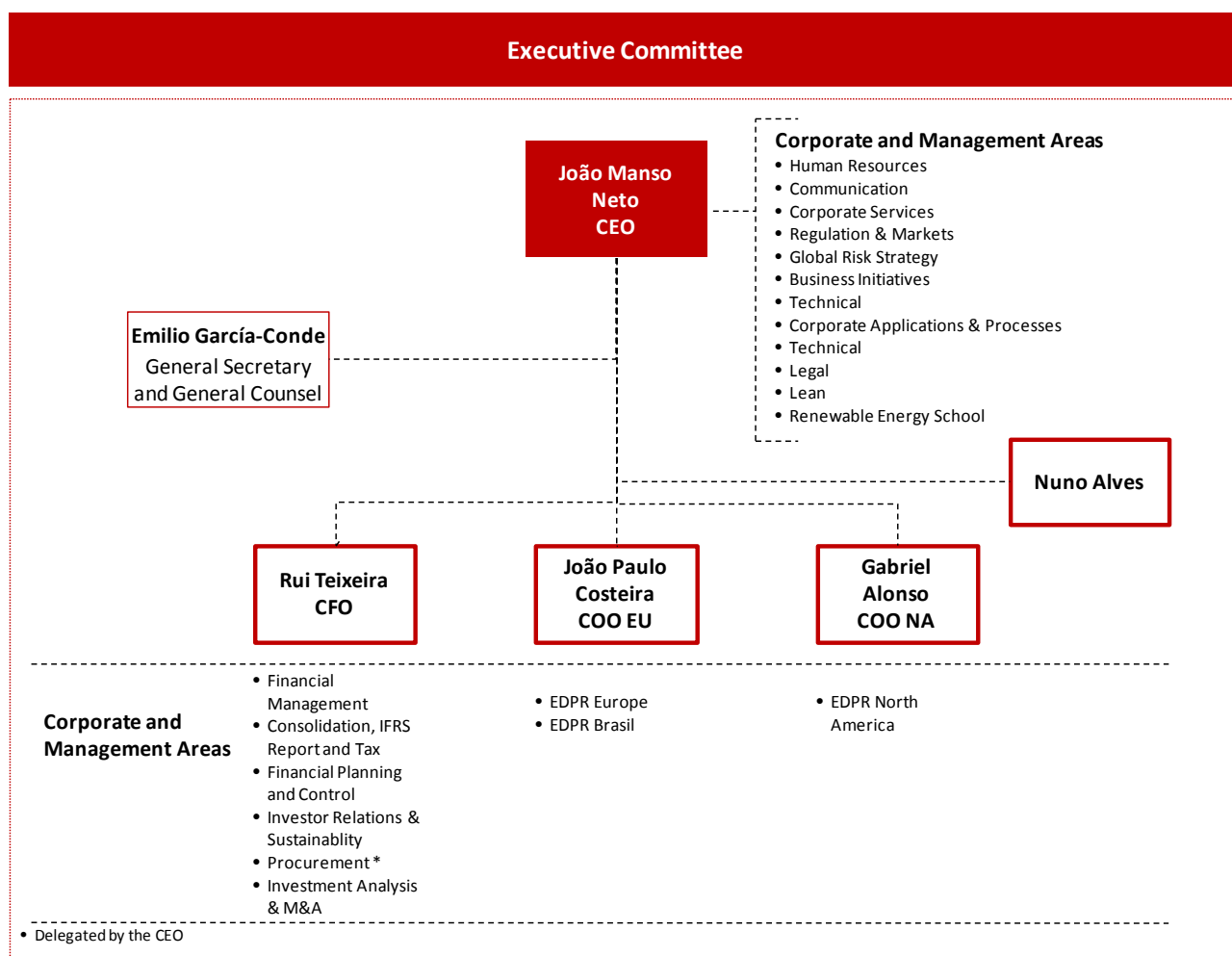
* Until the next Shareholder's meeting

On 2012, Mrs. Ana Maria Fernandes, Mr. António Nogueira Leite, Mr. Francisco Queiroz de Barros de Lacerda and Mr. Luis Adão da Fonseca resigned as Board members.

The above table reflects the composition of the Board of Directors as of December 31st, 2012. However, pursuant to the Nominations and Remunerations Committee proposal dated February 22nd, 2013, three (3) new independent Directors have been appointed by co-optation by the Board of Directors' meeting on February 26th, 2013. Additionally, in such meeting, the Board of Directors summon a General Shareholders' Meeting, which includes, in its agenda, the ratification of such appointments.

With the mechanisms set forth in the regulations of the Board of Directors and its Committees, the, non-executive Directors have encountered no difficulties in performing their duties. In 2012, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, on the Related-Party Transactions Committee and the Audit and Control Committee, where all the members are non-executive, with the exception of the Related-Party Transactions Committee, which has one executive Director, Mr. Nuno Maria Pestana de Almeida Alves.

11.3 Summarized Organization Chart



12. SHAREHOLDERS STRUCTURE

CAPITAL STRUCTURE

The share capital of EDPR is, as from the initial public offering (IPO) in June 2008, EUR 4,361,540,810, represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid

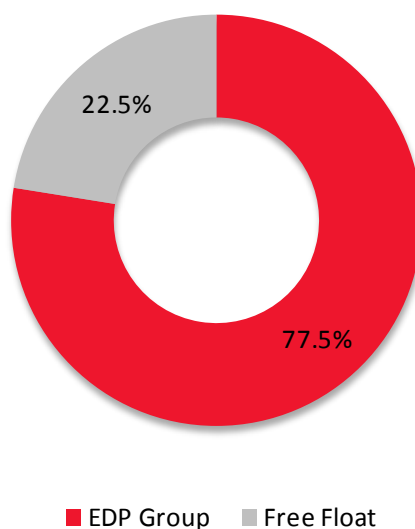
Pursuant to the Article 8 of the Company's Articles of Association there are no restrictions on the transfer of EDPR shares.

As far as the EDPR Board of Directors is aware there are currently no shareholders' agreements that might lead to restrictions in the transfer of securities or voting rights.

SHAREHOLDER STRUCTURE

The EDPR shareholder structure has remained unchanged since the IPO in 2008 with the EDP Group Holding 77.5% of the Company's share capital and the remaining 22.5% being freely traded on the NYSE Euronext Lisbon stock market.

Shareholder Structure – 31 December 2012

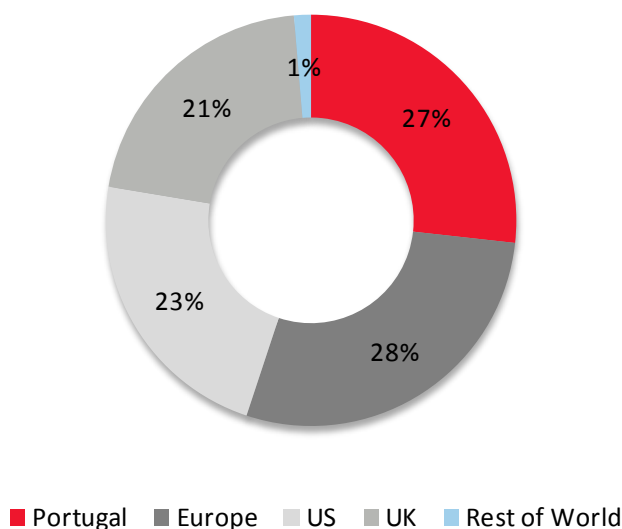
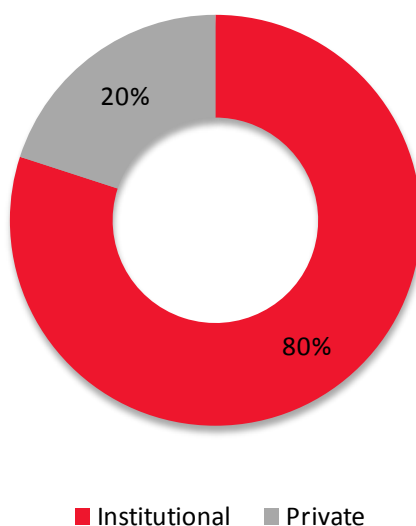


Free-float Description

The free-float level is unchanged since the IPO at 22.5%. By Dec. 31st, 2012, EDPR's free float comprised about 100,000 institutional and private investors spread across more than 45 different countries with special focus on Portugal, United States and United Kingdom. Rest of Europe more representative countries are Norway, France and Switzerland.

Institutional Investors represented 80% of the EDPR's free-float, while private investors, mostly Portuguese, stand for the remaining 20%.

Free-float by Investor Type & Free-float by Geography



QUALIFYING HOLDING

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders' holdings.

As of Dec. 31st , 2012, no qualifying holdings in EDPR were identified with the exception of EDP – Energias de Portugal, S.A.

Qualifying Shareholder	Number of Shares	%	% Capital	% Voting Rights
EDP - Energias de Portugal, S.A.				
EDP - Energias de Portugal, S.A. - Sucursal en España	541,027,156		62.0%	62.0%
Hidroeléctrica del Cantábrico, S.A.	135,256,700		15.5%	15.5%
Total	676,283,856		77.5%	77.5%

13. CAPITAL MARKETS

The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008.

EDP Renováveis, S.A	
Share Capital	EUR 4,361,540,810
Nominal Share	EUR 5.00
Number of Shares	872,308,162
Date of IPO	June 4th, 2008
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

EDP Renováveis share price

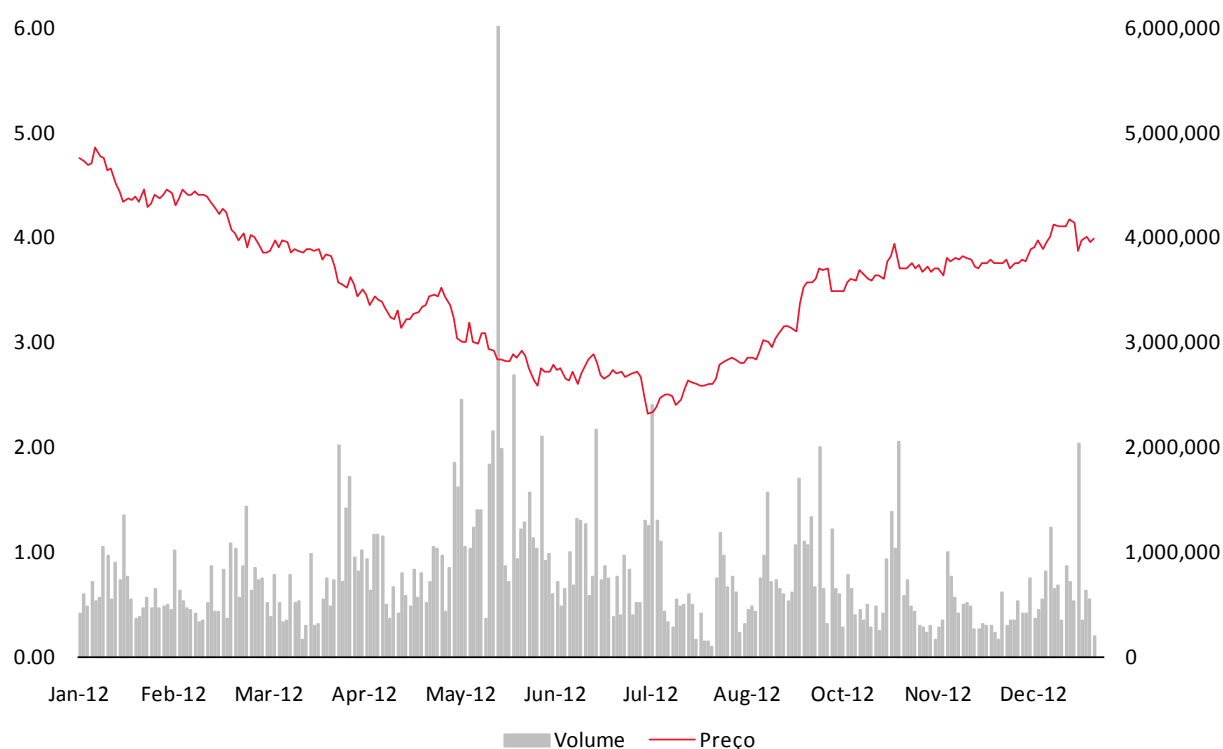
EDPR had by Dec. 31st, 2012 a market capitalization of EUR 3.5 billion, down 15.5% from the EUR 4.1 billion of Dec. 31st, 2011, equivalent to EUR 3.99 per share. The EDPR share price underperformed the NYSE Euronext Lisbon benchmark index - PSI20 (3%) and the Dow Jones Eurostoxx Utilities – SX6E (-9%). The year's low was recorded on July 24th (EUR 2.31) and the year's high was reached on January 6th (EUR 4.86).

EDPR share price performance vs. PSI20 & SX6E



In 2012 there were 207 million EDPR shares traded, representing an 11% year-on-year decrease on the liquidity and corresponding to a turnover of approximately EUR 0.7 billion. On average, 0.8 million shares were traded per day. The total number of shares traded represented 24% of the total shares admitted to trading and to 106% of the company's free float.

EDPR share price and transactions



DIVIDEND POLICY

The distribution of dividends must be proposed by EDPR's Board of Directors and authorized by a resolution approved in the Company's Shareholders Meeting. In keeping with the legal provisions in force, namely the Spanish Companies Law, the EDPR Articles of Association require that profits for a business year consider:

- The amount required to serve legal reserves;
- The amount agreed by the same General Shareholders' Meeting to allocate to dividends of the outstanding shares;
- The amount agreed by the General Shareholders' Meeting to constitute or increase reserve funds or free reserves;
- The remaining amount shall be booked as surplus.

The expected dividend policy of EDPR, as announced in the EDPR Investor Day of May 22nd, 2012, is to propose dividend distribution each year from 2013-15, representing 25% to 35% of EDPR's distributable profit. Accordingly, for 2013, EDPR's Board of Directors proposes a dividend of EUR 34,892,326.48, or €4 cents per share, count of the EUR 50,838,439.82 of EDP Renováveis S.A. 2012 net profit, which corresponds to a pay-out ratio of 28% on the consolidated results of EDPR net profit of 2012.

14. SUBSEQUENT EVENTS

JANUARY

January 3rd – Extension of key energy-related tax incentives applicable to EDPR in the US

The President of the United States of America has signed last night the American Taxpayer Relief Act of 2012, which includes the extension of energy-related tax incentives benefiting the development of wind energy in the country.

As a result of this Act, the wind projects that have begun construction until January 1, 2014, will qualify for 10 years of Production Tax Credits (“PTC”) on the electricity output (\$22/MWh) – PTC are one of the components of the wind energy remuneration scheme, which were scheduled to expire on December 31, 2012, for projects placed into service.

The owners of the wind projects would also have the option to choose a 30% Investment Tax Credit (“ITC”) on the project cost in lieu of the PTC through the duration of the extension.

Following the Law signed yesterday, EDPR maintains the investment plan presented at the May-12 Investor Day, which included no wind additions in the US for 2013 and 400 MW of new wind capacity to be added in the 2014-15 period that were subject to the PTC extension and/or attractive long-term Power Purchase Agreements (“PPA”) with off-takers.

January 16th – EDP Renováveis is granted 20-year tariff for 40 MW to be developed in Italy

EDPR”), through its subsidiary EDP Renewables Italy, SRL (“EDPR Italy”), has secured a 20-year feed-in-tariff for 40 MW of wind capacity at the new renewable energy auction in Italy, which results were announced yesterday by the Gestore Servizi Energetici (“GSE”). EDPR projects are located in the Puglia and Basilicata regions and have an expected average load factor of 29%.

FEBRUARY

February 4th – Spanish Government publishes Royal Decree-Law with regulatory modifications for the electricity sector

Last Saturday, the Spanish Government published in the Official State Gazette the Royal Decree-Law 2/2013 (“RDL 2/2013”) that encompasses a set of regulatory modifications applicable to the Spanish electricity sector and affecting the wind energy assets.

The main regulatory modifications that the RDL 2/2013 envisages vis-à-vis the Royal Decree 661/2007 with an impact on EDP Renováveis S.A. (“EDPR”) effective from January 1st 2013, are as follows:

- All the energy production facilities operating under the special regime are to be remunerated according with the current feed-in tariff schemes for the remaining useful life of the asset.
- The operators of the facilities under the special regime currently operating under the market option have the option to select, until February 15th 2013 and permanent for the remaining useful life of the asset, a remuneration based on the electricity wholesale market price without the renewable energy premium, the cap or the floor.
- The index used to annually update all the regulated activities in the electricity sector will be the annual inflation excluding energy products and food prices, and any impact of tax changes.

February 4th – EDP Renováveis disclosed 2012 provisional data

In 2012, EDPR produced 18.4 TWh of clean energy, a 10% growth from 2011. EDPR continues to present a well balanced portfolio delivering growth in every region.

In the year, EDPR delivered a solid 29% load factor (+0.4pp YoY), maintaining its leading position within the wind industry and reflecting its wind farms intrinsic quality. By the end of 2012, EDPR managed a global portfolio of 8.0 GW spread over 9 different countries, of which 7.6 GW fully consolidated plus 390 MW through its interest in the Eólicas de Portugal consortium. In 2012, EDPR entered the Solar PV technology by commissioning 39 MW in Romania and completed its first wind farms (40MW) in Italy.

15. FINAL REMARKS

As a final note, the Board of Directors of EDPR would like to thank Shareholders for their continuous support, employees for their effort and all other stakeholders for their partnership during 2012.

16. DISCLAIMER

This report has been prepared by EDP Renováveis, S.A. (the “Company”) to support the presentation 2012 financial and operational performances. EDP Renováveis does not assume any responsibility for this report if it is used for different purposes.

Neither the Company - including any of its subsidiaries, any company of EDP Renováveis Group and any of the companies in which they have a shareholding -, nor their advisors or representatives assume any responsibility whatsoever, including negligence or any other concept, in relation with the damages or losses that may be derived from the use of the present document and its attachments.

Any information regarding the performance of EDP Renováveis share price cannot be used as a guide for future performance.

Neither this document nor any of its parts have a contractual nature, and it cannot be used to complement or interpret any contract or any other kind of commitment.

The present document does not constitute an offer or invitation to acquire, subscribe, sell or exchange shares or securities.

The 2012 management report contains forward-looking information and statements about the Company. Although EDP Renováveis is confident these expectations are reasonable, they are subject to several risks and uncertainties that are not predictable or quantifiable in advance. Therefore, future results and developments may differ from these forward-looking statements. Given this, forward-looking statements are not guarantees of future performance.

The forward-looking information and statements herein contained are based on the information available at the date of the present document. Except when required by applicable law, the Company does not assume any obligation to publicly update or revise said forward-looking information or statements.



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CORPORATE GOVERNANCE REPORT 2012

**Draft – Presentation to the Board of Directors
26th February, 2013**

corporate governance

Chapter separator page

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0. STATEMENT OF COMPLIANCE

0.1 CORPORATE GOVERNANCE CODE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) is a Spanish company listed in a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to its personal law and to the extend applicable to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM) (Portuguese Securities Market Commission) in January 2010. This governance code is available to the public at CMVM website (www.cmvm.pt).

The organization and functioning of EDPR corporate governance model is designed to achieve the highest

standards of corporate governance, business conduct and ethics referenced on the best national and international practices in corporate governance.

In this context, EDPR states that it has adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exceptions indicated below.

The following table shows the CMVM recommendations set forth in the code and indicates whether or not they have been fully adopted by EDPR and the place in this report in which they are described in more detail.

0.2 STATEMENT OF COMPLIANCE (CMVM RECOMMENDATIONS)

Recommendation	Adoption information	Description in Report
I. GENERAL SHAREHOLDERS' MEETING		
I.1 GENERAL SHAREHOLDERS' MEETING BOARD		
I.1.1 The Presiding of the Board of the General Shareholders' Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Adopted	Chapter I.1
I.1.2 The remuneration of the Presiding Board of the General Shareholders' Meeting shall be disclosed in the Annual Report on Corporate Governance.	Adopted	Chapter I.3
I.2 PARTICIPATION AT THE MEETING		
I.2.1 The requirement for the Board to receive statements for share deposit or blocking for participation at the General Shareholders' Meeting shall not exceed 5 working days.	Adopted	Chapter I.4
I.2.2 Should the General Shareholders' Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then prepare itself in advance as required for the first session.	Adopted	Chapter I.5
I.3 Voting and Exercising Voting rights		
I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Adopted	Chapter I.9
I.3.2 The statutory deadline for receiving early voting ballots by mail, may not exceed three working days.	Adopted	Chapter I.11
I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	Adopted	Chapter I.6
I.4 Resolution Fixing-Quorum		
I.4.1 Companies shall not set a resolution-fixing quorum that outnumbers what is prescribed by law.	Adopted	Chapter I.8
I.5 Minutes and Information on Resolutions Passed		
I.5.1 Extracts from the minutes of the General Shareholders' Meetings or documents with corresponding content must be made available to shareholders on the company's website within five days period after the General Shareholders' Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than 3 year period.	Adopted	Chapter I.13 and I.14

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
I.6 Measures on Corporate Control		
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both company's and the shareholders' interests. The company's articles of association that by complying with said principal provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	Chapter I.7 and I.19
I.6.2 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors.	Adopted	Chapter I.20
II. BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1 General Chapters		
II.1.1 Structure and Duties		
II.1.1.1 The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-chapter possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	Chapter 0.1 and II.3-A.
II.1.1.2 Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyze and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk warning; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary.	Adopted	Chapter II.5
II.1.1.3 The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Adopted	Chapter II.6
II.1.1.4 The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Adopted	Chapter II.9
II.1.1.5 The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website.	Adopted	Chapter II.7
II.1.2 Governance Incompatibility and Independence		
II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Adopted	Chapter II.14
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board of Directors.	Adopted	Chapter II.15

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STATEMENT OF COMPLIANCE		
Recommendation	Adoption information	Description in Report
II.1.2.3 The independence assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independence requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Adopted	Chapter II.15
II.1.3 Eligibility and Nominations Criteria		
II.1.3.1 Depending on the applicable model, the Chair of the Supervisory Board and of the Auditing and Financial Matters Committees shall be independent and adequately competent to carry out his/her duties.	Adopted	Chapter II.1 and II.3-C.
II.1.3.2 The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	Adopted	Chapter II.16
II.1.4 Policy on the Reporting of Irregularities		
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: i) the means by which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.	Adopted	Chapter II.35
II.1.4.2 The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance.	Adopted	Chapter II.35
II.1.5 Remuneration		
II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows: i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity. ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period; iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company; v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares; vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance; viii) The remuneration of Non-Executive Directors shall not include any component the value of which is subject to the performance or the value of the company.	Adopted	Chapter II.30, II.31, II.32 and II.33

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.1.5.2 A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of June 19 th , shall contain, in addition to the content therein stated, adequate information on: <ul style="list-style-type: none"> i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration; ii) the payments for the dismissal or termination by agreement of the Director's duties. 	Adopted	Chapter II.30 and II.32
II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the Director's remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.	Adopted	Chapter II.29 and II.30
II.1.5.4 A proposal shall be submitted at the General Shareholders' Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share process, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Shareholders' Meeting.	Adopted	Chapter II.32
II.1.5.5 Left in blank	-	
II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Shareholders' Meeting for Shareholders.	Adopted	Chapter I.15
II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.	Adopted	Chapter II.31 and II.32
II.2 Board of Directors		
II.2.1 Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report.	Adopted	Chapter II.3-A.
II.2.2 The Board of Directors must ensure that the company acts in accordance with its goals and shall not delegate its duties, namely in what concerns: <ul style="list-style-type: none"> i) the definition of the company's general strategy and policies; ii) the definition of the group's corporate structure; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved. 	Not Adopted ("Under Spanish Law, the matters referred to in this recommendation can be delegated by the Board of Directors on the Executive Committee. It is common practice in Spanish listed companies for the delegation of powers to be far-reaching, with the exception of matters related to the preparation of accounts. Nevertheless, the Executive Committee always informs the Board of Directors of all the strategic decisions or relevant structure changes").	-
II.2.3 Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the Corporate Governance Report.	Not Applicable	Chapter II.8
II.2.4 The annual management report shall include a description of the activity carried out by the Non-Executive Directors and shall mention any restraints encountered.	Adopted	Chapter II.17
II.2.5 The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.	Not Applicable	Chapter II.11

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STATEMENT OF COMPLIANCE		
Recommendation	Adoption information	Description in Report
II.3 CEO, Executive Committee and Executive Board of Directors		
II.3.1 When managing Directors that carry out executive duties are requested by other Directors to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made.	Adopted	Chapter II.3-A.
II.3.2 The Chair of the Executive Committee shall send the convening notice and minutes of the meetings to the Chair of the Board of Directors and, as applicable, to the Chair of the Supervisory Board or the Auditing Committee, respectively.	Adopted	Chapter II.3-A
II.3.3 The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee.	Not applicable	-
II.4 General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board		
II.4.1 Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not applicable	-
II.4.2 The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing and Supervisory Committee must be disclosed on the company's website.	Adopted	Chapter II.4 and III.15
II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Supervisory Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	Chapter II.4 and III.15
II.4.4 The General and Supervisory Board, the Auditing Committee and the Supervisory Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being liaison offer between the company and the first recipient of the reports.	Adopted	Chapter II.24
II.4.5 According to the applicable model, the General and Supervisory Board, Audit Committee and Supervisory Board shall assess the external auditor on an annual basis and advise the General Shareholders' Meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	Chapter II.24
II.4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent Director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Adopted	Chapter II.5 and II.6
II.5 Special Committees		
II.5.1 Unless the company is of reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Director's performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of Director's duties.	Adopted	Chapter II.2 and II.3 D.

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
<p>II.5.2 Members of the Remuneration Committee or equivalent shall be independent from the members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.</p>	<p>Not applicable</p> <p>(“The members of the Nominations and Remunerations Committee are members of the Board of Directors. However, its members are considered independent members and do not therefore belong to the Executive Committee. In accordance with Articles 23 and 217 of the Spanish Companies Law, the remuneration scheme for Directors should be fixed in the articles of association. It is normal practice in Spanish companies for this remuneration to be decided upon by the General Shareholders’ Meeting and for its allocation to the different members of the Board of Directors to be decided on by the Board itself.”).</p>	<p>Chapter II.2 and II.38</p>
<p>II.5.3 Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.</p>	<p>Adopted</p>	<p>Chapter II.39</p>
<p>II.5.4 All the Committees shall draw up minutes of the meetings held.</p>	<p>Adopted</p>	<p>Chapter II.37</p>
<p>III. INFORMATION AND AUDITING</p>		
<p>III.1 General Disclosure Obligations</p>		
<p>III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.</p>	<p>Adopted</p>	<p>Chapter III.16</p>
<p>III.1.2 The following information that is made available on the company’s Internet website shall be disclosed in the English language:</p> <p>a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Portuguese Commercial Companies Code;</p> <p>b) Articles of Association;</p> <p>c) Credentials of the Members of the Board of Directors and the Market Liaison Officer;</p> <p>d) Investor Relations Office, its functions and contact information;</p> <p>e) Financial statements;</p> <p>f) Half-yearly calendar of company events;</p> <p>g) Proposals submitted for discussion and voting at General Shareholders’ Meetings;</p> <p>h) Invitation to General Shareholders’ Meetings.</p>	<p>Adopted</p>	<p>Chapter III.16</p>
<p>III.1.3. Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.</p>	<p>Adopted</p>	<p>Chapter III.18</p>
<p>III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company’s Supervisory Board.</p>	<p>Adopted</p>	<p>Chapter II.3-C and III.17</p>
<p>III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entity with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report.</p>	<p>Adopted</p>	<p>Chapter III.17</p>

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STATEMENT OF COMPLIANCE		
Recommendation	Adoption information	Description in Report
IV. CONFLICTS OF INTEREST		
IV.1 Shareholder Relationship		
IV.1.1 Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Adopted	Chapter III.12
IV.1.2 Where deals of significant importance are undertaken with holders of qualifying holdings, or entities, with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board.	Adopted (According to the Spanish law and the governance structure, these functions were delegated by the Board of Directors to the Related-Party Transactions Committee)	Chapter III.13

0.3 GLOBAL ASSESSMENT OF THE ADOPTION OF CMVM RECOMMENDATIONS'

During 2012, EDPR has continued its consolidation task as to the Company's governance principles and practices. This is in line with the principle regulatory developments that occurred in 2010, particularly the modifications to the Portuguese Companies Code and the Portuguese Securities Code aimed at transposing the so-called Shareholders' Rights Directive, as well as the entry into force of CMVM Regulation no. 1/2010 and the CMVM Recommendations on Listed Companies Governance in its version published in January 2010.

The high level of compliance with the best governance practices by EDPR was recognised by an independent study developed in 2012 by the *Universidade Católica Portuguesa* (Portuguese Catholic University) at the request of AEM – *Associação de Empresas Emitentes de Valores Cotados em Mercado* (Portuguese Listed Companies Association), within which the Company was given the maximum rating – AAA - based on the Company's 2011 Governance Report and compliance with the abovementioned CMVM Recommendations.

Also in order to comply with the Recommendation II.1.1.1 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Audit and Control Committee regarding the terms of the Recommendation II.5.1 part ii), the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the company's governance structure without any constraints to the performance of its *checks and balances* system adopted to justify the changes made in the Governance practices of EDPR.

0.4 ANALYSIS OF DEVIATIONS REGARDING CMVM RECOMMENDATIONS'

The explanation of CMVM's recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the previous table.

I. GENERAL SHAREHOLDERS' MEETING

I.1 MEMBERS OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are the Chairperson of the General Shareholders' Meeting, Rui Chancerelle de Machete, the Chairperson of the Board of Directors or his substitute, the other Directors, and the Secretary of the Board of Directors, Emilio García-Conde Noriega.

Apart from the Board of the General Shareholders' Meeting and according to Recommendation I.1.1, the Chairperson of the General Shareholders' Meeting of EDPR has the appropriate human and logistical resources for his needs. Therefore in addition to the resources from the Company Secretary and the legal support provided for that purpose, the Company hires a specialized entity to collect, process and count the votes.

I.2 BEGINNING AND END OF THE TERM OF THE CHAIRPERSON AND THE SECRETARY OF THE GENERAL SHAREHOLDERS' MEETING

The Chairperson of the General Shareholders meeting was elected on June 4th, 2008 and re-elected on April 11th, 2011 for a three-year term. The Secretary of the General Shareholders meeting was nominated as Secretary of the Board on December 4th, 2007. The Secretary of the Board mandate does not have a date for the end of the term according to the Spanish Companies Law since he is a non-member of the Board.

I.3 REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2012, the remuneration of the Chairperson of the General Shareholders' Meeting of EDPR was EUR 15,000.

I.4 PARTICIPATION IN THE GENERAL SHAREHOLDERS' MEETING

All shareholders, irrespective of the number of shares that they own, may attend a General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

In order to exercise their right to attend, the company informs in its Summon and shareholders guide of the General Shareholders' Meeting that the shareholders must have their shares registered in their name in the Book Entry Account at least five (5) working days in advance of the date of the General Shareholders' Meeting.

Any shareholder with the right to attend may send a representative to a General Shareholders' Meeting, even if this person is not a shareholder. Power of attorney is revocable. The Board of Directors may require shareholders' power of attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

Power of attorney shall be specific to each General Shareholders' Meeting, in writing or by remote means of communication, such as post.

I.5. SUSPENSION OF THE GENERAL SHAREHOLDERS' MEETING

There is no express provision on this matter in the Articles of Association of the company. In the event of the suspension of a General Shareholders' Meeting, EDPR plans to adopt Recommendation I.2.2 of the Portuguese Corporate Governance Code and not require the blocking of shares more than five days in advance.

I.6. VOTING RIGHTS

Each share entitles its holder to one vote.

I.7. RESTRICTIONS TO VOTING RIGHTS

EDPR's Articles of Association have no restrictions regarding voting rights.

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I.8 EXERCISE OF VOTING RIGHTS AND QUORUM FOR CONSTITUTING AND ADOPTING THE DECISIONS OF THE GENERAL SHAREHOLDERS' MEETING

Regarding the exercise of voting rights the information is available on chapter I.4..

According to EDPR's Articles of Association and as established on the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. On the second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present in order to comply with the minimum established under the Spanish Companies Law.

Nonetheless, to validly approve the issuance of bonds, the increase or reduction of capital, the transformation, merger or spin-off of the Company, and in general any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need: on the first call, that the Shareholders, either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital and, on the second call, that the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the resolutions will only be validly adopted with the favourable vote of two-thirds(2/3) of the present or represented capital in the General Shareholders' Meeting.

I.9 MAIL AND ELECTRONIC COMMUNICATION VOTES

Shareholders may vote on chapters on the agenda, relating to any matters of the Shareholder's competence, by mail or electronic communication. It is essential for their validity that they be received by the company by midnight of the day before the date scheduled for the first calling to order of the General Shareholders' Meeting.

Remote votes can be revoked subsequently by the same means used to cast them within the time limit established for the purpose or by personal attendance at the General Shareholders' Meeting by the shareholder who cast the vote or his/her representative.

I.10 FORM USED FOR MAIL VOTING

The Board of Directors approves a Shareholder's Guide for the first General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. It is at the shareholder's disposal at www.edprenovaveis.com.

I.11 DEADLINE TO RECEIVE THE BALLOT FOR THE MAIL VOTING

Votes by mail shall be sent in writing to the place indicated on the summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. Pursuant to the terms of article 15 of the Articles of Association, mail-in votes must be received by the Company before midnight (24.00 hours) on the day before the scheduled meeting date on first call.

I.12 ELECTRONIC VOTING

In order to vote by electronic communication, shareholders must express this intention to the Chairperson of the General Shareholders' Meeting in the form indicated in the invitation to the meeting, with sufficient time in advance to permit the vote within the established time limit. The shareholders will receive a password for voting by electronic communication within the time limit and in the form established in the call of the General Shareholders' Meeting. Pursuant to the terms of article 15 of the Articles of Association, electronic votes must be received by the Company before midnight of the day before the scheduled meeting date on first call.

I.13 MINUTES AND INFORMATION ON DECISIONS OF THE GENERAL SHAREHOLDERS' MEETING

Given that EDPR is a listed company on Eurolist by NYSE Euronext Lisbon, shareholders have access to corporate governance information at EDPR's website, www.edprenovaveis.com. Extracts of General Shareholders' Meeting minutes and the invitation, agenda, motions submitted to the General Shareholders' Meeting, and forms of participation shall be placed at the shareholder's disposal five (5) days after they are held.

Given the personal nature of the information involved, the record does not include the attendance lists at general Shareholders' Meetings. However, in accordance with CMVM Circular nr. 156/EMIT/DMEI/2009/515, when General Shareholders' Meetings are held, EDPR plans to replace them by statistical information indicating the number of shareholders present and represented.

EDPR therefore publishes on its website an extract of the minutes of General Shareholders' Meetings with all information on the constitution of the General Shareholders' Meeting and decisions taken on the meeting, including motions submitted and explanations of votes, if any.

The website also provides EDPR shareholders with information on: i) requirements for participating in the General Shareholders' Meeting, ii) mail and electronic communication votes iii) information available at the registered office.

GENERAL SHAREHOLDERS' MEETING IN 2012

On April 12th 2012, the Ordinary General Shareholders' Meeting of EDPR took place in Madrid.

The Meeting's validity was ascertained by the meeting's President, and the definitive quorum of members was:

- 154 shareholders were present, holding 25,999,436 shares making up for 2.98% of the share capital, and

- 344 shareholders were represented, holding 737,817,447 shares making up for 84.58% of the share capital.

A total of 498 shareholders attended the General Shareholders' Meeting, including those present and those represented, holding a total of 763,816,883 shares which constitutes a nominal amount of EUR 3,819,084,415,00 of the share capital, that is, 87.56% of the mentioned share capital.

The seven proposals submitted to approval at the General Shareholders' Meeting were all approved. Extracts of the 2012 General Shareholders' Meeting minutes, the summon, agenda, motions submitted to the General Shareholders' Meeting and forms of participation are available on the company's website, www.edprenovaveis.com

I.14 RECORD OF THE DECISIONS TAKEN BY THE GENERAL SHAREHOLDERS' MEETING

EDPR's website, www.edprenovaveis.com, contains all the information regarding the company's General Shareholders' meetings of the last three years.

I.15 ATTENDANCE AT THE GENERAL SHAREHOLDERS' MEETING OF A REPRESENTATIVE OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE

At least one of the members of the Nominations and Remunerations Committee was present or represented at the General Shareholders' Meeting of EDPR.

I.16 INTERVENTION OF THE GENERAL SHAREHOLDERS' MEETING REGARDING THE REMUNERATION POLICY

The General Shareholders' Meeting is responsible for approving the statement on remuneration policy for the Company's corporate bodies submitted by the Nominations and Remunerations Committee through the Board of Directors.

Pursuant to Article 164 of the Spanish Companies Law, the General Shareholders' Meeting evaluates the performance of the company's management and makes an annual decision on whether to maintain confidence, or not, in their members.

I.17 INTERVENTION OF THE GENERAL SHAREHOLDERS' MEETING REGARDING SHARES AND/OR STOCK OPTION PLANS

EDPR has not incorporated any share remuneration or share

purchase option plans for the members of the governing bodies.

I.18 INTERVENTION OF THE GENERAL SHAREHOLDERS' MEETING IN THE APPROVAL OF THE RETIREMENT BENEFIT SYSTEMS

The General Shareholders' Meeting has mentioned on chapter I.16 approval on the statement on the remuneration policy, in which it is also included the approval of the retirement benefits systems applicable to the officers included in this system.

I.19 STATUTORY RULE FOR THE LIMITATION OF THE NUMBER OF VOTES

EDPR's Articles of Association does not provide any limitation of the number of votes.

I.20 DEFENSIVE MEASURES

The Company has taken no defensive measures that might affect its assets in any of the cases of a change in control in its shareholder structure or the Board of Directors.

The Articles of Association contain no limitations on the transferability of shares or voting rights in any type of decision and no limitations on membership of the governing bodies of EDPR. Neither are there any decisions that come into effect as a result of a takeover bid.

The fact that the Company has not adopted any measures designed to prevent successful takeover bids is therefore in line with Recommendation I.6.1 of the Portuguese Code of Corporate Governance.

I.21 CHANGE OF THE CONTROL OF THE COMPANY

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice in case of financing of certain wind farm projects by some of its group companies and on the case of intra-group agreements.

I.22 AGREEMENTS WITH BOARD MEMBERS OR SENIOR MANAGERS

There are no agreements between the Company and members of its Board of Directors or managers providing for compensation in the event of resignation or discharge of Directors or in the event of resignation or dismissal without just cause or cessation of the working relationship following a change in control of the Company.

corporate governance

SECTION I - GENERAL CHAPTERS
II. MANAGEMENT AND SUPERVISORY BODIES

II.1 IDENTIFICATION AND COMPOSITION OF
THE GOVERNING BODIES

BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company’s Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. Their term of office shall be of three (3) years, and they may be re-elected once or more times for equal periods.

The number of Board Members was fixed in seventeen (17) members according to the decision of the General Shareholders’ Meeting held on June 21st, 2011. *

Name	Position	Date of first Apchapterment	Date of Re-election	End of Term
António Mexia	Chairperson and Director	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Vice-Chairperson, CEO	18/03/2008	21/06/2011	21/06/2014
João Marques da Cruz	Director	16/05/2012	-	Until the next Shareholder's meeting
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Gabriel Alonso	Director	21/06/2011	-	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
Gilles August	Director (Independent)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Manuel Menéndez Menéndez	Director	4/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Independent)	4/06/2008	21/06/2011	21/06/2014

*On 2012, Mrs. Ana Maria Fernandes, Mr. António Nogueira Leite, Mr. Francisco Queiroz de Barros de Lacerda, and Mr. Luis Adão da Fonseca resigned as Board members. On February 28th, 2012, Mr. João Manso Neto was elected Vice-Chairperson of the Board of Directors and Chief Executive Officer of the Company. Also, on May 2012, Mr. João Marques da Cruz was nominated by co-optation as Member of the Board until the first General Shareholders’ Meeting is gathered. The co-option proposal was made according to Article 23, nº 2, of EDPR’s Articles of Association.

The above table reflects the composition of the Board of Directors as of December 31st, 2012. However, pursuant to the Nominations and Remunerations Committee proposal dated February 22nd, 2013, three (3) new independent Directors are appointed by cooptation by the Board of Director’s meeting on February 26th, 2013. Additionally, in such meeting, the Board of Directors summons a General Shareholders’ Meeting which includes, in its agenda, the ratification of such appointments.

EXECUTIVE COMMITTEE

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than six (6) and no more than nine (9) Directors. On the Board of Directors of April 12th, 2012, the number of members of the Executive Committee was fixed in six (6).

Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two-thirds (2/3) of the members of the Board of Directors.

The Executive Committee consists of six (6) members, plus the Secretary. The current members are:

- João Manuel Manso Neto, who is the current Chairperson pursuant to his appointment by the Board of Directors of April 12th, 2012, following Mr. António Mexia resignation as Chairperson and member of the Executive Committee.
- Gabriel Alonso Imaz.
- João Paulo Nogueira de Sousa Costeira.
- Nuno Maria Pestana de Almeida Alves.
- Rui Manuel Rodrigues Lopes Teixeira.

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Executive Committee.

Mr. Luis Adão da Fonseca resigned as member of the Executive Committee on September 21st, 2012, as a consequence of his resignation as member of the Board of Directors. Due to his resignation, the Board of Directors proposes for the next General Shareholders' Meeting to reduce the number of members of the Executive Committee to a minimum of four (4) members and a maximum of seven (7), and it will be fixed in five (5) members by the Board of Directors.

AUDIT AND CONTROL COMMITTEE

Pursuant to Article 28 of the Company's Articles of Association, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

The Audit and Control committee consists of three (3) independent members, plus the Secretary. The current members are:

- João Manuel de Mello Franco, who is the Chairperson.
- João Lopes Raimundo.
- Jorge Santos.

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit and Control Committee.

II.2 SPECIAL COMMITTEES FOR MANAGEMENT AND SUPERVISORY MATTERS

NOMINATIONS AND REMUNERATIONS COMMITTEE

Pursuant to Article 29 of the Company's Articles of Association, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6)

members. At least one of its members must be independent and shall be the Chairperson of the committee.

The members of the committee shall not be members of the Executive Committee. The Nominations and Remunerations Committee is constituted by independent members of the Board of Directors, in compliance with Recommendation 44 of the Unified Code of Good Governance approved by decision of the Board of the Spanish Securities Committee (hereinafter the Comisión Nacional del Mercado de Valores - CNMV), as amended by CNMV Circular 4/2007 of December 27th, which lays down that the Nominations and Remunerations Committee must be entirely made up of external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors), it complies to the extent possible with the recommendation indicated in chapter II.5.2 of the Portuguese Code of Corporate Governance.

The Nominations and Remunerations Committee consists of three (3) independent members, plus the Secretary.

The current members are:

- Jorge Santos, who is the Chairperson.
- Rafael Caldeira Valverde.

Given the resignation of Mr. Francisco José Queiroz de Barros de Lacerda as member of the Nominations and Remunerations Committee as a consequence of his resignation as member of the Board of Directors on August 24th, 2012, the Board of Directors appoints on its meeting of February 26th 2013 a new member for this Committee.

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the committee members are spouses or up to third-degree relatives in direct line of the other members of the Board of Directors.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

RELATED PARTY TRANSACTIONS COMMITTEE

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related Party Transactions Committee. This committee shall consist of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be independent, although in the case of this committee it has one non-independent member, Nuno Maria Pestana de Almeida Alves.

Members of the Related Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by relations with EDPR, its majority shareholders or its Directors and, if this is the case, meet the other requirements of the applicable legislation.

The Related-Party Transactions committee consists of three (3) independent members, plus the Secretary.

The current members are:

- João Manuel de Mello Franco.
- Nuno Maria Pestana de Almeida Alves.

corporate governance

Given the resignation of Mr. António do Pranto Nogueira Leite as member of the Related Party Transactions Committee as a consequence of his resignation as member of the Board of Directors on April 18th, 2012, the Board of Directors appoints on its meeting of February 26th 2013 a new member for this Committee.

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Related Party Transactions Committee.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

II.3 ALLOCATION OF POWERS AMONG THE GOVERNING BODIES, COMMITTEES, AND/OR DEPARTMENTS OF THE COMPANY

A. MANAGEMENT BODIES

BOARD OF DIRECTORS

Pursuant to Article 19 of the Company's Articles of Association, the Board of Directors has the broadest powers for the administration, management, and governance of the Company, with no limitations other than the responsibilities expressly and exclusively invested in the General Shareholders' Meeting in the Company's Articles of Association or in the applicable law.

Regarding the decisions to increase the share capital, the Board of Directors does not have this power but, subject to prior delegation from the General Shareholders' Meeting, would be able to decide the increase of the share capital. This delegation must comply with the law and the By-Laws.

On the other hand, the General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that have not been specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or in part and may also decide not to perform it in consideration to the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

According to Article 146 of the Spanish Companies Law, the Board of Directors was authorized by the General Shareholders' Meeting to acquire its own shares issued by the parent company and/or the affiliate companies through their management bodies for a term of five years since the General Shareholders' Meeting held on April 13th, 2010. The terms for this acquisition are available to the public at the company's website, www.edprenovaveis.com.

FUNCTIONING OF THE BOARD OF DIRECTORS

In addition to the Articles of Association and the law, the Board of Directors is governed by its regulations approved on May 3rd, 2008.

The Board of Directors must meet at least four (4) times a

year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of three (3) Directors, may convene a Board meeting whenever he deems it necessary for the Company's interests. Meetings are convened by the Chairperson, who may order the Secretary to send the invitations. Invitations shall be sent at least five (5) days prior to the date of the meeting. Only when the circumstances so require, the Chairperson may call a meeting of the Board without respecting the required advance notice.

The meetings of the Board are valid if half of the Directors plus one are present or represented. Directors shall attend Board meetings personally and, on exception, if they are unable to do so, they may delegate their representation through a written Declaration to another Director. Without prejudice to the above, the Board of Directors shall be deemed to have been validly convened, with no need for an invitation, if all the Directors present or represented agree unanimously to hold the meeting as universal and accept the agenda to be dealt with at it.

Decisions are adopted by absolute majority among those present. Each Director present or represented has one vote and the Chairperson has the casting vote in the event of a tie.

In order for the non-executive Directors to be able to decide independently and be informed, Articles 22, 24, and 25 of the Board regulations establishes the following mechanisms:

- Invitations to meetings shall include the agenda, although provisional, of the meeting and be accompanied by relevant available information or documentation;
- The Directors have the broadest powers to obtain information on any aspect of the Company, to examine its books, records, documents, and other registers of the Company's operations. In order to prevent distortions in the Company management, the exercise of the powers to obtain information shall be channeled through the Chairperson or Secretary of the Board of Directors;
- Any Director may request the hiring, on the Company's account, of legal advisers, accountants, financial, or commercial specialists or other experts. The performance of the job must necessarily relate to concrete problems of a certain importance and complexity. Requests to hire experts shall be channeled through the Chairperson or Secretary of the Board of Directors, who shall be subject to the approval of the Board of Directors.

Additionally, the Executive Committee informs the Board of Directors of its decisions at the first Board meeting held after each committee meeting and delivers the minutes of the meetings held to the members of the Board.

EXECUTIVE COMMITTEE

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be delegated, with the exception of the following:

- election of the Chairperson of the Board of Directors,
- nomination of Directors by cooption,
- requests to convene or convening of General Shareholders' Meetings,
- preparation and drafting of the Annual Management Report and Accounts and submission to the General Shareholders' Meeting,

- change of registered office, and
- drafting and approval of the proposal for mergers, spin-off, or transformation of the company.

The Executive Committee members have been delegated by the Board of Directors with all the powers of representation of the Company so that any two of its members can act jointly in the name and on behalf of the Company.

FUNCTIONING OF THE EXECUTIVE COMMITTEE

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th, 2008 and also by the Board of Directors Regulations. The committee regulations are available to the public at www.edprenovaveis.com.

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairperson, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

The Chairperson of the Executive Committee, who is currently also the Vice-Chairperson of the Board of Directors, shall send to the Chairperson of the Audit and Control Committee invitations to the Executive Committee meetings and the minutes of those meetings. The Chairperson of the Board of Directors also receives the minutes of the meetings of the Executive Committee.

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by simple majority. In the event of a tie, the Chairperson shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

B. POWERS OF THE CHAIRPERSON AND VICE-CHAIRPERSON OF THE BOARD OF DIRECTORS, OF THE CHAIRPERSON OF THE EXECUTIVE COMMITTEE, AND THE SECRETARY OF THE BOARD

CHAIRPERSON AND VICE-CHAIRPERSON OF THE BOARD OF DIRECTORS

Chairperson of the Board of Directors

António Mexia

The Chairperson of the Board of Directors is the Chairperson of the Company and fully represents it.

Without prejudice to the powers of the Chairperson under the law and Articles of Association, he also has the following powers:

- Convening and presiding over the meetings of the Board of Directors, establishing their agenda, and directing discussions and decisions;
- Acting as the Company's highest representative dealing with public bodies and any sectorial or employees bodies.

The Chairperson of the Board is nominated by the members of the Board of Directors, unless this is done by the General Shareholders' Meeting. The current Chairperson was elected

on March 18th, 2008 and re-elected on June 21st, 2011 by the Board of Directors.

Vice-Chairperson of the Board of Directors

João Manso Neto

The Vice-Chairperson replaces the Chairperson when he is unable to attend the meetings. The Board may also delegate executive powers to the Vice-Chairperson.

The Vice-Chairperson is nominated by the Board of Directors by proposal of the Chairperson. The current Vice-Chairperson was elected on February 28th, 2012.

CHIEF EXECUTIVE OFFICER

CEO

João Manso Neto

The Board of Directors may nominate one or more Chief Executive Officers. Chief Executive Officers are nominated by proposal of the Chairperson or two-thirds of the Directors. Chief Executive Officers are nominated with a vote in favour of two-thirds of the Directors and must be chosen from among the Directors.

The competences of each Chief Executive Officer are those deemed appropriate in each case by the Board of Directors, with the only requirement being that they are delegable under the law and the Articles of Association.

The Chief Executive Officer was elected on February 28th, 2012 with the competences including coordination of the implementation of Board of Directors and Executive Committee decisions, representing the company in dealings with third parties, and other related duties.

COMPANY SECRETARY

Company Secretary

Emilio García-Conde Noriega

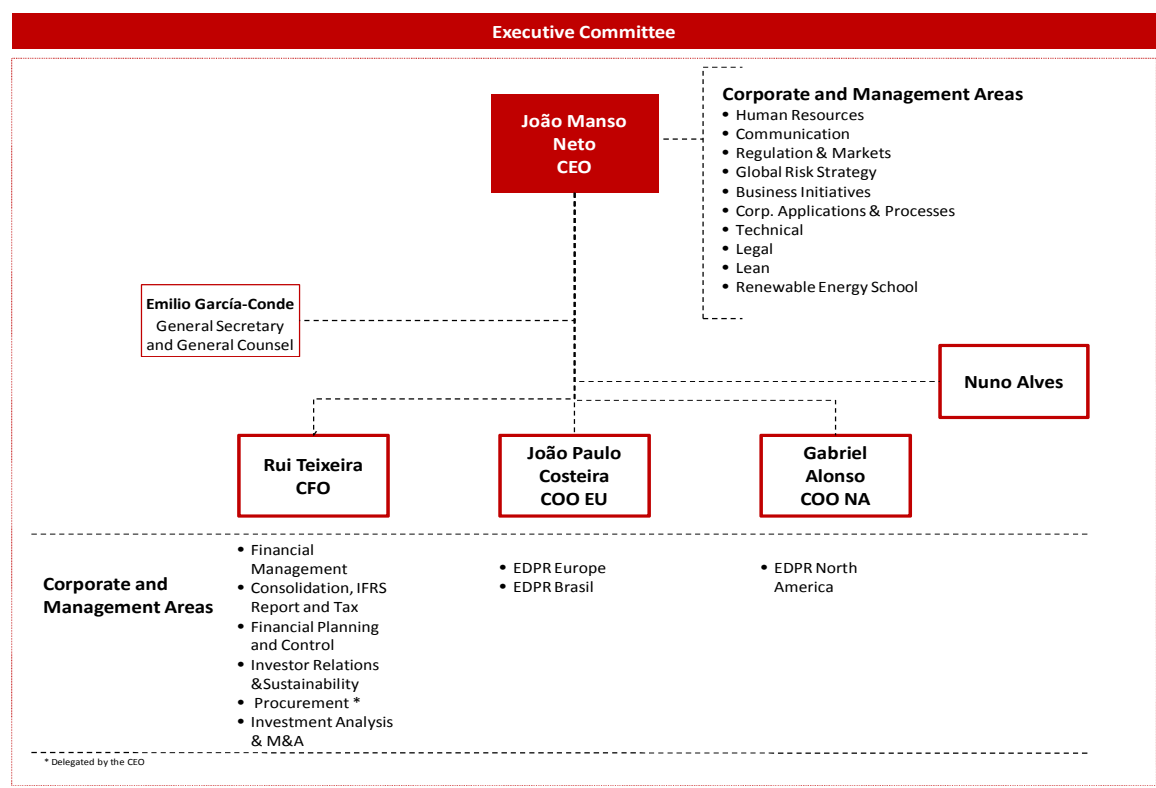
The duties of the Company Secretary are those set forth in current laws, the Articles of Association and Board of Directors Regulations. In particular, in accordance with the Board of Directors Regulations and in addition to those set forth in the Articles of Association, his competences are:

- Assisting the Chairperson in his duties;
- Ensuring the smooth operation of the Board, assisting and informing it and its members;
- Safeguarding company documents;
- Describing in the minutes books the proceedings of Board meetings and bearing witness to its decisions;
- Ensuring at all times the formal and material legality of the Board of Directors actions so that they comply with the Articles of Association and Board Regulations;
- Monitoring and guaranteeing compliance with provisions imposed by regulatory bodies and consideration of their recommendations;
- Acting as secretary to the committees.

The Company Secretary, who is also the General Secretary and Director of the Legal Department at EDPR, was nominated on December 4th, 2007.

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MANAGEMENT STRUCTURE



C. SUPERVISORY BODIES

AUDIT AND CONTROL COMMITTEE

Pursuant to Article 28 of the Articles of Association, the members of the Audit and Control Committee are nominated by the Board of Directors. The term of office of the Chairperson of the Audit and Control Committee is three (3) years, after which he may only be re-elected for a new term of three (3) years. Nonetheless, chairpersons leaving the committee may continue as members of the Audit and Control Committee.

The powers of the Audit and Control Committee are as follows:

- Reporting, through the Chairperson, at General Shareholders' Meetings on questions falling under its jurisdiction,
- Proposing the nomination of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non audit" – annual activity evaluation and revocation or renovation of the auditor nomination (to comply with Recommendation III.1.5 of the Portuguese Corporate Governance Code of 2010),
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluate those systems and propose the adequate adjustments according to the Company necessities (to comply with Recommendation II.1.1.3 of

the Portuguese Corporate Governance Code of 2010),

- Supervising internal audits and compliance (to comply with Recommendation II.4.6 of the Portuguese Corporate Governance Code of 2010),
- Establish a permanent contact with the external auditors to assure the conditions, including the independence, adequate to the services provided by them, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects (to comply with Recommendation II.4.4 of the Portuguese Corporate Governance Code of 2010),
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the Accounts and the proposals presented by the Board of Directors (to comply with Recommendation II.4.3 of the Portuguese Corporate Governance Code of 2010),
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entity that has a direct interest and judicially protected, related with the Company social activity (to comply with Recommendation II.1.4.1 of the Portuguese Corporate Governance Code of 2010),
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, the importance of the matters entrusted to them and the economic situation of the company must be taken into account,

- Drafting reports at the request of the Board and its committees,
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement,
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

FUNCTIONING OF THE AUDIT AND CONTROL COMMITTEE

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th, 2008, amended on May 4th, 2010 and also by the Board of Directors regulations.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit.

Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

D. OTHER COMMITTEES AND SUPPORTING STRUCTURES

NOMINATIONS AND REMUNERATIONS COMMITTEE

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature and its recommendations and reports are not binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel. The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration policy and incentives to them and the senior management. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and nominations of its members.
- Proposing the nominations and re-election of Directors in cases of nominations by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors.
- Proposing to the Board of Directors the candidates for the different committees.
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors.
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors.
- Informing and making proposals to the Board of Directors regarding the nominations and/or removal of executives and the conditions of their contracts and

generally defining the hiring and remuneration policies of executive staff.

- Reviewing and reporting on incentive plans, pension plans, and compensation packages.
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4th, 2008 and also by the Board regulations. The committee's regulations are available at www.edprenovaveis.com.

This committee shall meet at least once every quarter and also whenever its Chairperson sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting held after each committee meeting. Decisions shall be adopted by simple majority. The Chairperson shall have the deciding vote in the event of a tie.

RELATED-PARTY TRANSACTIONS COMMITTEE

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities.
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question.
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds EUR 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the fiscal year before.
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th, 2008.
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities.
- Asking EDP for access to the information needed to perform its duties.

Should the Related-Party Transactions Committee not ratify transactions or legal relations between EDPR or its related parties and EDP and its related parties, said relations shall require the approval of two-thirds (2/3) of the members of the Board of Directors, whenever at least half of the members proposed by entities other than EDP, including independent Directors, vote in favour, unless before submission for ratification by the Related Party Transactions Committee, this majority of members has voiced its approval.

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The previous paragraphs shall not apply to operations between EDPR or its related parties and EDP or its related parties that have standard conditions and these conditions are applied in the same way in transactions with parties not related to EDPR and EDP or their respective related parties.

FUNCTIONING OF THE RELATED-PARTY TRANSACTIONS COMMITTEE

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th, 2008 and by the Board of Directors Regulations. The committee’s regulations are available at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit.

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting.

Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

II.4. ANNUAL REPORT ON THE ACTIVITY CARRIED OUT BY THE AUDIT AND CONTROL COMMITTEE

The annual report on the activities of the Audit and Control Committee for the 2012 financial year is available to Shareholders on the Company’s website, together with the financial statements, in compliance with CMVM Recommendations II.4.2 and II.4.3. The Audit and Control Committee found no constraints in performing its duties.

II.5. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

A. INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

General Description

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of internal control.

This system covers the main aspects of COSO (Committee of Sponsoring Organizations of the Treadway Commission): maintaining a control environment for the preparation of qualified financial information, assessment of the risks of financial reporting, existence of control activities to mitigate risks of error, information, and communication and evaluation mechanisms.

EDPR, in order to implement and maintain the SCIRF in operational terms, has developed a Responsibilities Model and a SCIRF Manual.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organization including: monitoring activities related to the annual cycle, the implementation of controls, and documentation of evidence and supervision activities.

EDPR has also a SCIRF Manual where the general principles of the Internal Control System over Financial Reporting are established, as well as the methodology used, the procedures for ensuring the effectiveness of internal control, and design of models, documentation, evaluation, and reporting.

Code of Ethics and Ethics Channel

EDPR has a Code of Ethics published on its intranet, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing.

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, which performs a first analysis, forwarding its conclusion to the Ethics Committee of EDPR, which receives, records, processes, and reports to the Board of Directors.

In 2012 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

Communication Channel to the Audit and Control Committee

In addition to the Code of Ethics and the Ethics Channel, EDPR has implemented a Communication Channel to the Audit and Control Committee that allows direct communication with the Audit and Control Committee of any inappropriate practices in accounting and finance.

The operation of this Communication Channel is regulated by the Regulation on procedures to be adopted in communication matters to the Audit and Control Committee. Submissions can be made by email or letter, being handled by the Secretary of the Audit and Control Committee. To ensure confidentiality, access to information submitted is restricted and limited.

Scope Revision and Update

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas, and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes different types of risk (operational, economic, financial, technological, or legal) and control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure, comparability, and rights, and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organization involved in the SCIRF and supervised by the Audit and Control Committee.

Preparation, review and approval of financial information

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation). The steps and controls that are carried out for the preparation of the financial information that will be part of consolidated financial statements are specified.

The procedures for review and approval of financial information are provided by the areas of Planning and Control, Administration, and Finance. Financial information is monitored in the scope of its competences by the Audit and Control Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls, and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts, and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of their main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or by unauthorized people, analysis of deviations from the budget, the analysis in the meetings of the Executive Committee of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation, and disclosure of transactions in financial reporting.

Control activities of EDPR’s SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that the information systems are the tools with which financial information is prepared, and is therefore, relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and evolutive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents), and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF’s scope update, there is a periodic analysis of the existence of service providers that perform relevant activities in relation to the processes of preparing financial information.

Evaluation of the efficiency of SCIRF

EDPR Group decided to have its SCIRF audited by the external auditor as of December 31st, 2012. The external auditor has included in the scope of their audit work, an opinion on the SCIRF of the EDPR Group, specific jobs regarding EDPR’s SCIRF.

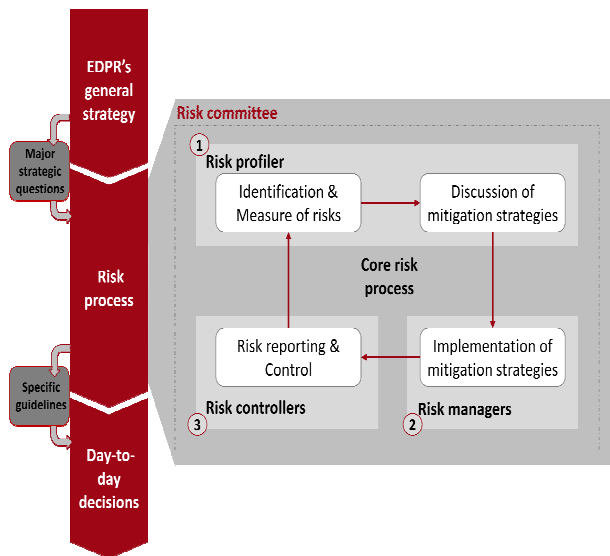
B. RISK MANAGEMENT

EDPR’s risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

RISK FRAMEWORK AND PROCESS

In EDPR’s risk framework, risk process aims to link the company’s overall strategy to manager’s day-to-day decisions, enabling the company to increase the likelihood of achieving its strategic objectives.

EDPR’s general strategy is translated into major strategic questions that are grouped by risk area and then subject to EDPR’s risk process. The outcome of the risk process is a set of specific guidelines per risk area that will guide managers in their decisions according to the company’s risk profile.



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II.6 RESPONSIBILITY OF THE MANAGEMENT AND SUPERVISORY BODIES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

A. INTERNAL CONTROL SYSTEMS

General Description

The administration, governance, and management of the company lies in the governing bodies of the Company (General Shareholders’ Meeting, Board of Directors, and Executive Committee) and corresponds to the Board of Directors to establish the organization of the Company.

The Board of Directors sets limits regarding the allocation of powers of the Executive Committee, the CEO, and the Audit and Control Committee. It is also defined by the Board of Directors the guide lines to conduct transactions with third parties.

EDPR's Articles of Association in its Article 28 mentions that the Audit and Control Committee has, among other powers, the obligation to meet the internal control systems of the Company.

The Audit and Control Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF’s implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. For this purpose, the Audit and Control Committee is assisted by the Internal Audit Department.

EDPR has an Internal Audit Department that reports to the President of the Board of Directors and is overseen by the Audit and Control Committee as provided in the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act which includes, among others, the evaluation activities of internal control systems including the internal control system over financial reporting.

The annual work plans of the Internal Audit Department are subject to the approval of the Audit and Control Committee.

Among these activities, Internal Audit supports the Audit and Control Committee in monitoring the implementation and maintenance of SCIRF and reports the results of the evaluation, the improvement actions identified, and their evolution.

The entity has action plans for the improvement actions identified in SCIRF’s assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2012, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

Performance evaluation of SCIRF and relevance to the needs of society

The auditor may communicate relevant issues arising from its financial audit work and any single internal control weaknesses identified in the course of their work. For this purpose, the auditor has summoned meetings with the Audit and Control Committee accompanying the results of their work usually once a year.

The reporting mechanism of the Internal Audit Department to senior management and the Audit and Control Committee is specified in the Basic Internal Audit Act, including the reporting of the results of their work.

B. RISK MANAGEMENT SYSTEMS

RISK FUNCTIONS AND RISK COMMITTEE

Risk management in EDPR is supported by three distinct organizational functions:

Risk functions		Description
1	Strategy / Profile	General risk policy & strategy
		• Responsible for setting guidelines and limits for risk management within the company
		• Attempts to clarify and support proposals related to general strategic issues
2	Management	Risk manag. & risk business decisions
		• Responsible for day to day operational decisions and for related risk – taking, risk – mitigating positions
3	Controlling	Risk control
		• Responsible for follow up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the executive committee

EDPR’s risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

RISK FRAMEWORK AND PROCESS

In EDPR’s risk framework, risk process aims to link the company’s overall strategy to manager’s day-to-day decisions, enabling the company to increase the likelihood of achieving its strategic objectives.

EDPR’s general strategy is translated into major strategic questions that are grouped by risk area and then subject to EDPR’s risk process. The outcome of the risk process is a set of specific guidelines per risk area that will guide managers in their decisions according to the company’s risk profile.

II.7 REGULATIONS ON THE FUNCTIONING OF THE GOVERNING BODIES

All EDPR governing bodies and special committees have internal Regulations which are available to the public on the company's website at www.edprenovaveis.com.

SECTION II – BOARD OF DIRECTORS

II.8 EXECUTIVE POWERS OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairperson of EDPR's Board of Directors does not have executive duties.

II.9 MAIN ECONOMIC, FINANCIAL, AND LEGAL RISKS

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

The following list summarizes the main risk areas and descriptions of EDPR's business:

1. **Countries & regulations** - Changes in regulations may impact EDPR's business in a given country
2. **Revenues** - Revenues received by EDPR's projects may diverge from what is expected
3. **Financing** - EDPR may not be able to raise enough cash to finance its planned Capex; EDPR may not be able to fulfill its financial obligations
4. **Wind turbine contracts** - Changes in turbine prices may impact projects' profitability; Contracts should take into account the pipeline development risk
5. **Pipeline development** - EDPR may deliver an installed capacity different from its targets or suffer delays and/or anticipations in its installation
6. **Operations** - Projects may deliver a volume different from expected

II.9.1 Countries and regulations

II.9.1.1. Regulatory risks

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide numerous types of incentives that support the energy generated from renewable sources.

The European Union and various US federal and state bodies have regularly reaffirmed their desire to continue and strengthen support for renewable energy sources, although due to the financial difficulties that Governments are experiencing, remuneration schemes have become less competitive in some countries.

Therefore, it cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources.

Regulation promoting green energy has been revised or is being under study in a large number of regions.

Management of regulatory risks

EDPR is managing its exposure to regulatory risks through diversification (being present in several countries) and by being an active member in several wind associations. Sensitivity analyses to updated regulatory scenarios are also performed.

II.9.2 Revenues

II.9.2.1 Exposure to market electricity prices

EDPR faces limited market price risk as it pursues a strategy of being present in countries or regions with long term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In the markets where there is expected short term volatility in market prices, EDPR uses various financial and commodity hedging instruments in order to optimize the exposure to fluctuating electricity prices. However, it may not be possible to successfully hedge the exposures or there may be other difficulties in executing the hedging strategy.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Spain, Portugal and France) or in markets where on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland, and Romania). Additionally, EDPR is developing activity in Italy and UK where current incentive system is based on green certificates. Recently Italy changed to a feed in tariff from green certificates and UK is in process.

In North America, EDPR is focus on developing in states which have an RPS program in place, providing higher revenues visibility through the REC (Renewable Energy Credit) market and non-compliance penalties. The North American market does not provide a regulated framework system for the electricity price although it may exist for the RECs in some states. Most of EDPR's capacity in the US has predefined prices determined by long-term contracts with local utilities in line with the Company's policy of signing long-term contracts for the output of its wind farms.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract.

Management of risks related to exposure to market electricity prices

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits (measured through EBITDA at risk), assessing in which markets financial hedges may be more effective to correct it. In 2012, in order to manage such exposure, EDPR financially hedged a significant part of its generation in Spain while in the US it closed a significant portion of its exposure through several power purchase agreements, long term hedges and financial swaps. Additionally, EDPR hedged part of the merchant generation in Poland and Romania.

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II.9.2.2 Risk related to volatility of energy production

The amount of electricity generated by EDPR from its wind farms, and therefore EDPR's profitability, is dependent on climatic conditions, which vary across the locations of the wind farms, and from season to season and year to year. Energy output at wind farms may decline if wind speed falls outside specific ranges, as turbines will only operate when wind speeds are within those ranges.

Variations and fluctuations in wind conditions at wind farms may result in seasonal and other fluctuations in the amount of electricity that is generated and, consequently, in the operating results and efficiency.

Management of risks related to volatility of energy production

EDPR mitigates wind resource volatility and seasonality by having a strong knowledge in the design of its wind farms and through geographical diversification – in each country and in different countries – of its asset base. This “portfolio effect” enables EDPR to offset wind variations in each area and to keep the total energy generation relatively steady. Currently, EDPR is present in 11 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil.

There exist financial products to hedge weather risk. EDPR is currently exploring the interest of contracting those products in specific cases.

II.9.3. Financing

II.9.3.1 Risks related to financial market exposure

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated by contracting fixed rates and financial instruments such as hedges and interest rate swaps.

Additionally, because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial results. EDPR hedges against currency fluctuations by employing natural hedging strategies, and using hedging instruments such as forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR's hedging efforts minimize but don't eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

The evolution of the financial markets is analyzed on an ongoing basis in accordance to EDP Group's risk management policy approved by the EDPR's Board of Directors.

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits based on the recommendation of the Risk Committee.

Taking into account the risk management policy and approved exposure limits, the Finance team identifies evaluates, and submits the financial strategy appropriate to each project/location for the Board's approval.

II.9.3.1.1. Interest rate risk

The purpose of the interest rate risk management policies is to reduce the exposure of long term debt cash flows from market fluctuations, mainly by contracting long term debt with a fixed rate, but also through the settlement of derivative financial instruments to swap from floating rate to fixed rate when long term debt is issued with floating rates.

EDPR has a portfolio of interest-rate derivatives with maturities ranging from 2 to 14 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are performed.

Given the policies adopted by EDPR Group, its financial cash flows are substantially independent from the fluctuation in interest rates.

II.9.3.1.2. Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, the main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from our operations in the US. With the ongoing increasing capacity in others non-euro regions, EDPR is also exposed to different currencies in Poland, Romania, Brazil, United Kingdom and Canada.

EDPR's general policy is the Natural Hedging in order to match currency cash flows, minimizing the impact of changes in the exchange rate and preserving value. The essence of this approach is to create financial foreign currency outflows to match equivalent foreign currency inflows.

II.9.3.2 Counterparty credit risk

Counterparty risk is the default risk of third-parties in an agreement with EDPR either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

EDPR's policy in terms of the counterparty credit risk on financial transactions is managed by an analysis of the technical capacity, competitiveness, credit notation and exposure to each counterparty. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions, therefore, there cannot be considered any significant risk of counterparty non-compliance and no collateral is demanded for these transactions.

II.9.3.3 Liquidity risk

Liquidity risk is the risk that EDPR will not be able to meet its financial obligations.

Management of liquidity risk

EDPR's strategy to manage liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to EDPR's

reputation.

EDPR has a diversified financial structure composed of corporate debt and project finance, which considers among other factors, financing cost, project ownership and project currency liquidity.

Finally, EDPR uses a financial model to forecast liquidity risk in the medium and long term to meet strategic targets previously set (EBITDA, debt ratio and others).

II.9.4 Wind turbine contracts

II.9.4.1 Wind turbine supply risk

The wind turbine generator (WTG) is a key element in the development of EDPR's wind-related energy projects, as the shortfall or an unexpected sharp increase in WTG prices can create a question mark on new project's development and profitability. WTG represents on average 70 to 80% of a wind farm's capital expenditure.

Management of wind turbine supply risk

EDPR faces limited risk to the availability and price increase of WTG's due to the framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify the wind turbine supply risk.

II.9.5 Pipeline development

II.9.5.1 Permitting risks

Wind farms are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, we acknowledge a trend for legislations to align towards the most restrictive rules and development risks concentrating on the consenting (namely environmental and urbanistic aspects) and connection side.

In this context, the experience EDPR is able to gather in a certain country will be useful to anticipate and deal with future similar changes in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables under our control, such as choice of locations, optimal layout, we intend to make our projects more resilient to an adverse external environment

Management of permitting risk

EDPR mitigates this risk by generating optionality, by having development activities in 11 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil) with a portfolio of projects in several stages of maturity. EDPR has a large pipeline located in the most attractive regions providing a "buffer" to overcome

potential delays in the development of new projects, ensuring growth targets and being able to compensate permitting delays in some geographies with development efforts in others.

II.9.6 Operations

II.9.6.1 Wind turbine performance risk

Wind farm output depends upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore, the risk is that the performance of the turbine does not reach its optimum thus leading to lower than expected value.

Management of wind turbine performance risk

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, by signing a medium-term full-scope maintenance agreement with the turbine supplier and by an adequate preventive and scheduled maintenance program.

Most recently, EDPR is externalizing non core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

II.10 POWERS GRANTED TO THE BOARD OF DIRECTORS, NAMELY REGARDING SHARE CAPITAL INCREASE

The Board of Directors is vested with broad-ranging powers of administration, management, and governance of the Company without limitation, except for the powers specifically assigned to General Shareholders' Meeting in the Articles of Association or other applicable law.

A. In this regard, the Board is specifically empowered to:

- Acquire personal property, real estate, rights, actions, and participations for the Company under any onerous or lucrative title.
- Dispose of, mortgage or encumber the Company's property, real estate, rights, shares, and participations and cancel mortgages and other in rem rights.
- Negotiate and enter into loans and credit operations as deemed necessary.
- Negotiate and formalise acts and contracts with private individuals and public entities.
- Take civil and criminal actions involving the Company, representing the Company before functionaries, authorities, corporations; governmental, administrative, economic-administrative, contentious-administrative, and judicial tribunals; labour courts and labour sections of the supreme courts and of the high court of

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justice of autonomous communities, without limitation, including the Court of Justice of the European Communities and in general before the public administration at all levels; intervening in, promoting, monitoring and concluding cases, trials and proceedings; consenting to rulings; filing appeals, including cassation appeals and other extraordinary appeals; desisting and agreeing, reaching settlement, compromising in arbitration proceedings, issuing notices and summonses and granting powers of attorney to solicitors and other proxies with the powers deemed necessary in each case, including general powers for legal proceedings and special powers as necessary; revoking such powers.

- Convening the General Shareholders' Meeting and submitting the proposals to the shareholders for their consideration.
- Directing the Company's operations and the organisation of its work and operations, staying abreast of the Company's business and operations, investing funds, making extraordinary amortisations of its obligations, and doing all that is deemed necessary for the best achievement of the Company's objectives.
- Nomination and removal of directors and other technical and administrative personnel; stipulating their responsibilities and remuneration.
- Agree to change the Company's location within the same municipal area.
- Create legal entities as stipulated under the law, assigning and investing in them all kinds of goods and rights and entering into concentration and cooperation agreements, associations, groups, joint ventures, community property and agree to their modification, transformation, and dissolution.
- All other powers specifically attributed to the Board in the Articles of Association or by law, this enumeration being merely indicative but in no way restrictive.

In order to guarantee that the common interests of the Company and those of its subsidiaries and group companies are properly served, the Board of Directors shall act at all times in coordination with those companies

B. Regarding the decisions to increase the share capital, the Board of Directors does not have this power but, subject to prior delegation from the General Shareholders' Meeting, would be able to decide the increase of the share capital. This delegation must comply with the law and the By-Laws. On the other hand, the General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that have not been specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or in part and

may also decide not to perform it in consideration of the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

II.11 RULES REGARDING THE NOMINATION AND DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE POLICY OF PORTFOLIO ROTATION

The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the candidates that the Committee considers having the best qualities to fulfill the role of Board Member. The Board of Directors presents the proposal at the General Shareholders' Meeting that will approve the proposal by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders wishing so, may group their shares until they constitute an amount of capital equal or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders' Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

According to the Spanish Law and the Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the company. This type of organization is different from what occurs on the Portuguese companies in which a "*conselho de administração executivo*" takes the assignment of areas of business and each executive director is responsible to and for an area of business.

II.12 NUMBER OF MEETINGS OF THE MANAGEMENT AND SUPERVISORY BODIES

The Board of Directors held six (6) meetings during the year ending on December 31st, 2012. Minutes of all meetings were drawn up.

In 2012, the Audit and Control Committee held fourteen (14) meetings, six of those meetings were plenary and the other eight were with the different departments whose activity development were discussed with the Committee.

This committee drafted minutes of every meeting held and informed the Board of Directors of its decisions at the first Board meeting held after each committee meeting.

II.13 NUMBER OF MEETINGS OF THE EXECUTIVE COMMITTEE

The Executive Committee held forty-nine (49) meetings during the year ending on December 31st 2012.

The Executive Committee drafted minutes for each of the meetings held and informed the Board of Directors of its decisions at the first Board meeting held after each committee meeting. The minutes are also sent to the Chairperson of the Audit and Control.

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II.14 EXECUTIVE AND NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

Name	Position	Date of first Election	Date of Re-election	End of Term
António Mexia	Chairperson and Non-Executive Director	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Vice- Chairperson and Executive Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Executive Director	18/03/2008	21/06/2011	21/06/2014
Gabriel Alonso	Executive Director	21/06/2011	-	21/06/2014
João Paulo Costeira	Executive Director	21/06/2011	-	21/06/2014
Rui Teixeira	Executive Director	11/04/2011	21/06/2011	21/06/2014
Gilles August	Non-Executive Director	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
João Marques da Cruz	Non-Executive Director	16/05/2012	-	Until the next General Shareholders' Meeting
Jorge Santos	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
Manuel Menéndez Menéndez	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014

EDPR’s Articles of Association, which are available for consultation on the company’s website (www.edprenovaveis.com) contain the rules on independence for the fulfillment of duties in any body of the Company. The information regarding the legal and regulatory rules for Independent Assessment is available in chapter II.15.

The Board of Directors of EDPR considers that the following Directors meet the independence and incompatibility criterias required by law and the Articles of Association:

Name	Position	Date of Re- election	End of Term
Gilles August	Director (Independent)	21-06-2011	21-06-2014
João Lopes Raimundo	Director (Independent) Member of the Audit and Control Committee	21-06-2011	21-06-2014
João Mello Franco	Director (Independent) Chairperson of Audit and Control Committee And Member of the Related-Party Transactions Committee	21-06-2011	21-06-2014
Jorge Santos	Director (Independent) Chairperson of the Nominations and Remunerations Committee and Member of the Audit and Control Committee	21-06-2011	21-06-2014
José Araújo e Silva	Director (Independent)	21-06-2011	21-06-2014
Rafael Caldeira Valverde	Director (Independent) Member of the Nominations and Remunerations Committee	21-06-2011	21-06-2014

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II.15 LEGAL AND REGULATORY RULES FOR INDEPENDENT ASSESSMENT AND INCOMPATIBILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations require that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those that are able to perform their duties without being limited by relations with the company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are i) aged under eighteen (18) years, (ii) disqualified, (iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions are not allowed to be Directors.

II.16 SELECTION PROCESS OF CANDIDATES FOR NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the potential candidates that the Committee considers having the best qualities to fulfill the role of Board Member. The Board of Directors presents the proposal at the General Shareholders' Meeting where it will be approved by the majority, for an initial period of three (3) years, and may re-elect them once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders wishing so, may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the

Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders' Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

II.17 ACTIVITY OF THE NON-EXECUTIVE DIRECTORS

EDPR's Annual Management Report of 2012 includes a description of the activity taken out by the non-executive directors and possible constraints detected. With the mechanisms set forth in the regulations, non-executive Directors have encountered no difficulties in performing their duties. In 2012, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit, and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, on the Related-Party Transactions Committee, and the Audit and Control Committee, where all the members are non-executive with the exception of the Related-Party Transactions Committee, which has one executive Director, Mr. Nuno Maria Pestana de Almeida Alves.

II.18 BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Annex IV of the Report gives a brief description of the Directors' professional and academic careers.

II.19 ROLES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES

The positions held by the members of the Board in the last five (5) years, those that they currently hold, and positions in Group and non-Group companies are listed in Annexes I, II and III, respectively.

Also, the shares of EDPR owned by each Director are described in the table in Annex V.

SECTION III – GENERAL AND SUPERVISORY BOARD, COMMITTEE FOR FINANCIAL MATTERS, AUDIT COMMITTEE, AND FISCAL COUNCIL

Information as provided for in Chapters II.20. to II.23. of CMVM Regulation no. 1/2010 does not apply to EDPR. The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

II.24 EVALUATION OF THE EXTERNAL AUDITOR

The Audit and Control Committee is responsible for proposing to the Board of Directors for submission to the General Shareholders' Meeting the nomination of the Company auditors, the terms of their contracts, scope of their duties, and revocation and renewal of their contracts.

In order to protect the External Auditor independence, the following competences of the Audit and Control Committee were exercised during 2011:

- Direct and exclusive supervision from the Audit and Control Committee;
- Evaluation of the qualifications, independence, and performance of the External Auditor and the annual report from the External Auditor regarding the information of all existing relations between the Company and the Auditors or people related to them, including all the services rendered and all the services in course. The Audit and Control Committee, in order to evaluate its independence, obtained from the External Auditor information regarding their independence according to Portuguese Decree-Law n.º 224/2008, November 20th, that changes the Articles of Association of the External Auditors Association;
- Revision of the transparency report signed by the External Auditor and published on their website. This report is about a group of subjects regulated on article 62º-A from the Portuguese Decree-Law n.º 224/2008, mainly related to the Internal Control System and to the process of quality control realized by the competent entities;
- Analysis with the External Auditor of the scope, planning, and resources to use on the services provided.

In 2012, according to the Audit and Control Committee's competences and in line with Recommendations II.4.4 and II.4.5, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time.

The Audit and Control Committee assessed the performance of the external auditor in providing the services hired by the Company and made a positive evaluation of their quality, considering that they meet applicable standards and that it is advisable to maintain the same auditor.

The work of the external auditor, including reports and audits of its accounts, was supervised and evaluated in accordance with applicable rules and standards, in particular international auditing standards. The external auditor in coordination with the Audit and Control Committee verifies the implementation of remuneration policies and the efficiency and functioning of internal control mechanisms. The external auditor reports to the Audit and Control Committee all the shortcomings.

Information as provided for in Chapters II.25. to II.28. of CMVM Regulation no. 1/2010 does not apply to EDPR. The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

II.29 REMUNERATION POLICY OF THE SENIOR MANAGERS

This information is available on chapter II.30.

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SECTION IV - REMUNERATION

II.30 REMUNERATION POLICY FOR THE MANAGEMENT AND SUPERVISORY BODIES

Pursuant to Article 26 of the Company’s Articles of Association, the remuneration of the members of the Board of Directors shall consist of a fixed amount to be determined by the General Shareholders Meeting for all the Directors and expenses for attending Board meetings.

The above mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders’ Meeting and comply with current legal provisions.

The maximum remuneration approved by the General Shareholders Meeting in the previous fiscal year, for all the members of the Board of Directors was EUR 2,500,000.

Pursuant to Article 26.4 of the Company’s Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders’ Meeting.

The maximum remuneration approved by the General Shareholders Meeting for the variable remuneration for all the members of the Board of Directors was EUR 600,000 per year.

The Nominations and Remunerations Committee is responsible for proposing to the Board of Directors, although not bindingly, the system, distribution, and amount of remuneration of the Directors on the basis of the overall amount of remuneration authorized by the General Shareholders Meeting. The Committee can also propose to the Board of Directors the terms of the contracts with the Directors. The distribution and exact amount paid to each Director, the frequency and other details of the remuneration shall be determined by the Board of Directors based on the proposal presented by the Nominations and Remunerations Committee.

Additionally, this Committee defines the variable remuneration to be attributed to the Directors, with the purpose that it reflects the performance of each of the members in each year of their term of office (variable annual remuneration), and also their performance during their term of office establishing a variable component which is consistent with the maximization of the Company's long term performance (variable multi-annual remuneration for a three-year period), thereby guaranteeing the alignment of the performance of the governing bodies with the interests of the shareholders.

The remuneration policy proposed by the Nominations and approved by the General Shareholders’ Meeting on April 11th, 2011 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors

and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

For the period 2011-2013, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2009-2010 period, revising the KPI’s (Key Performance Indicators) for variable multi-annual and annual components.

II.31 INDIVIDUAL ANNUAL REMUNERATION OF THE MANAGEMENT AND SUPERVISORY BODIES

The remuneration of the members of the Board of Directors for the year ended on December 31st 2012 was as follows:

Remuneration	Euros			Total
	Fixed	Variable		
		Annual	Multi-annual	
Executive Directors				
Ana Maria Fernandes ^{A)}	54,857	147,942	364,022	566,821
João Manso Neto (CEO) ^{B)}	-	-	-	-
Nuno Alves ^{B)}	-	-	-	-
Gabriel Alonso ^{C)}	-	-	-	-
João Paulo Costeira ^{C)}	-	-	-	-
Luis Adão da Fonseca ^{C)}	-	-	-	-
Rui Teixeira ^{C)}	-	-	-	-
Non-Executive Directors				
António Mexia ^{D)}	--	--	--	--
António Nogueira Leite ^{E)}	-	-	-	-
Francisco José Queiroz de Barros de Lacerda ^{E)}	36,666	-	-	36,666
Gilles August	45,000	-	-	45,000
João Lopes Raimundo	60,000	-	-	60,000
João Manuel de Mello Franco	80,000	-	-	80,000
João Marques da Cruz ^{F)}	-	-	-	-
Jorge Santos	60,000	-	-	60,000
José Araújo e Silva ^{G)}	15,000	-	-	15,000
Manuel Menéndez Menéndez	45,000	-	-	45,000
Rafael Caldeira Valverde	55,000	-	-	55,000
Total	451,523	147,942	364,022	963,487

A) Mrs. Ana Maria Fernandes resigned as Chief Executive Officer of EDPR on February 28th, 2012. The fixed remuneration mentioned above refers only to the months when the prior CEO was still on duty paid in 2012 and adjustments on the variable remuneration paid on February 2013.

B) With the exception of the Executive Committee Directors that are also Officers, the members of the Executive Committee have not received any remuneration from EDPR. On February 28th, 2012 Mr. João Manso Neto, was nominated Chief Executive Officer (CEO) and Vice-Chairperson of the Board of Directors of EDPR. In order to increase transparency and healthy corporate governance practices, and also to treat Mr. João Manso Neto consistently with the other Managers, the Nominations and Remunerations Committee proposed to the Board of Directors (which approved it) a modification of the Remuneration Policy in order to include the CEO compensation in the management fee of the Executive Management Services Agreement.

C) Mr. Gabriel Alonso, Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Rui Teixeira, as Officers and members of the Executive Committee receive their remuneration as EDPR employees, as described on the table below.

D) In 2012, Mr. António Mexia resigned as Chairperson and member of the Executive Committee. He received his remuneration according to the Executive Management Services Agreement, as executive Manager during the performance of his duties as Chairperson of the Executive Committee, and as non-executive Manager after the above mentioned resignation; therefore he has not received any remuneration from EDPR.

E) In 2012, Mr. António Nogueira Leite and Mr. Francisco José Queiroz de Barros de Lacerda resigned as members of the Board of Directors. The remuneration mentioned above refers only to the months when these Board members were still on duty.

F) On May 2012, Mr. João Marques da Cruz was nominated by co-optation as Member of the Board of Directors until the first General Shareholders’ Meeting is gathered. Mr. João Marques da Cruz receives his remuneration through the Executive Management Services Agreement. The executive management fee paid by the Company to EDP was adjusted and an additional management fee for non-executive services was included, therefore he has not received any remuneration directly from EDPR.

G) Mr. José Araújo e Silva remuneration reflects only some months of the year, as he renounced to the remuneration during the time he served in a State-owned Company.

According to the Executive Management Services Agreement signed with EDP as amended, EDPR is due to pay to EDP, for the services rendered by the *Executive Managers* and the *Non-executive Managers*; the amount due under said Agreement for the management services rendered by EDP in 2012 are: i) EUR 480,000, corresponding to the fixed remuneration of the Executive Managers, , plus the variable component according to the Remuneration Policy, plus the PPR percentage, and ii) EUR 90,000, corresponding to the fixed remuneration of the *Non-Executive Managers*. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a director, taking into consideration the duties carried out.

In 2012, the remuneration of the Officers, as EDPR employees, excluding the Chief Executive Officer, was the following:

Remuneration	Euros			Total
	Fixed	Variable*		
		Annual	Multi-annual	
Gabriel Alonso	250.000	75.000	0	325.000
João Paulo Costeira	250.000	75.000	0	325.000
Luis Adão da Fonseca ^{A)}	181.270	75.000	0	256.270
Rui Teixeira	250.000	75.000	0	325.000
TOTAL	931.270	300.000	0	1.231.270

*Corresponds to the 2011 annual variable.

A) Mr. Luis Adão da Fonseca resigned as member of the Board of Directors and consequently as member of the Executive Committee on September 21st, 2012. The remuneration mentioned above corresponds to the months when he was still on duty.

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country.

Additionally, the Officers, with the exception of the CEO, also receive the following non-monetary benefits: company car, and those who are expatriated, have as benefits: housing allowance and education allowance for the children if applied, that together corresponds to EUR256,828.

The Directors do not receive any relevant non-monetary benefits as remuneration.

II.32 REMUNERATION STRUCTURE

The remuneration of the Executive Committee is built in three blocks: fixed remuneration (40% of the total remuneration), annual (27% of the total remuneration) and multi-annual bonus (33% of the total remuneration).

The annual bonus is defined as a maximum of 68% of the annual salary, the multi-annual bonus is defined as a maximum of 102% of the annual salary and, both of them, are calculated based on the following indicators in each year of their term:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs Benchmark, (TSR vs. Wind peers & Psi 20);
- EDP Renováveis growth (Incremental MW and profitable ready to build pipeline)
- The risk – result of EDP Renováveis (ROIC Cash; EBITDA and net result)
- Efficiency (technical availability, OPEX/MW, CAPEX/MW).
- Environmental and social perspectives (i- the performance of the Sustainability Index applied to EDPR (DJSI method), ii- Employee satisfaction survey, iii- Appreciation of the Remuneration Committee).

According to the Remuneration Policy approved by the General Shareholders’ Meeting , the maximum variable remuneration (annual and multi-annual) is applicable if all the

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above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

The remuneration of the Executive Committee Directors that are also Officers, with the exception of the CEO, was paid directly by EDPR while for the other members of the Executive Committee there hasn't been any direct payment to its members.

This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Nonetheless, in line with the above corporate governance practice, EDPR has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for the render of those services corresponding to the remuneration defined for some of the members of the Board of Directors.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or cumulatively with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

II.33 REMUNERATION OF THE EXECUTIVE DIRECTORS

- A) This information is available on chapter II.32.
- B) This information is available on chapter II.30.
- C) This information is available on chapter II.32.
- D) This information is available on chapter II.32.
- E) This information is available on chapter II.30 and chapter II.31.
- F) If any member of EDPR's Executive Committee leaves this body during the term, for some reason other than a significant change in the control of EDPR or due to factors that are not attributable to them, namely illness or death, disability, or a request to occupy a public position,..., the accumulated amount of Multi-annual variable remuneration will revert to EDPR. On the other hand, if EDPR undergoes a process of takeover, a fusion or a significant change in the shareholder control before finalizing the Multi-annual period, the EC members will be able to perform their rights and charge all the accumulated amounts to date in their Multi-annual variable remuneration account.
- G) Not applicable to EDPR.

- H) Not applicable to EDPR.
- I) This information is available on chapter II.31.
- J) Not applicable to EDPR.
- L) Not applicable to EDPR.
- M) Not applicable to EDPR.
- N) This information is available on chapter II.31 and II.32
- O) Not applicable to EDPR.
- P) Not applicable to EDPR.
- Q) Not applicable to EDPR.

II.34 REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

This information is available on chapter II.32.

II.35 WHISTLEBLOWING POLICY

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their company, in compliance with the provisions of CMVM Regulation no. 1/2010.

With this channel for reporting irregular accounting and financial practices, EDPR aims:

- Guaranteeing conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitating the early detection of irregular situations which, if practised, might cause serious damage to the EDPR Group, its workers, customers, and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2012 there were no communications regarding any irregularity with material impact at EDPR.

SECTION V – SPECIAL COMMITTEES

II.36 PERFORMANCE EVALUATION, GOVERNANCE PRACTICES AND NOMINATIONS COMMITTEES

The composition and functioning of the Nominations and Remunerations Committee is described on chapter II.3 C). As explained on chapter II.11, The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the candidates that the Committee considers having the best qualities to fulfill the role of Board Member. The Board of Directors presents the proposal to the General Shareholders’ Meeting that will approve it by majority for an initial period of three (3) years and may re-elect them once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders so wishing may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders’ Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

Regarding the Governance structure of the Company, in order to comply with the Recommendation II.1.1.1, the governance model adopted has been ensuring an effective performance and articulation of EDPR Social Bodies, and proved to be adequate to the company’s governance structure without any constraints to the performance of its *checks and balances* system.

II.37 NUMBER OF MEETING OF THE COMMITTEES AND MINUTES

During 2012 the Nominations and Remunerations Committees held 4 (four) meetings and the Related-Party Transactions Committee held 3 (three) meetings. Minutes were prepared for all these meetings.

II.38 REFERENCE TO THE FACT THAT A MEMBER OF THE NOMINATIONS AND REMUNERATION COMMITTEE HAS KNOWLEDGE AND EXPERIENCE IN REMUNERATION POLICY

EDPR’s Nominations and Remunerations Committee has at least one member with knowledge and experience in remuneration policy.

II.39 INDEPENDENCE OF THE PEOPLE HIRED BY THE NOMINATIONS AND REMUNERATIONS COMMITTEE

The Nominations and Remunerations Committee has not entered into any employment or supply contracts with any natural or legal person.

III. INFORMATION AND AUDITING

III.1 CAPITAL STRUCTURE

The share capital of EDPR is, as from the initial public offering (IPO) in June 2008, EUR 4,361,540,810, represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid.

The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008.

EDP Renováveis, S.A.	
Share Capital	EUR 4,361,540,810
Nominal Share Value	EUR 5.00
Number of Shares	872,308,162
Date of IPO	June 4 th , 2008
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

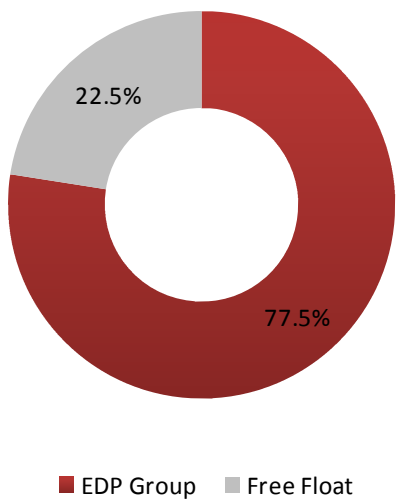
III.2 QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders’ holdings.

As of Dec. 31st, 2012, no qualifying holdings in EDPR were identified with the exception of EDP – Energias de Portugal, S.A.

Shareholder	Number of Shares	% Capital	% Voting Rights
EDP – Energias de Portugal			
EDP – Energias de Portugal, S.A. – Sucursal en España	541,027,156	62.0%	62.0%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.5%	15.5%
Total	676,283,856	77.5%	77.5%

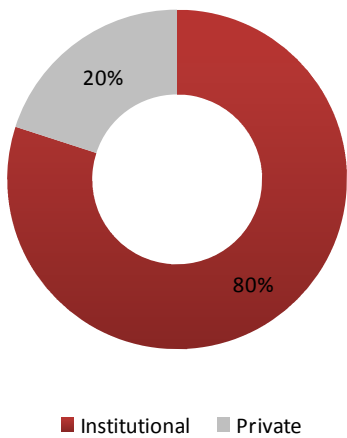
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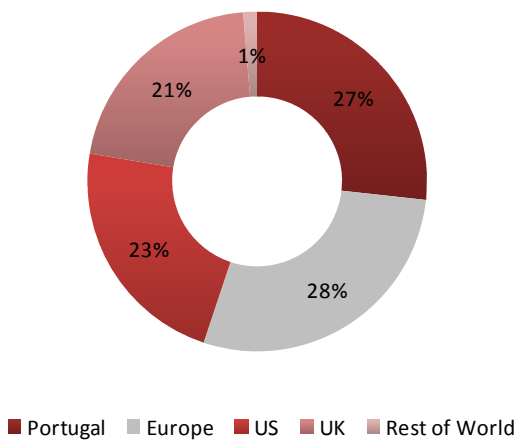
The free-float level is unchanged since the IPO at 22.5%. By Dec. 31st, 2012, EDPR’s free float comprised about 100,000 institutional and private investors spread across more than 45 different countries with special focus on Portugal, United States and United Kingdom. Rest of Europe more representative countries are Norway, France and Switzerland.

Institutional Investors represented 80% of the EDPR’s free-float, while private investors, mostly Portuguese, stand for the remaining 20%.

FREE-FLOAT BY INVESTOR TYPE



FREE-FLOAT BY GEOGRAPHY



III.3 SHAREHOLDERS WITH SPECIAL RIGHTS

There are no holders of special rights.

III.4 RESTRICTIONS TO SHARE TRANSFERABILITY

Pursuant to the Article 8 of the Company’s Articles of Association there are no restrictions on the transfer of EDPR shares.

III.5 SHAREHOLDERS AGREEMENT

As far as the EDPR Board of Directors is aware there are currently no shareholders’ agreements that might lead to restrictions in the transfer of securities or voting rights.

III.6 RULES APPLICABLE TO THE AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Amendment of the Articles of Association of the company is of the responsibility of the General Shareholders’ Meeting who has the power to decide on this matter. According to Article 17 of the company’s Articles of Association (“Constitution of the General Shareholders’ Meeting, Adoption of resolutions”), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders’ Meeting will need:

- On the first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital.
- On the second call, that the Shareholders either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the

resolutions referred to in the present paragraph will only be validly adopted with the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders’ Meeting.

III.7 CONTROL MECHANISMS PLANNED FOR ANY EMPLOYEE CAPITAL HOLDING SYSTEM TO THE EXTENT THAT VOTING RIGHTS ARE NOT EXERCISED BY SUCH EMPLOYEES

There is no system specifically providing for any share capital holding by employees in the Company as a result of which the relevant voting rights are not directly exercised by such employees.

III.8 PERFORMANCE OF EDPR SHARE PRICE

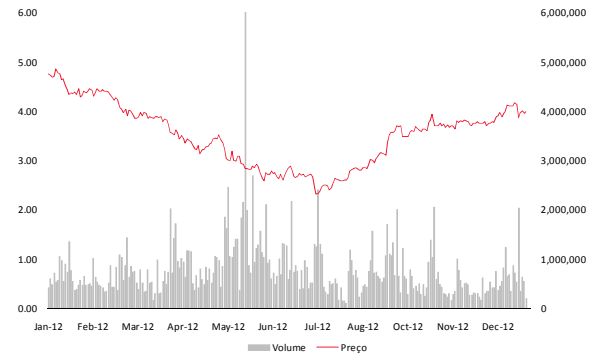
EDPR had by Dec. 31st, 2012 a market capitalization of EUR 3.5 billion, down 15.5% from the EUR 4.1 billion of Dec. 31st, 2011, equivalent to EUR 3.99 per share. The EDPR share price underperformed the NYSE Euronext Lisbon benchmark index - PSI20 (3%) and the Dow Jones Eurostoxx Utilities – SX6E (-9%). The year’s low was recorded on July 24th (EUR 2.31) and the year’s high was reached on January 6th (EUR 4.86).

EDPR SHARE PRICE PERFORMANCE vs. PSI20 & SX6E



In 2012 there were 207 million EDPR shares traded, representing an 11% year-on-year decrease on the liquidity and corresponding to a turnover of approximately EUR 0.7 billion. On average, 0.8 million shares were traded per day. The total number of shares traded represented 24% of the total shares admitted to trading and to 106% of the company’s free float.

EDPR SHARE PRICE PERFORMANCE



CAPITAL MARKET INDICATORS

Capital Market Indicators	2012	2011	2010	2009	2008
EDPR Shares in NYSE Euronext Lisbon (EUR)					
Opening price	4.73	4.34	6.63	5.00	8.00
Closing price	3.99	4.73	4.34	6.63	5.00
Peak price	4.86	5.25	7.01	7.75	8.00
Minimum price	2.31	3.89	3.72	5.00	3.45

Variation in Share Price and Reference Indices					
EDP Renováveis	-16%	9%	-35%	33%	-37%
PSI20	3%	-28%	-10%	33%	-51%
Dow Jones Eurostoxx Utilities	-9%	-25%	-15%	-1%	-38%

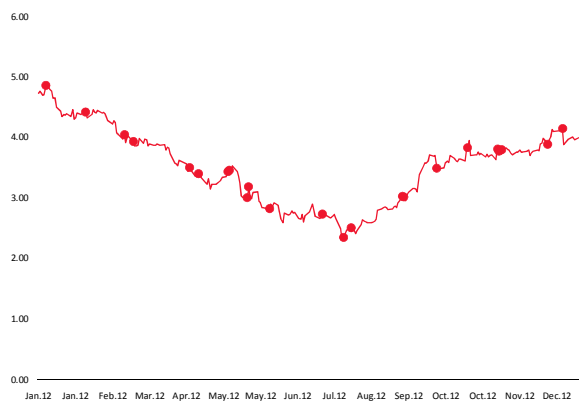
Liquidity of EDPR Shares in the Market					
Volume in NYSE Euronext (EUR million)	697.9	1,060.3	1,539.2	1,676.0	1,646.0
Daily average volume (EUR million)	2.7	4.1	6.0	6.4	11.0
Number of shares traded (million)	207.5	232.3	311.2	257.0	216.0
Daily Average traded shares (million)	0.8	0.9	1.2	1.0	1.5
Total shares issued (million)	872.3	872.3	872.3	872.3	872.3
Number of own shares (million)	-	-	-	-	-
Free-float shares (million)	196.3	196.3	196.3	196.3	196.3
Annual rotation of capital (% of total)	24%	27%	36%	29%	25%
Annual rotation of capital (% of free-float)	106%	118%	159%	131%	110%

EDPR Market Value (€ million)					
Market capitalisation at end of period	€ 3,484	€ 4,124	€ 3,783	€ 5,783	€ 4,364

The graph below shows the evolution in EDPR share price over the year and the announcements and relevant events that may have impacted them.

corporate governance

MAIN EVENTS IN 2012



#	Date	Description	Share Price
1	6/Jan	EDP announces its intention to propose Mr. João Manso Neto as EDPR CEO	4.86
2	2/Feb	EDPR discloses 2011 provisional operating data	4.42
3	28/Feb	EDPR announces Mr. João Manso Neto as new CEO	4.04
4	28/Feb	EDPR discloses its 2011 annual results	4.04
5	5/Mar	EDPR executes project finance for 125 MW in Spain	3.93
6	12/Apr	EDPR holds its Annual Shareholders' Meeting	3.50
7	12/Apr	EDPR announces the new Executive Committee headed by Mr. João Manso Neto	3.50
8	18/Apr	EDPR discloses 1Q2012 provisional operating data	3.40
9	8/May	EDPR informs that Mrs. Ana Maria Fernandes resigned from member of EDPR Board of Directors and appoints by cooption Mr. João Marques da Cruz as member of such Board	3.43
10	9/May	EDPR discloses 1Q2012 financial results	3.45
11	22/May	EDPR holds its Investor Day in Oporto	3.18
12	5/Jun	EDPR informs on management transactions	2.82
13	21/May	EDPR informs on management transactions	3.00
14	11/Jul	EDPR discloses 1H2012 provisional operating data	2.73
15	25/Jul	EDPR discloses 1H2012 financial results	2.34
16	30/Jul	EDPR executes project finance for 57 MW in Belgium	2.51
17	3/Sep	Wind sector and Portuguese Government reached agreement for the extension of the remuneration framework	3.02
18	4/Sep	EDPR informs that Mr. Nogueira Leite and Mr. Francisco Lacerda have presented their resignation from members of the Board of Directors	3.01
19	24/Sep	EDPR informs that Mr. Luís Adão da Fonseca has presented his resignation from member of the Board of Directors	3.99
20	26/Sep	EDPR starts the construction of its first Solar PV projects	3.48
21	17/Oct	EDPR discloses 9M2012 provisional operating data	3.82
22	6/Nov	EDPR reached an agreement with Borealis to sell a 49% equity shareholding in a portfolio of wind farm assets in the US for \$230m	3.80
23	7/Nov	EDPR clarifies yesterday announcement	3.77
24	9/Nov	EDPR agreed with Vestas Wind Systems A/S to extend until 2015 the delivery period of the turbines covered by the 1,500 MW master supply agreement	3.79
25	9/Nov	EDPR discloses 9M2012 financial results	3.79
26	10/Dec	EDPR executes project finance for 57 MW in Romania	3.89
27	20/Dec	EDPR agrees with CTG on the first investment in minority stakes in wind farms	4.14

III.9 DIVIDEND POLICY

The distribution of dividends must be proposed by EDPR 's Board of Directors and authorized by a resolution approved in the Company's Shareholders Meeting. In keeping with the legal provisions in force, namely the Spanish Companies Law, the EDPR Articles of Association require that profits for a business year consider:

- The amount required to serve legal reserves;
- The amount agreed by the same General Shareholders' Meeting to allocate to dividends of the outstanding shares;
- The amount agreed by the General Shareholders' Meeting to constitute or increase reserve funds or free reserves;
- The remaining amount shall be booked as surplus.

The expected dividend policy of EDPR, as announced in the EDPR Investor Day of May 22nd, 2012, is to propose dividend distribution each year from 2013-15, representing 25% to 35% of EDPR's distributable profit. Accordingly, for 2013, EDPR's Board of Directors proposes a dividend of EUR 34,892,326.48, or €0.04 per share, which corresponds to a pay-out ratio of 28% on the consolidated results of EDPR net profit of 2012.

III.10 SHARE GRANTS OR STOCK OPTION PLANS

EDPR currently has no share grant or stock option plans. Therefore, this chapter it is not applicable.

III.11 TRANSACTIONS BETWEEN THE COMPANY AND MEMBERS OF THE COMPANY'S GOVERNING BODIES OR GROUP COMPANIES

During 2012, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

Regarding related-party transactions, EDPR and/or its subsidiaries have signed the contracts detailed below with EDP – Energias de Portugal, S.A. (hereinafter, EDP) or other members of its group not belonging to the EDPR subgroup.

The contracts signed between EDPR and its related parties are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter II.3 C) of the report.

FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7th, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable

energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP – Energias do Brasil, S.A., for the development, construction, operation, and maintenance of facilities or activities related to wind, solar, wave and/or tidal power, and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration, and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfill its legal obligations and prepare the EDP Group's consolidated accounts.

The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or ap chapters more than 50% of its Directors.

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4th, 2011 and effective from March 18th, 2011 and renewed again on May 10th, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two *Executive Managers* which are members of the EDPR Executive Committee and (ii) two *Non-Executive Managers*, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting.

Under this contract, EDPR is due to pay an amount of EUR1,295,000,00, corresponding to the fixed and variable remuneration, for the management services rendered in 2012.

The term of the contract is on June 21st 2014.

FINANCE AGREEMENTS AND GUARANTEES

The finance agreements between EDP Group companies and EDPR Group companies were established under the above described Framework Agreement and currently include the following:

LOAN AGREEMENTS

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a company 100% owned by EDP – Energias de Portugal, S.A.. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set at an arm's length basis. As at December 31st, 2012, such loan agreements totalled EUR 1,451,042,386 and USD 1,986,641,541.

COUNTER-GUARANTEE AGREEMENT

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU

(hereinafter EDPR EU), and EDPR North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st, 2012, such counter-guarantee agreements totalled EUR 155,169,622 and USD 573,208,391.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertakes on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR executive board. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31st 2012, such counter-guarantee agreements totaled in terms of fees from EDPR to EDP – Energias do Brasil of BRL 291,105,540.

CURRENT ACCOUNT AGREEMENT

EDP Sucursal and EDPR signed an agreement through which EDP Sucursal manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31st 2012, there are three different current accounts with the following balance and counterparties:

- in USD, with EDP Sucursal for a total amount of USD 137,229,686,66 in favor of EDPR;
- in EUR, with EDP Sucursal for a total amount of EUR 49,884,584,07 in favor of EDPR;
- in EUR, with EDP Servicios Financieros España for a total amount of EUR 62,137,593,97 in favor of EDPR;

The agreements in place are valid for one year as of date of signing and are automatically renewable for equal periods.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD and EUR, with EDP Sucursal for a total amount of USD 2,632,613,000,00;
- in BRL and EUR, with EDP Energias de Portugal, S.A.I for a total amount of BRL 118,000,000,00;
- in PLN and EUR, with EDP Energias de Portugal, S.A. for a total amount of PLN 544,376,188,00.

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HEDGE AGREEMENTS – EXCHANGE RATE

EDP Sucursal and EDPR entered into several hedge agreements with the purpose of managing the transaction exposure related with the short term positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31st 2012, the following amounts remained outstanding.

- EUR/USD, with EDP Servicios Financieros España for a total amount of USD 329,000,000,00;
- EUR/RON, with EDP SA for a total amount of RON 297,813,400,20;
- EUR/PLN, with EDP SA for a total amount of PLN 533,594,285,30.

HEDGE AGREEMENTS – COMMODITIES

EDP and EDP EU entered into hedge agreements for a total volume of 1,599 MWh for 2012 at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

TRADEMARK LICENSING AGREEMENT

On May 14th 2008, EDP and EDPR signed an agreement under which the former granted to the latter a non-exclusive license for the trademark “EDP Renováveis” for use in the renewable energy market and related activities.

In return for the granting of the trademark license, EDPR will pay to EDP fees calculated on the basis of the proportion of the costs pertaining to the former in the Group’s annual budget for image and trademark services, which are subject to annual review. The fee established for 2012 was EUR 1,500,000.

The license is granted indefinitely and shall remain in effect until the expiry of EDP’s legal ownership of the trademark or until EDP ceases to hold the majority of the capital or does not nominate the majority of Directors of EDPR. EDP may also terminate the agreement in case of non-payment or breach of contract.

The licensing agreement is restricted by the terms of the framework agreement.

CONSULTANCY SERVICE AGREEMENT

On June 4th, 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2012 the estimated cost of these services is EUR 6,658,273,00. This was the total cost of services provided for EDPR, EDP EU, and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

RESEARCH AND DEVELOPMENT AGREEMENT

On May 13th, 2008, EDP Inovação, S.A. (hereinafter EDP Inovação), an EDP Group company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or nominate the majority of the members of the Board and Executive Committee of the parties to the agreement.

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS, S.A.

On January 1st, 2003, EDP Renováveis Portugal, S.A., holding company of the EDPR subgroup in Portugal, and EDP Valor – Gestão Integrada de Recursos, S.A. (hereinafter EDP Valor), an EDP Group company, signed a management support service agreement.

The object of the agreement is the provision to EDP Renováveis Portugal by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration paid to EDP Valor by EDP Renováveis Portugal and its subsidiaries for the services provided in 2012 totalled EUR 952,127,36.

The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st, 2008.

Either party may renounce the contract with one (1) year’s notice.

INFORMATION TECHNOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP – ENERGIAS DE PORTUGAL, S.A.

On January 1st, 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount to be paid to EDP for the services provided in 2012 totalled EUR 479,476,21.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

REPRESENTATION AGREEMENT WITH HIDROELÉTRICA DEL CANTÁBRICO S.A. FOR THE EDP RENOVÁVEIS, S.A. PORTFOLIO IN SPAIN

On October 27th, 2011 EDPR and Hidroeletrica del Cantábrico S.A. signed an Agreement for Representation services.

The object of this agreement was to provide EDPR representation services in the market and risk management for a fix tariff based in volume (0,12€/MWh) in the electricity market.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount to be paid to EDP Brasil for the services provided in 2012 totalled BRL 246,330,09.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

SUPPLY SERVICES AND INFRA-STRUCTURES AGREEMENT BETWEEN EDP RENEWABLES EUROPE S.L.U, HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA S.A.U AND HIDROCANTÁBRICO EXPLOTACIÓN DE REDES S.A.U

On January 10th, 2012 EDPR Europe S.L.U, Hidrocantábrico Distribución Eléctrica S.A.U (HCDE) and Hidrocantábrico Explotación de Redes S.A.U signed a supply services and infra-structures agreement.

The object of this agreement is the provision to EDPR Europe S.L.U of communication services and technical assistance related to the infra-structures of energy production.

The amount to be paid to HCDE for the services provided in 2012 totalled EUR51,560,26.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

III.12 TRANSACTIONS WITH QUALIFIED SHAREHOLDERS

During 2012, EDPR has not signed any contracts with other holders of qualifying holdings other than EDP, as mentioned above. However, there was a contract signed between EDPR and China Three Gorges (CTG), qualified shareholder of EDP, but not of EDPR, for the acquisition of 49% of the share capital of EDP Renewables Portugal (EDPR subsidiary). Transaction closing is pending on regulatory approval. For this transaction EDPR's Audit and Control Committee issued a favorable opinion as referred on Recommendation IV.1.2 of CMVM.

III.13 INTERVENTION OF THE SUPERVISORY BODY IN THE PREVIOUS ASSESSMENT OF TRANSACTIONS BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The contracts signed between EDPR and its Shareholders are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter II.3 C) of the report and the Audit and Control Committee. According with Article 9º nº 1 c) of the Related-Party Transactions Committee Regulation, the committee ratifies, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to 1.000.000€. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is the President of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

III.14 DESCRIPTION OF STATISTICAL DATA (NUMBER, AVERAGE, AND MAXIMUM VALUE) FOR TRANSACTIONS SUBJECT TO PRIOR INTERVENTION BY THE SUPERVISORY BODY

The Related Party Transactions Committee and the Audit and Control Committee were informed that in 2012 the average value and the maximum value regarding the transactions analyzed by the Committee was EUR 1,837,724,50 and EUR 6,658,273, respectively.

The total value of the operations with the EDP Group in 2012 was EUR21 million which corresponds to a 8.1% of the total value of S&S, and EUR 262 million for total operational costs.

III.15 ANNUAL REPORT OF THE AUDIT AND CONTROL COMMITTEE

Information available on chapter II.4.

corporate governance

III.16 INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the company’s strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with information that can support them in making informed, clear, and concrete investment decisions.

An Investor Relations Office was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow the Company’s activity, all investors, and the financial market agents in general. The main purpose of the department is to guarantee the principle of equality among shareholders, prevent asymmetries in access to information, and reduce the market perception gap of the company’s strategy and intrinsic value. The department responsibility encompasses developing and implementing EDPR’s communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade, and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

The company representative for relations with the market is the Executive Board of Directors member, Mr. Rui Teixeira. The Investor Relation Department is coordinated by Mr. Rui Antunes and is located at the company’s head offices in Madrid, Spain. The department contacts are as follows:

IR Contacts
Calle Serrano Galvache 56
Centro Empresarial Parque Norte
Edificio Olmo – 7 th Floor
www.edprenovaveis.com
Phone: +34 902 830 700
Fax: +34 914 238 429
E-mail: ir@edpr.com

During 2012, the EDPR management and the IR team held more than 200 meetings in the Company’s Offices and in 19 of the major financial cities of Europe and of the US.

EDPR is clearly aware of the importance of delivering clear and detailed information to the market on time. Consequently, EDPR publishes the company’s price sensitive information before the opening of the NYSE Euronext Lisbon stock exchange through CMVM’s information system, and simultaneously, we make that same information available on the website investors’ section and through the IR department’s mailing list.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company’s management updates the market on EDPR’s activities. On each of these events shareholders, investors, and analysts had the opportunity to directly submit their questions and to discuss EDPR’s results as well as the company’s outlook.

The IR Department of EDPR was in permanent contact with the financial analysts who evaluated the Company and with all shareholders and investors by e-mail, phone, or face-to-face meetings. In 2012, as far we are aware, the sell-side analysts issued more than 200 reports evaluating EDPR’s performance.

ANALYSTS

At the end of the 2012, as far as the company is aware of, there were 24 institutions elaborating research reports and following actively the Company’s activity. As of December 31st, 2012, the average price target of those analysts was of €4.66 per share with most of them reporting “Buy” recommendations on EDPR’s share: 17 Buys, 5 Neutrals and only 1 analyst with rating suspended.

ONLINE INFORMATION: WEBSITE AND E-MAIL

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, the Company website also carries financial and operational updates of EDPR’s activities ensuring all an easy access to information.

	Portuguese	English	Spanish
Identification of the company	✓	✓	✓
Financial statements	✓	✓	✓
Regulations of the management and supervisory bodies	✓	✓	✓
Audit Committee Annual report	✓	✓	✓
Investor Relations Department - functions and contact details	✓	✓	✓
Articles of association	✓	✓	✓
Calendar of company events	✓	✓	✓
Invitation to General Meeting	✓	✓	✓
Proposal submitted for discussion and voting at General Meetings	✓	✓	✓
Minutes of the General Shareholders' Meeting	✓	✓	✓

Company	Analyst	Price Target	Recommendation
Banesto	António Cruz-Guzmán	6.75	Overweight
Bank of America Merrill Lynch	Julie Dollé	5.00	Buy
Barclays Capital	Monica Girardi	4.00	Equalweight
BBVA	Daniel Ortea	4.15	Market Perform
Millenium BCP	Vanda Mesquita	5.30	Buy
Espirito Santo	Fernando Garcia	4.95	Buy
BPI	Flora Trindade	5.15	Buy
Caixa BI	Helena Barbosa	-	Suspended
Cheuvreux	Jose Porta	4.52	Outperform
Citigroup	Andrew Smith	4.60	Buy
Deutsche Bank	Virginia Sanz de Madrid	4.80	Buy
Fidentiis	Daniel Rodríguez	4.93	Buy
Goldman Sachs	Fred Barasi	4.30	Neutral
HSBC	Sean McLaughlin	3.75	Overweight
JP Morgan	Sarah Laitung	4.70	Overweight
Macquarie	Shai Hill	4.40	Outperform
Morgan Stanley	Carolina Does	4.80	Overweight
Natixis	Philippe Ourpatian	3.83	Neutral
Nomura	Javier Suarez	3.90	Buy
Redburn Partners	Archie Fraser	5.00	Buy
Sabadell	Jorge González	5.02	Buy
Santander	Joaquín Ferrer	4.90	Buy
Société Générale	Jorge Alonso	3.86	Hold
UBS	Alberto Gandolfi	4.50	Buy

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III.17 REMUNERATION OF THE EXTERNAL AUDITOR

Values in €s	Portugal	Spain	Brazil	USA	Other	Total	%
Audit and statutory audit of accounts and financial statements	177,000	633,974	68,170	790,791	411,581	2,081,517	83%
Other assurance and reliability services (*)	40,000	54,440	-	30,677	11,730	136,847	5%
Sub-total audit related services	217,000	688,414	68,170	821,469	423,311	2,218,364	89%
Tax consultancy services	-	164,111	-	31,627	-	195,738	8%
Other services unrelated to statutory auditing	10,500	29,510	-	-	40,000	80,010	3%
Sub-total non-audit related services	10,500	193,621	-	31,627	40,000	275,748	11%
Total	227,500	882,035	68,170	853,095	463,311	2,494,112	100%

(*) The fees of Portugal regarding the inspection of the Internal Control System (SCIRF) includes the Spanish subsidiaries in Spain (EUR20,000) and of EDPR NA (EUR 20,000) , as their invoices were issued in this country.

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation III.1.5 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2012.

The services, other than auditing services, provided to the Company by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit Committee, upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor’s experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In this way, as referred to above, in 2012 such services reached only around 5% of the total amount of services provided to the Company.

In order to safeguard the independence of the External Auditors, the following powers of the Audit Committee were exercised during the 2012 financial year and should be highlighted:

- Nominate and hire the External Auditors and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditors;
- Direct and exclusive supervision by the Audit Committee;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 of 20 November 2008, which amends the articles of

association of the Chartered Accountant Professional Association;

- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company’s hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information.

Within this context, it should be particularly stressed that External Auditor independence was safeguarded by the implementation of the Company’s policy on pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than “audit and audit related” services.

III.18 REFERENCE TO THE ROTATION PERIOD OF THE EXTERNAL AUDITOR

EDPR’s External Auditor is, since the year 2007, KPMG Auditores S.L.. The external auditor is currently in its second mandate of three years, therefore there is still no need to rotate the auditor according to Recommendation III.1.3 of the Portuguese Corporate Governance Code.

ANNEX I

MAIN POSITIONS HELD BY MEMBERS OF BOARD OF DIRECTORS IN THE LAST FIVE YEARS

Name	Position
ANTÓNIO MEXIA	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CEO) Member of the General Supervisory Board of Banco Comercial Portugues S.A.
JOÃO MANSO NETO	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL) Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
NUNO ALVES	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CFO)
JOÃO MARQUES DA CRUZ	Member of the Board of EDP Internacional, S.A. Chairperson of the Board of Directors of CEM – Macao Electrical Company Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
RUI TEIXEIRA	Chief Financial Officer of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
JOÃO PAULO COSTEIRA	Chief Operating Officer for Europe and Brazil of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
GABRIEL ALONSO IMAZ	Chief Operating Officer for North America of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
GILLES AUGUST	Co-founder of August & Debouzy. Manages the firm’s corporate department.
JOÃO LOPES RAIMUNDO	Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS) Chairperson of the Board of Directors of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Member of the Board of Directors of Banque Privée BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millennium Angola Member of the Board of Directors of Banco Millennium BCP de Investimento Vice-Chairperson of the Board of Directors of Millennium Bank, NA (USA) Member of the Board of Directors of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of Directors of BCP Holdings USA, Inc
JOÃO MANUEL DE MELLO FRANCO	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A Member of the Remunerations Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
JORGE SANTOS	Full Professor of Economics at Instituto Superior de Economia e Gestão (ISEG), da Universidade Técnica de Lisboa President of the Economics Department (ISEG)

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Name	Position
	Member of the Scientific Council of ISEG Coordinator of the MSc course in Economics at ISEG
JOSÉ ARAÚJO E SILVA	Director of Corticeira Amorim, SGPS, SA Member of the Executive Committee of Corticeira, SGPS, SA Director of Caixa Geral de Depósitos Member of the Board of RTP, Rádio Televisão de Portugal, S.A.
MANUEL MENÉNDEZ MENÉNDEZ	Chairperson and CEO of Liberbank S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Chairperson of Hidroeléctrica del Cantábrico, S.A. Chairperson of Naturgas Energía, S.A. Member of the Board of EDP Renewables Europe, SL Member of the Board of Directors of EDP Renováveis, S.A. Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of CECABANK Member of the Board of UNESA
RAFAEL CALDEIRA VALVERDE	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

ANNEX II

CURRENT MAIN POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

IN COMPANIES NOT BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS, S.A. OR EDP – ENERGIAS DE PORTUGAL, S.A.

Name	Position
ANTÓNIO MEXIA	Member of the General Supervisory Board of Banco Comercial Portugues S.A.
JOÃO MANSO NETO	Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español(OMEL) Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
NUNO ALVES	N/A
JOÃO MARQUES DA CRUZ	N/A
RUI TEIXEIRA	N/A
JOÃO PAULO COSTEIRA	N/A
GABRIEL ALONSO IMAZ	N/A
GILLES AUGUST	Co-founder of August & Debouzy. Manages the firm’s corporate department.
JOÃO LOPES RAIMUNDO	Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS) Director of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of Directors of BCP Holdings USA, Inc. Managing Director of Banco Comercial Português
JOÃO MANUEL DE MELLO FRANCO	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
JORGE SANTOS	Director of Fundação Económicas President of the General Assembly of IDEFE
JOSÉ ARAÚJO E SILVA	Consultant
MANUEL MENÉNDEZ MENÉNDEZ	Chairperson and CEO of Liberbank, S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of CECABANK Member of the Board of UNESA
RAFAEL CALDEIRA VALVERDE	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

corporate governance

ANNEX III
CURRENT POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS
IN COMPANIES BELONGING TO THE SAME GROUP AS EDP - ENERGIAS DE PORTUGAL S.A.

	António Mexia	João Manso Neto	João Marques da Cruz	Manuel Ménéndez Menéndez	Nuno Alves	Gabriel Alonso	João Paulo Costeira	Rui Teixeira
Balwerk - Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.	-	-	-	-	M	-	-	-
Companhia de Electricidade de Macau – CEM, S.A.			CBD					
EDP – Ásia Investimentos e Consultoria, Lda.			CBD					
EDP – Ásia Soluções Energéticas Lda.	-	-	CBD	-	-	-	-	-
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	-	PR	-	-	-
EDP Energia Ibérica S.A.		D	-	-		-	-	-
EDP Finance BV	R	R	-	-	R	-	-	-
EDP Gás.com - Comércio de Gás Natural, S.A.		CBD	-	-		-	-	-
EDP Inovação, S.A.	-	-	-	-	-	-	-	-
EDP Valor—Gestão Integrada de Serviços, S.A.	-	-	CBD	-	-	-	-	-
EDP—Energias de Portugal, S.A.	CEBD	D	-	-	D	-	-	-
EDP—Energias do Brasil, S.A.	CBD	-	-	-	D	-	-	-
EDP—Estudos e Consultoria, S.A.	-	-	-	-	CBD	-	-	-
EDP—Imobiliária e Participações, S.A.	-	-	-	-	CBD	-	-	-
Eléctrica de la Ribera de Ebro, SL		CBD						
Energia RE, S.A.	-	-	-	-	CBD	-	-	-
Hidrocantábrico Energía, SAU		CBD						
Hidroeléctrica del Cantábrico, S.A.	-	VCBD	-	CBD	D	-	-	-
Naturgás Energia Grupo, S.A.	-	D	-	CBD	-	-	-	-
Sávida—Medicina Apoiada, S.A.	-	-	-	-	CBD	-	-	-
SCS—Serviços Complementares de Saúde, S.A.	-	-	-	-	CBD	-	-	-

CEBD – Chairperson Executive Board of Directors
CBD – Chairperson of the Board of Directors/ CEO – Chief Executive Officer
D - Director
M - Manager
R – Representative
PR - Permanent Representative

CURRENT MAIN POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS
IN COMPANIES BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS S.A.

	António Mexia	João Manso Neto	João Marques da Cruz	Manuel Ménéndez Menéndez	Nuno Alves	Gabriel Alonso	João Paulo Costeira	Rui Teixeira
EDP Renewables Italia, SRL	-	-	-	-	-	-	D	-
EDP Renewables Canada, Ltd	-	-	-	-	-	CEO		D
EDP Renewables Europe, S.L.	-	CBD	-	D	-	-	D	D
EDP Renewables France SA	-	-	-	-	-	-	CBD	-
EDP Renewables North America LLC	-	-	-	-	-	CEO	-	-
EDP Renewables Polska, SP, z.o.o.	-	-	-	-	-	-	D	D
EDP Renewables Romania SRL	-	-	-	-	-	-	CBD	-
EDP Renewables SGPS, S.A.							CBD	D
EDP Renewables UK Ltd	-	-	-	-	-	-	D	D
EDP Renováveis Brasil, S.A.	-	CBD	-	-	-		D	D
EDP Renováveis Portugal, SA	-	-	-	-	-	-	CBD	D
ENEOP – Eólicas de Portugal, S.A.	-	CBD	-	-	-	-	-	-
ENEOP 2 S.A	-	-	-	-	-	-	CBD	-
Greenwind, S.A.	-	-	-	-	-	-	CBD	-
Operação e Manutenção Industrial, S.A.	-	-	-	-	-	-	D	-

CBD – Chairperson of the Board of Directors
CEO – Chief Executive Officer
D - Director
MSB – Member of the Supervisory Board
PGMS – President of the General Shareholders’ Meeting
M – Manager

NOTE: This Annex contains information regarding all the main companies of the EDPR Group. The information regarding all other affiliate companies where the members of the Board of Directors hold a position is available in the Annual Accounts on Note 38.

ANNEX IV

BOARD OF DIRECTORS

António Luís Guerra Nunes Mexia (Chairperson)

Born in 1957, he received a degree in Economics from Université de Genève (Switzerland) in 1980, where he was also Assistant Lecturer in the Department of Economics. He was a postgraduate lecturer in European Studies at Universidade Católica. He was also a member of the governing boards of Universidade Nova de Lisboa and of Universidade Católica, where he was Director from 1982 to 1995. Served as Assistant to the Secretary of State for Foreign Trade from 1986 until 1988. From 1988 to 1990, Antonio served as Vice-Chairperson of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998, he was Director of Banco Espírito Santo de Investimentos and, in 1998 was nominated Chairperson of the Board of Directors of Gás de Portugal and Transgás. In 2000, he joined Galp Energia as Vice-Chairperson of the Board of Directors. From 2001 to 2004, he was the Executive Chairperson of Galp Energia and Chairperson of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, was nominated Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairperson of the Portuguese Energy Association (APE) from 1999 to 2002, member of the Trilateral Commission from 1992 to 1998, Vice-Chairperson of the Portuguese Industrial Association (AIP), and Chairperson of the General Supervisory Board of Ambelis. He was also a Government representative to the EU working group for the trans-European network development. In January 2008, he was nominated member of the General Supervisory Board of Banco Comercial Portugues, S.A. having before integrated the Superior Board of this Bank. On 30th March 2006, was nominated Chairperson of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was re-elected on 15th April 2009 and 20th February 2012.

João Manuel Manso Neto

Born in 1958, he graduated in Economics from Instituto Superior de Economia (1981) and received a post-graduate degree in European Economics from Universidade Católica Portuguesa (1982). He also completed a professional education course through the American Bankers Association (1982), the academic component of the Master's Degree programme in Economics at the Faculty of Economics, Universidade Nova de Lisboa and, in 1985, the "Advanced Management Program for Overseas Bankers" at the Wharton School in Philadelphia. From 1981 to 1995 he worked at Banco Português do Atlântico, occupying several positions, mainly as Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas. From 1995 to 2002 he worked at the Banco Comercial Português, where he held the posts of General Manager of Financial Management, General Manager of Large Corporates and Institutional Businesses, General Manager of the Treasury, member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk in

Poland. From 2002 to 2003, he was a member of the Board of Banco Português de Negócios. From 2003 to 2005 he worked at EDP as General Manager and Member of the Board of EDP Produção. In 2005 he was elected CEO at HC Energia, Chairman of Genesa and Member of the Board of Naturgas Energia and OMEL. He was appointed on 30th March 2006 as member of the Executive Board of Directors, which office began on 30th June 2006, and reappointed on 15th April 2009 and 20th February 2012. On February 28th, 2012, he was nominated Vice-Chairperson of the Board of Directors and CEO of EDP Renováveis, S.A.

João Marques da Cruz

Born in 1961, he holds a degree in Management (1984) from Lisbon's ISE at the Technical University of Lisbon - Instituto Superior de Economia da Universidade Técnica de Lisboa, an MBA (1989) from the Technical University of Lisbon - Universidade Técnica de Lisboa, and a Post Graduation in Marketing and Management of Airlines (1992) from the Bath University /International Air Travel Association, UK. He began his career at the TAP Group in 1984 (Transportes Aéreos de Portugal) having had several positions until becoming General Director. Between 1997 and 1999 he was a Board Member of TAPGER. Between 2000 and 2002, he was a member of the Board of several companies within CP – Portuguese Railways, namely EMEF. From 2002 and 2005, he became CEO of AirLuxor, an airline company, and from 2005 to 2007 he was chairman and CEO of ICEP - Instituto do Comércio Externo de Portugal, a Portuguese state owned agency for international trade and promotion. Since March 2007, he has been a board member of EDP Internacional S.A. and in 2009 he was nominated Chairman of the Board of Directors of CEM – Macao Electrical Company. He was nominated as a member of the Executive Board of Directors on 20th February 2012. On May 8th, 2012, he was nominated Member of the Board of EDP Renováveis, S.A. by cooption.

Nuno Maria Pestana de Almeida Alves

Born in 1958, he holds a degree in Naval Architecture and Marine Engineering (1980) and a Master in Business Administration (1985) by the University of Michigan. In 1988, he joins the Planning and Strategy Department of Millennium BCP and in 1990 becomes an associate director of the bank's Financial Investments Division. In 1991, Mr. Nuno Alves is appointed as the Investor Relations Officer for the group and in 1994 he joins the Retail network as Coordinating Manager. In 1996, he becomes Head of the Capital Markets Division of Banco CISF, currently Millennium BCP Investimento, and, in 1997, Co Head of the bank's Investment Banking Division. In 1999, Mr. Nuno Alves is appointed as Chairman and CEO of CISF Dealer, the brokerage arm of Banco CISF. Since 2000, before his appointment as EDP's Chief Financial Officer in March 2006, Mr. Nuno Alves acted as an Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets. He was appointed on 30th March 2006 as member of the Executive Board of Directors, which office began on 30th June 2006, and reappointed on 15th April 2009 and 20th February 2012.

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Gabriel Alonso

Born in 1973, he has been working in the global wind energy industry for more than 15 years in several countries across Europe, North America, and North Africa. He joined EDP in early 2007 as Managing Director for North America, where he led EDP's entrance into the United States' renewables arena through EDP's acquisition of Horizon Wind Energy from Goldman Sachs, the largest renewable energy transaction to date. He was instrumental in the creation, launch, and implementation of the initial public offering (IPO) of EDPR in June of 2008. He served in EDPR NA as Chief Development Officer (CDO) and Chief Operating Officer (COO), responsible for overseeing development, engineering, construction, energy management, procurement, and operations and maintenance. He is currently Chief Executive Officer for EDP Renewables North America LLC (EDPR NA), member of the Executive Committee, and Member of the Board of Directors of EDP Renováveis S.A. (EDPR). He is also member of the Executive Committee and currently holds the role of Chair-Elect of the Board of Directors of the American Wind Energy Association (AWEA).

He holds a law degree and a Master of Science degree in economics, each from the University of Deusto in Spain, and has completed the Advanced Management Program at The University of Chicago Booth School of Business.

João Paulo Costeira

Born in 1965, he was the Commercial Director of Portgás from 1992 to 1998. In 1998 he entered Galpenergia Group (Portugal's National Oil & Gas Company), where he held several positions such as General Manager of LisboaGás (Lisbon's Natural gas LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC). He also was a member of the Management Team of GalpEmpresas and Galpgás. In 2006 he became an Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain). In 2007 he joined EDP Renováveis S.A., where he serves currently as Chief Operating Officer for Europe and Brazil, he's a member of the Executive Committee and member of the Board of Directors of EDP Renováveis S.A..

He holds a degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto, and a Master in Business Administration by IEP/ESADE (Oporto and Barcelona). He also studied the Executive Development Program at École des HEC (Université de Lausanne, 1997), the Strategic Leadership Development Program at INSEAD (Fontainebleau, 2002) and the Advanced Management Program of IESE (Barcelona, 2004).

Rui Teixeira

Born in 1972, he is a member of the Board of Directors of EDP Renováveis, S.A., a member of the Executive Committee, and is the Chief Financial Officer of the Company. From 1996 to 1997, he was assistant director of the commercial naval department of Gellweiler—Sociedade Equipamentos Marítimos e Industriais, Lda. From 1997 to 2001, he worked as a project manager and ship surveyor for Det Norske

Veritas, with responsibilities for offshore structures, shipbuilding, and ship repair. Between 2001 and 2004, he was a consultant at McKinsey & Company, focussing on energy, shipping, and retail banking. From 2004 to 2007, he headed the corporate planning and control division within the EDP Group. In 2007 also served as Chief Financial Officer of EDP Renewables Europe SL (former NEO). He was nominated Chief Financial Officer of the Company in 2008. He is also Member of the Board of Directors of several subsidiaries of the Company's Group.

He holds a Master of Science degree in naval architecture and marine engineering from the Instituto Superior Técnico de Lisboa and a master in business and administration from the Universidade Nova de Lisboa.

Gilles August

He was born in 1957. Between 1984 and 1986, he practiced law at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC. Between 1986 and 1991 he was an Associate and later became Partner at Baudel, Salès, Vincent & Georges Law Firm in Paris. In 1991 he became a Partner at Salès Vincent Georges, where he stayed until 1994. In 1995 he co-founded August & Debouzy Law firm where he is presently working as the manager of the firm's corporate department. He has been a Lecturer at École Supérieure des Sciences Economiques et Commerciales and at Collège de Polytechnique and is currently giving lectures at CNAM (Conservatoire National des Arts et Métiers). He is Knight of the Légion d'Honneur. Since 2009, he has been a Non-Executive Director of EDPR's Board of Directors.

He has a Master in Law from Georgetown University Law Center in Washington DC (1986); a Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984) and a Master in Private Law from the same University (1981). He graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC).

João José Belard da Fonseca Lopes Raimundo

he was born in 1960. Between 1982 to 1985, he was a senior auditor of BDO—Binder Dijkster Otte Co. Between 1987 to 1990, he was a director of Banco Manufacturas Hanover (Portugal), S.A., and between 1990 to 1993 he was a Member of the Boards of TOTTAfactor, S.A. (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS, S.A. In 1993, he held directorships with Nacional Factoring, da CIFS—Imóveis and CIFS Equipamentos. Between 1995 and 1997 he was a director of CIFS—Banco de Investimento and a Member of the Board of Directors of Nacional Factoring. In 1998, he was nominated to the Board of Directors of several financial companies, including Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing, and Nacional Factoring. From 1999 to 2000, he was a Member of the Board of Directors of BCP Leasing, BCP Factoring, and Leasefactor SGPS. From 2000 to 2003, he was nominated Chairman of the Board of Directors of Banque BCP (Luxemburg) and Chairman of the Executive Committee of Banque BCP (France). Between 2003 and 2006 he was a Member of the Board of Banque

Privée BCP (Switzerland) and was General Manager of BCP's Private Banking Division. From 2006 to 2009, he was a Member of the Board of Directors of Banco Millennium BCP de Investimento, S.A. and General Manager of Banco Comercial Português, S.A. . He also held a position until 2010 as Vice-Chairman of the General Assembly Board of Millennium Angola. From 2009 to 2010 he was nominated Vice-Chairman and CEO of Millenniumbcpsbank, NA (USA). From 2009 to 2012 he was a Member of the Board of Directors of CIMPOR- Cimentos de Portugal, SGPS, S.A.

Currently, he is the Chairman of the Board of BCP Holdings (USA), Inc., General Manager of Banco Comercial Português, and Managing Director of its Investment Banking Division, Member of the Board of Directors of EDP Renováveis, S.A., and Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors, was member of the Nominations and Remunerations Committee from 2008 till 2011, and in 2011 was nominated member of the Audit and Control Committee.

He has an undergraduate degree in company management and administration from Universidade Católica Portuguesa de Lisboa and a master of business administration degree from INSEAD.

João Manuel de Mello Franco

He was born in 1946. Between 1986 and 1989, he was a member of the management council of Tecnologia das Comunicações, Lda. Between 1989 to 1994, he was chairperson of the board of directors of Telefones de Lisboa e Porto, S.A., and between 1993 to 1995 he was chairperson of Associação Portuguesa para o Desenvolvimento das Comunicações. From 1994 to 1995, he was chairperson of the board of directors of Companhia Portuguesa Rádio Marconi and additionally, was chairperson of the board of directors of Companhia Santomense de Telecomunicações e da Guiné Telecom. From 1995 to 1997, he was vice-chairperson of the board of directors and CEO of Lisnave (Estaleiros Navais) S.A. Between 1997 and 2001, he was CEO and in the last year chairperson of the board of directors of Soponata and was a director and member of the audit committee of International Shipowners Reinsurance, Co S.A. Between 2001 and 2004, he was vice-chairperson of José de Mello Imobiliária SGPS, S.A. Since 1998, he has been a director of Portugal Telecom SGPS, S.A., chairperson of the audit committee since 2007, member of the corporate governance committee since 2006, and member of the evaluation committee since 2008. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors, Chairperson of the Audit and Control Committee, and member of the Related-Party Transactions Committee.

He was member of the remuneration committee of Portugal telecom, SGPS, SA between 2003 and 2008.

Since 2011 he is also acting chairperson of the audit committee of Sporting Clube de Portugal S.A.D.

He has an undergraduate degree in mechanical engineering from Instituto Superior Técnico. He additionally holds a certificate in strategic management and company boards and is the holder of a grant of Junta de Energia Nuclear.

Jorge Santos

He was born in 1951. From 1997 to 1998, he coordinated the committee for evaluation of the EC Support Framework II and was a member of the committee for the elaboration of the ex-ante EC Support Framework III. From 1998 to 2000, he was Chairperson of the Unidade de Estudos sobre a Complexidade na Economia and from 1998 to 2002 was Chairperson of the scientific council of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa. From 2001 to 2002, he coordinated the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal. Since 2007, he has been coordinator of the masters program in economics. Since 2009, he has been President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa (ISEG). In December 2011 he was elected president of the general assembly of IDEFE and is now administrator of "Fundação Económicas". Since 2008 he has been a Non- Executive Directors of EDPR's Board of Directors, Chairperson of the Nominations and Remunerations Committee, and in 2011 was nominated member of the Audit and Control Committee

He has an undergraduate degree in economics from Instituto Superior de Economia e Gestão, a master degree in economics from the University of Bristol and a Ph.D. in economics from the University of Kent. He additionally has a doctorate degree in economics from the Instituto Superior de Economia e Gestão of Universidade Técnica de Lisboa, and has consequently held the positions of Professor Auxiliar and Professor Associado with Universidade Técnica de Lisboa. He has been nominated as university professor (catedrático) of Universidade Técnica de Lisboa and is the President of the Department of Economics at ISEG.

José Fernando Maia de Araújo e Silva

Born in 1951, he began his professional career as an assistant lecturer at Faculdade de Economia do Porto and in 1987 and 1988 he was responsible for the "Gestão Financeira Internacional" degree at the same University. From 1980 to 1983 he held a part-time position as technician for Comissão de Coordenação da Região Norte., and from 1991 he was invited to be a lecturer at Universidade Católica do Porto. He has since held the position of director of several companies, including of Banco Espírito Santo e Comercial de Lisboa and Soserfin— Sociedade Internacional de Serviços Financeiros— Oporto group. He has been involved in the finance and management coordination of Sonae Investimentos SGPS, was executive director of Sonae Participações Financeiras, SGPS, S.A. and was vice-Chairperson of Sonae Indústria, SGPS, S.A. He has additionally held directorships with Tafisa, S.A., Spread SGPS, S.A. and Corticeira Amorim, SGPS. He presently serves on the board of directors of Caixa Geral de Depósitos, S.A, and is President of Caixa Seguros e Saúde, Caixa Leasing and Factoring, and Locarent, as well as Non Executive Director in several other companies. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors.

He has an undergraduate degree in economics from the Faculdade de Economia do Porto and has obtained certificates from Universidade de Paris IX, Dauphine and the Midland Bank International banker's course in London.

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Manuel Menéndez Menéndez

He was born in 1960. He is Chairperson and CEO of Liberbank S.A., a financial institution formed by the integration of the financial businesses of Caja de Ahorros de Asturias, Caja de Extremadura, and Caja Cantabria, as well as Chairperson of Cajastur and Chairperson of Banco de Castilla-La Mancha. He is a member of the board of directors of CECA and CECABANK, on behalf of Liberbank Group. He is also Chairperson of HC Energia and Naturgás Energía and member of the Board of Directors of EDP RENOVÁVEIS S.A. and EDP Renewables Europe SLU, and of UNESA (the Spanish association of the electricity industry). Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors.

He is a university professor in the Department of Business Administration and Accounting at the University of Oviedo; has a PhD in Economic Sciences and a degree in Economics and in Business Administration, both from the University of Oviedo. He has supervised several doctoral theses, developing research work, and has participated as a speaker in many courses and seminars. His main research areas are the efficiency in credit institutions, management control in decentralized companies, and those in sectors with regulated economies. He is also author of many books and technical articles about the aforementioned matters.

Rafael Caldeira Valverde

He was born in 1953. In 1987, he joined Banco Espírito Santo de Investimento, S.A. and was the Director responsible for financial services management, client management, structured financing management, capital markets management, and for the department for origination and information; between 1991 and 2005 he was also Director and Member of the Executive Committee. In March 2005, he was nominated as vice-chairperson of the board of Directors of Banco Espírito Santo de Investimento, S.A. and formed part of the executive committee of the company. He is Vice-Chairperson of the Board of Directors and Member of the Executive Committee of Banco Espírito Santo de Investimento, S.A. Director of BES Investimento do Brasil, S.A.; ESSI, SGPS, S.A.; ESSI COMUNICAÇÕES, SGPS, S.A.; ESSI INVESTIMENTOS, S.A. and Espírito Santo Investment Holdings Limited. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors and member of the Nominations and Remunerations Committee.

He has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

SECRETARY OF THE BOARD OF DIRECTORS

Emilio García-Conde Noriega

Born in 1955, he joined Soto de Ribera Power Plant, which was owned by a consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico, as legal counsel in 1981. In 1995, he was nominated general counsel of Soto de Ribera Power Plant and also chief of administration and human resources of the consortium. In 1999, he was nominated as legal counsel at Hidrocantábrico and in 2003 was nominated general counsel of Hidrocantábrico and also a member of its management committee. Presently serves as general counsel of the Company, as secretary of the Board, and is also Chairperson, Director and/or secretary on Boards of Directors of a number the Company's subsidiaries in Europe.

Holds a master in law from the University of Oviedo.

ANNEX V
SHARES OF EDP RENOVÁVEIS S.A. OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AS AT 31.12.2012

Board Member	Direct	Indirect	TOTAL
António Luis Guerra Nunes Mexia	3.880	320	4.200
João Manuel Manso Neto	0	0	0
Nuno Maria Pestana de Almeida Alves	5.000	0	5.000
João Manuel Veríssimo Marques da Cruz	1.200	0	1.200
Gabriel Alonso Imaz	26.503	0	26.503
João Paulo Nogueira de Sousa Costeira	3.000	0	3.000
Rui Manuel Rodrigues Lopes Teixeira	12.000	370	12.370
Gilles August	0	0	0
João José Belard da Fonseca Lopes Raimundo	170	670	840
João Manuel de Mello Franco	380	0	380
Jorge Manuel Azevedo Henriques dos Santos	200	0	200
José Fernando Maia de Araújo e Silva	80	0	80
Manuel Menéndez Menéndez	0	0	0
Rafael Caldeira de Castel-Branco Valverde	0	0	0



KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 4 June 2012, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2012, based on the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

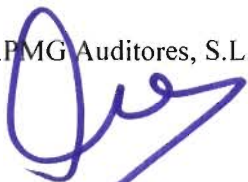
Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2012 is effective in all material aspects, according to the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 27 February 2013, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2012, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.



Ana Fernández Poderós

27 February 2013

Report from Management concerning responsibility for
the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2012 based on the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2012 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2012 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.


Chief Executive Officer
Chief Financial Officer

27 February 2013



The Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of annual accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A., containing a description of the principal risks and uncertainties that it faces.

Lisbon, February 26, 2013.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Nuno Maria Pestana de Almeida Alves

João Manuel Veríssimo Marques da Cruz

Rui Manuel Rodrigues Lopes Teixeira

João Paulo Nogueira da Sousa Costeira

Gabriel Alonso Imaz

Manuel Menéndez Menéndez

José Fernando Maia de Araújo e Silva

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

Rafael Caldeira de Castel-Branco Valverde

Gilles August

EDP
Renováveis, S.A.
and subsidiaries

Consolidated Annual Accounts
31 December 2012

Consolidated Directors' Report
Year 2012

(With Auditors' Report Thereon)



KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Auditors' Report on the Consolidated Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

We have audited the consolidated annual accounts of EDP Renováveis, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As mentioned in note 2 to the accompanying consolidated annual accounts, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of financial reporting legislation applicable to the Group, preparation of the Group's annual accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Company and subsidiaries at 31 December 2012 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of applicable legislation governing financial reporting.

The accompanying consolidated directors' report for 2012 contains such explanations as the Directors of the Company consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2012. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company and subsidiaries.

KPMG Auditores, S.L.

Ana Fernández Poderós

27 February 2013

EDP Renováveis, S.A.
Consolidated Annual Accounts
31 December 2012

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2012 and 2011

Thousands of Euros	Notes	2012	2011
Revenues	6	1,157,796	957,217
Income from institutional partnerships in US wind farms	7	127,350	111,610
		1,285,146	1,068,827
Other operating income / (expenses)			
Other operating income	8	63,116	84,544
Supplies and services	9	-261,810	-225,069
Personnel costs and employee benefits	10	-62,659	-60,832
Other operating expenses	11	-86,212	-66,732
		-347,565	-268,089
		937,581	800,738
Provisions		3	266
Depreciation and amortisation expense	12	-502,709	-468,493
Amortisation of deferred income (government grants)	12	15,231	14,986
		450,106	347,497
Gains / (losses) from the sale of financial assets		2,766	10,499
Financial income	13	74,188	61,555
Financial expenses	13	-351,804	-305,685
Share of profit of associates		6,833	4,796
Profit before tax		182,089	118,662
Income tax expense	14	-46,039	-28,038
Profit for the year		136,050	90,624
Attributable to:			
Equity holders of EDP Renováveis	29	126,266	88,604
Non-controlling interests	31	9,784	2,020
Profit for the year		136,050	90,624
Earnings per share basic and diluted - Euros	28	0.14	0.10

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated statement of comprehensive income for the years ended
at 31 December 2012 and 2011

Thousands of Euros	2012		2011	
	Equity holders of the parent	Non-controlling Interests	Equity holders of the parent	Non-controlling Interests
Profit for the year	126,266	9,784	88,604	2,020
Fair value reserve (cash flow hedge)	-38,469	-7,375	-10,827	-1,109
Tax effect from the fair value reserve (cash flow hedge)	7,875	1,922	1,622	200
Fair value reserve (available for sale investments)	-129	-82	-7,673	844
Actuarial gains / (losses)	14	-	17	-
Tax effect of actuarial gains/(losses)	-4	-	-5	-
Exchange differences arising on consolidation	1,580	-6,861	-15,686	-1,357
Other comprehensive income for the year, net of income tax	-29,133	-12,396	-32,552	-1,422
Total comprehensive income for the year	97,133	-2,612	56,052	598

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Financial Position
as at 31 December 2012 and 2011

Thousands of Euros	Notes	2012	2011
Assets			
Property, plant and equipment	15	10,536,907	10,454,621
Intangible assets	16	24,915	21,819
Goodwill	17	1,301,930	1,311,845
Investments in associates	18	47,473	51,381
Available for sale financial assets	19	9,407	9,618
Deferred tax assets	20	89,378	55,558
Debtors and other assets from commercial activities	23	55,153	64,211
Other debtors and other assets	24	299,653	185,324
Total Non-Current Assets		12,364,816	12,154,377
Inventories	21	16,209	23,751
Trade receivables	22	180,259	146,105
Debtors and other assets from commercial activities	23	104,165	80,029
Other debtors and other assets	24	335,209	379,246
Current tax assets	25	55,089	41,288
Financial assets at fair value through profit or loss		389	211
Cash and cash equivalents	26	245,837	219,922
Total Current Assets		937,157	890,552
Total Assets		13,301,973	13,044,929
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-74,385	-40,545
Other reserves and Retained earnings	28	458,202	365,531
Consolidated net profit attributable to equity holders of the parent		126,266	88,604
Total Equity attributable to equity holders of the parent		5,423,659	5,327,166
Non-controlling interests	29	325,168	126,559
Total Equity		5,748,827	5,453,725
Liabilities			
Medium / Long term financial debt	30	3,657,083	3,691,068
Employee benefits		222	163
Provisions	31	63,603	57,982
Deferred tax liabilities	20	380,592	381,468
Institutional partnerships in US wind farms	32	1,679,753	1,783,861
Trade and other payables from commercial activities	33	376,503	404,233
Other liabilities and other payables	34	258,824	189,250
Total Non-Current Liabilities		6,416,580	6,508,025
Short term financial debt	30	217,237	135,054
Trade and other payables from commercial activities	33	704,610	707,590
Other liabilities and other payables	34	157,876	189,119
Current tax liabilities	35	56,843	51,416
Total Current Liabilities		1,136,566	1,083,179
Total Liabilities		7,553,146	7,591,204
Total Equity and Liabilities		13,301,973	13,044,929

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A.
Consolidated Statement of Changes in Equity
for the years ended at 31 December 2012 and 31 December 2011

Thousands of Euros	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non-controlling Interests
Balance as at 31 December 2010	5,393,511	4,361,541	552,035	363,643	-15,316	-4,913	10,980	5,267,970	125,541
Recognised income and expense for the year									
Fair value reserve (available for sale financial assets) net of taxes	-6,829	-	-	-1,268	-	-	-6,405	-7,673	844
Fair value reserve (cash flow hedge) net of taxes	-10,114	-	-	-	-	-9,205	-	-9,205	-909
Actuarial gains/(losses) net of taxes	12	-	-	12	-	-	-	12	-
Exchange differences arising on consolidation	-17,043	-	-	-	-15,686	-	-	-15,686	-1,357
Profit for the year	90,624	-	-	88,604	-	-	-	88,604	2,020
Total recognised income and expense for the year	56,650	-	-	87,348	-15,686	-9,205	-6,405	56,052	598
Dividends attributable to non-controlling interests	-3,419	-	-	-	-	-	-	-	-3,419
Share capital increase in EDP Renováveis Brasil	1,493	-	-	-	-	-	-	-	1,493
Changes resulting from acquisitions / sales and equity increases	5,215	-	-	2,810	-	-	-	2,810	2,405
Other	275	-	-	334	-	-	-	334	-59
Balance as at 31 December 2011	5,453,725	4,361,541	552,035	454,135	-31,002	-14,118	4,575	5,327,166	126,559
Recognised income and expense for the year									
Fair value reserve (available for sale financial assets) net of taxes	-211	-	-	-	-	-	-129	-129	-82
Fair value reserve (cash flow hedge) net of taxes	-36,047	-	-	-	-	-30,594	-	-30,594	-5,453
Actuarial gains/(losses) net of taxes	10	-	-	10	-	-	-	10	-
Exchange differences arising on consolidation	-5,281	-	-	-	1,580	-	-	1,580	-6,861
Profit for the year	136,050	-	-	126,266	-	-	-	126,266	9,784
Total recognised income and expense for the year	94,521	-	-	126,276	1,580	-30,594	-129	97,133	-2,612
Dividends attributable to non-controlling interests	-4,805	-	-	-	-	-	-	-	-4,805
Share capital increase in EDP Renováveis Brasil	26,443	-	-	-	-	-	-	-	26,443
Sale without loss of control of Vento II (EDPR NA)	176,121	-	-	4,057	-3,224	-1,473	-	-640	176,761
Changes resulting from acquisitions / sales and equity increases	2,822	-	-	-	-	-	-	-	2,822
Balance as at 31 December 2012	5,748,827	4,361,541	552,035	584,468	-32,646	-46,185	4,446	5,423,659	325,168

EDP Renováveis, S.A. and subsidiaries
Consolidated Statement of Cash Flows
for the years ended 31 December 2012 and 2011

Thousands of Euros	2012	2011
Cash flows from operating activities		
Cash receipts from customers	1,141,490	987,826
Cash paid to suppliers	-285,247	-276,080
Cash paid to employees	-68,893	-56,807
Other receipts / (payments) relating to operating activities	-75,573	13,197
	711,777	668,136
Income tax received / (paid)	-45,465	-25,604
Net cash flows from operating activities	666,312	642,532
Continuing activities	666,312	642,532
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of financial assets	11,113	66,644
Proceeds from sale of property, plant and equipment	2,273	40,075
Other proceeds related to fixed assets	489	605
Interest received	20,559	8,409
Dividends received	4,075	2,488
	38,509	118,221
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-28,880	-262,944
Acquisition of property, plant and equipment	-612,495	-892,409
	-641,375	-1,155,353
Net cash flows from investing activities	-602,866	-1,037,132
Continuing activities	-602,866	-1,037,132
Cash flows from financing activities		
Sale of non-controlling interests	175,687	3,879
Receipts/ (payments) of loans	-4,413	147,987
Interest and similar costs	-215,330	-164,089
Governmental grants received	4,817	2,587
Increases in capital and share premium	26,517	5,863
Receipts/ (payments) from derivative financial instruments	166	-5,726
Dividends paid	-4,805	-7,365
Receipts / (Payments) from institutional partnership in US wind farms	-15,159	141,111
Net cash flows from financing activities	-32,520	124,247
Continuing activities	-32,520	124,247
Net increase / (decrease) in cash and cash equivalents	30,926	-270,353
Effect of exchange rate fluctuations on cash held	-5,011	-10,364
Cash and cash equivalents at the beginning of the period (**)	219,922	500,639
Cash and cash equivalents at the end of the period (**)	245,837	219,922

(**) See Note 26 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents.

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13. Financial income and financial expenses	32
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15. Property, plant and equipment	34
16. Intangible assets	36
17. Goodwill	37
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19. Available for sale financial assets	40
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1. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as "EDP Renováveis") was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 31 December 2012 the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroelétrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext Lisbon.

As at 31 December 2012, EDP Renováveis holds a 100% stake in the share capital of EDP Renewables Europe, S.L. ("EDPR EU"), a 100% stake in the share capital of EDP Renewables North America, L.L.C. ("EDPR NA"), a 100% stake in the share capital of EDP Renewables Canada, Ltd. ("EDPR Canada") and a 55% stake in the share capital of EDP Renováveis Brasil, S.A. ("EDPR BR").

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Praça Marquês de Pombal, 12 - 4, Lisbon.

In December 2011, China Three Gorges Corporation (CTG) acquired 780,633,782 ordinary shares in EDP from Parpública — Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energias de Portugal S.A., a majority shareholder of the Company.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling 2,000 million of Euros in the assets of the EDP Renováveis Group, representing 1.5 GW of installed capacity (900 MW in operation and 600 MW under construction).

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (renewable resources electricity generation in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium - partnership with local investors), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), EDP Renewables Romania, S.R.L. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy) and EDPR UK Limited (offshore development projects).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

As at 31 December 2012, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a fully consolidated installed capacity, as follows :

Installed capacity MW	31 Dec 2012	31 Dec 2011
United States of America	3,637	3,422
Spain	2,310	2,201
Portugal	615	613
Romania	350	285
France	314	306
Poland	190	190
Brazil	84	84
Belgium	57	57
Italy	40	-
	7,597	7,158

Additionally, through its interest in ENEOP- Eólicas de Portugal, S.A. is attributable to EDPR - equity consolidated - 390 MW (326 MW as at 31 December 2011).

Regulatory framework for the activities in Spain

The Electrical Sector in Spain is regulated by Law 54 of 27 November 1997 and subsequent amendments to legislation. On May 2007, the Spanish Government approved a Royal Decree (RD 661/2007) implementing the new regulatory framework for wind energy installations to be built from 2008 to 2012, and to which all operating assets would be exposed after 31 December 2012.

According to Royal Decree 661 of 25 May 2007, published on 26 May 2007, wind farms are entitled to choose between two remuneration schemes: (i) Fixed tariff and (ii) market plus premium: wind farms receive each hour the pool price plus a variable premium. Once the decision between the two schemes has been made for a specific wind farm, it is binding for, at least, one year. Wind farms installed before January 2008 are ruled by Royal Decree 661/2007 transitory regime, which in fact is similar to previous Royal Decree 436/2004. Under this transitory regime, that ends in December 2012, wind farms could choose between a fixed tariff and a market option receiving market price plus a fixed premium.

On July 2010, the Industry Ministry established an agreement with two key renewable energy associations (the Spanish Wind Energy Association and Protermosolar) to amend the existing regulation. This agreement means the approval of the RD 1614/2010 of 7 December, that defines (i) a cut, for the years 2011 and 2012, of 35% of the renewable premium applicable to the wind capacity ruled by RD 661/2007, (ii) an amendment to the article 44.3 of RD 661/2007 clarifying that future revisions to the premium value would only be applied to the capacity that comes on line after 2012 and (iii) the definition of a limit of 2,589 hours of installed capacity operation, from which the wind farm has no right to receive any premium if overall system equivalent hours is above 2,300 hours. The premium will be recovered from 2013 onwards.

On 28 January 2012 the Spanish Government enacted Royal-Decree Law 1/2012 that approves a temporary suspension of the premium remuneration for renewable energy capacity not included in the pre-assignment registry. Although in practice, it does not affect the assets of EDP Renováveis.

On December 2012, by means of Law15/2012 of 27 December, the Spanish Government approved 7% across-the-board tax on electricity generation, as well as new taxes on nuclear and large-scale hydropower, plus a new carbon levy. The tax will be applied from 2013 onwards.

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of electrical power based on renewable resources are currently established by Decree-Law No. 189/88 dated 27 May, as amended by Decree-Law No. 168/99 dated 18 May, Decree-Law No. 312/2001 dated 10 December, and Decree-Law No. 339-C/2001 dated 29 December. Also relevant is Decree-Law No. 33-A/2005, dated 16 February ("DL 33-A/2005"), which establishes the current amounts used in the remuneration formula applicable to energy produced by means of renewable resources and the deadlines for the application of such remuneration formula.

The Portuguese wind sector and the Portuguese Government reached an agreement in principles that maintains the legal stability of the current contracts (Decree-Law 33-A/2005) and protects the value of the investments made by the wind energy developers in the Portuguese economy. The wind farm operators can voluntarily invest to obtain further remuneration visibility, through the acquisition of a new tariff scheme to be applied upon the initial 15 years established by law. The proceeds will be used to reduce the overall costs of the Portuguese electricity system. In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework the Government proposed four alternative tariff schemes to be elected by each of the wind developers, that include the following conditions: i) alternative cap and floor selling prices; ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently iii) alternative levels of investment (on a per MW basis) to acquire the new scheme. EDPR has chosen a 7-year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh values growing with inflation from 2021 onwards, in exchange of a payment of 5.800€/MW from 2013 to 2020.

Regulatory framework for the activities in France

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000"), passed on 10 February 2000, which governs the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France.

Act 2000 provides that, operator of wind facilities may enter into long-term agreements for the purchase and sale of energy with Electricité de France (EDF). The tariffs are set by Order of July 10, 2006 which was repealed in August 2008 due to formal defect in its approval, and then republished without any amendment in December 2008. The tariffs are the following: i) during the first ten years of the EDF Agreement, EDF pays a fixed annual tariff, which is €82 per MWh for applications made during 2006 (tariff is amended annually based, in part, on a inflation-related index) ii) During years 11 to 15 of the EDF Agreement, the tariff is based on the annual average percentage of energy produced during the wind facility's first ten years. These tariffs are also amended annually, based, in part, on a inflation-related index. iii) Beginning in the year 16, there is no specific support structure and the wind energy generators will sell their electricity at market price.

On March 2012, the legality of the 2008 feed-in tariff ministerial order for wind farm projects was questioned before the French Council of State (Conseil d'État) on the basis that the required notification to the European Commission on State Aid was missed. On 15 May, the French Council of State decided to raise the issue for a preliminary ruling before the EU Court of Justice (is expected 12 to 18 months to solve). In the event that the tariff is finally cancelled, the French government has urged the Council of State the postponement of this eventual ruling until 2013 onwards, thus, no retroactive effects are expected.

Regulatory framework for the activities in the United States of America

The United States federal government and various state governments have implemented policies designed to promote the growth of renewable energy, including wind power. The primary federal renewable energy incentive program is the Production Tax Credit (PTC), which was established by the U.S. Congress as part of 1992 EPACT. Additionally, many states have passed legislation, principally in the form of renewable portfolio standards ("RPS"), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

On 1 January 2013, the US Congress approved "the American Taxpayer Relief Act" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Congress set a new expiration date of 31 December 2013 and changed the qualification criteria (projects can now qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows depreciation of a higher percentage of the cost of the project (less 50% of the ITC) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

Regulatory framework for the activities in Poland

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed on 10 April 1997, which has been amended by the Act of 24 July 2002 and the Energy Act of 2 April 2004, which came into effect in January 2005 (together, the "Energy Act").

Pursuant to the Energy Act, power generation from renewable sources is supported. The following are forms of such support introduced in Poland: (i) A system of obligatory purchase of certificates of origin by the generation companies and trading companies selling electricity to the end user interconnected to a grid in Poland. These power companies are obliged to: a) obtain a certificate of origin and submit it to the ERA President for cancellation, or b) pay a substitute fee calculated in accordance with the Energy Act. ii) If the power company does not purchase certificates of origin or does not pay a substitute fee, the ERA President will penalize such company by the financial penalty calculated in accordance with the Energy Act.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the "Electricity Act"). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of green certificates (each a "GC"), as described below. The Belgian federal government is responsible for offshore power plants and for imposing obligations on the transmission system operators. The various GC systems are very similar across the three regions and are similar to the GC system for federally-regulated offshore power plants. There are currently differences in terms of quotas, fines and thresholds for granting GCs.

On 21 March 2012, Walloon government approved a decree which fixes the quotas of GC until 2020. The new quotas are: (i) 19.4% in 2013; (ii) 23.1% in 2014; (iii) 26.7% in 2015; (iv) 30.4% in 2016. For the period from 1 January 2017 until 31 December 2019, the yearly quotas will at the latest be fixed in 2014 on the basis of an evaluation carried out beforehand by the energy regulator of Wallonia (CWaPE).

A new tax for wind generators has been approved in Wallonia last July. According to this regulation, all generators earning green certificates shall pay 0,54€/MWh. The energy regulator of Wallonia (CWaPE) will be the beneficiary of this tax, aimed at supporting the costs originated by green certificates management.

Regulatory frameworks for the activities in Romania

The promotion of electricity generated from renewable energy sources in Romania was set with the Electricity Law 318/2003. In 2005 a Green Certificate mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements. The regulatory authority establishes a fixed quota of electricity produced from RES which suppliers are obliged to buy, and, annually reviews applications from green generators in order to be awarded green certificates. Law 220/2008 of November, introduced some changes in the green certificates system. In particular, it allows wind generators to receive 2GC/MWh until 2015. From 2016 onwards generators receive 1 green certificate for each MWh. The price of electricity is determined in the electricity market and the price of green certificates is determined on a separate market.

The trading value of green certificates has a floor of 27€ and a cap of 55€, both indexed to Romanian inflation. Law 220/2008 also guarantees the access to the National Grid for the electricity produced from renewable sources.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the overcompensation analysis which must be carried out on a yearly basis. ANRE shall monitor the producers benefiting from the support system and prepare annual reports on this regard. If overcompensation is found, ANRE will propose a reduction of the applicability period of the support scheme or the number of GCs initially granted to the technology. This reduction would be applied only to new plants.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminates the provision of bilateral contracts not publicly negotiated as a mean to sale electricity. Thus, trading of electricity must be carried out on a centralized market. On 4 September 2012, ANRE published the Order on Balancing Market. The new regulation has an impact for wind generation. On the one side, it states that for the energy reduced, the producer does not have the right to claim compensations for the loss of unproduced green certificates. This loss cannot be recovered. Also, new rules could result on larger balancing costs as the deficit price that wind generators have to face when the production is lower than the forecast may increase.

Regulatory frameworks for the activities in Italy

On 6 July 2012, the Government approved the new renewable regulation by means of the Decree on Renewables (DM FER) based on feed-in-tariff support scheme. The key aspects of the new regulation provided by the DM FER are the following: (i) Wind farms over 5 MW will be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered is set in different technologies' capacity paths (only set until 2015); (iii) the reference tariff for 2013 is 127 €/MWh for onshore wind. Tender participants will bid offering discounts on a reference tariff (in %); (iv) The reference tariff will decrease 2% per year and will be granted for the whole average useful life of the renewable plant -20 years for onshore wind.

The new system substitutes the previous one based on GCs. Under the previous system producers obtain their revenues from the sale of the electricity in the electricity market and from the sale of GCs. Wind farms built until December 2012 (with some exceptions) will continue to operate under the previous system until 2015 when the GC system will be transformed into a feed-in-premium.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brazil is regulated by Federal Law nº 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nº 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nº 10,438 of 26 April 2002, which governs the increase in Emergency Electric Power Supply and creates the 3,300 MW Program of Incentives for Alternative Electricity Sources (PROINFA); Federal Law nº 10,762 of 11 November 2003 and Law nº 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power and; Subsequent amendments to the legislation.

The Decree nº 5,025 of 30 March 2004, regulates the Federal Law nº 10,438 and states the "Alternative Energy Sources" economical and legal framework. PROINFA participants have granted a PPA with ELETROBRÁS, and are subject to the regulator (ANEEL) authority. However, the first stage of PROINFA has ended and the second stage is highly uncertain.

After PROINFA program, renewable producers obtain their remuneration by participating in auctions where price is the only criteria. Winners of the auctions obtain a PPA contract at the price bid. Public Electricity Auctions are technically lead by the state "Energy Planning and Research Company" (EPE), who registers, analyses and allows potential participants.

2. ACCOUNTING POLICIES

a) Basis of preparation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. and consolidated entities. The consolidated financial statements for 2012 and 2011 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2012 and 2011, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 28 February 2013. The annual accounts are presented in thousands of Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of financial statements in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in Note 3 (Critical accounting estimates and judgments in applying accounting policies).

Prior to 2012, amounts included in transaction costs related to institutional partnerships were included as a component of non-current Other debtors and other assets. In 2012, EDP Group included these transaction costs as a reduction of Institutional partnerships in USA wind farms instead of an asset. For consistency purposes, this presentation has been applied to all statements of financial position presented (see note 32).

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control along with another company, under a contractual agreement. The consolidated financial statements include the Group's proportionate share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins until it ceases.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

In business combinations achieved in stages, any excess of the consideration given, plus the fair value of the interest previously held in the acquiree, and the net assets acquired and net liabilities assumed is recognised as goodwill. Any shortfall, after measuring the consideration given to the previously held interest and identifying and measuring the net assets acquired, is recognised in profit and loss. The Group recognises the difference between the fair value of the interest previously held in the acquiree and its carrying amount in consolidated profit and loss, based on the classification of the interest. The Group also reclassifies amounts deferred in other comprehensive income in relation to the previously held interest to profit and loss or consolidated reserves, based on their nature.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

IFRS-EU did not establish specific accounting treatment for commitments related to written put options related with investments in subsidiaries held by non-controlling interests at the date of acquisition of a business combination. Nevertheless, the EDP Renováveis Group records these written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and there subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices as provided by an exchange, or is determined by using net present value techniques, including discounted cash flows models and option pricing models, as appropriate.

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivative financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

- (i) At the inception of the hedge, the hedge relationship is identified and documented;
- (ii) The hedge is expected to be highly effective;
- (iii) The effectiveness of the hedge can be reliably measured;
- (iv) The hedge is revalued on a on-going basis and is considered to be highly effective over the reporting period; and
- (v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of the derivative financial instruments that are designated as hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the risk being hedged. If the hedge no longer meets the criteria for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the period to maturity.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

Loans and receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired principally for the purpose of being sold in the short term and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available-for-sale-investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available for sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available for sale financial assets are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in equity recognised in the income statement. Foreign exchange differences arising from equity investments classified as available for sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date an assessment is performed as to whether there is objective evidence of impairment, namely those resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets, and every time it can be reliably measured.

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition, such as: (i) in the case of listed securities, a significant or prolonged decline in the listed price of the security, and (ii) in the case of unlisted securities, when that event (or events) has an impact on the estimated amount of the future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

For debt instruments, if in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed to the income statement up to the amount of the acquisition cost, if the increase is objectively related to an event occurring after the impairment loss was recognised. In the case of equity instruments, impairment losses can not be reversed and any subsequent gain in fair value is recognised in equity under fair value reserves.

f) Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

The Group considers that the terms are substantially different if the current value of cash flows discounted under the new terms, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs by at least 10% of the current discounted value of cash flows remaining from the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, costs or commissions are taken to the consolidated income statement. Otherwise, costs or commissions adjust the book value of the liability and are amortised following the amortised cost method over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability (or part of a financial liability which has been cancelled or transferred to a third party) and the consideration paid, which includes any asset transferred other than cash or the liability assumed, with a debit or credit to the consolidated income statement.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

The recoverable amount is determined by the highest value between the net selling price and its fair value in use, this being calculated by the present value of estimated future cash-flows obtained from the asset and after its disposal at the end of its economic useful life.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	20 to 33
Plant and machinery	
Wind farm generation	25
Hydroelectric generation	20 to 30
Other plant and machinery	15 to 40
Transport equipment	3 to 10
Office equipment and tools	3 to 10
Other tangible fixed assets	4 to 10

In the second quarter of 2011 EDPR Group, based on a study performed by an independent entity, has changed the useful life of the wind farms from 20 to 25 years, with effect from 1 April 2011 (see note 3).

i) Intangible assets

The other intangible assets of the Group are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group assesses for impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement. The recoverable value is determined by the highest amount between its net selling price and its value in use, this being calculated by the present value of the estimated future cash-flows obtained from the asset and sale price at the end of its economic useful life.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

j) Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Leases

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

l) Inventories

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

m) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

n) Employee benefits

Pensions

EDP Renováveis Portugal, one of the portuguese companies of EDP Renováveis Group attribute post-retirement plans to their employees under defined benefit plans and defined contribution plans, namely, pension plans that pay complementary old-age, disability and surviving-relative pension complements, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefits plan is financed through a restricted Pension Fund complemented by a specific provision. This Pension Fund covers liabilities for retirement pension complements as well as liabilities for early retirement.

The pension plans of the Group companies in Portugal are classified as defined benefit plans, since the criteria to determine the pension benefit to be received by employees on retirement is predefined and usually depend on factors such as age, years of service and level of salary at the age of retirement.

The liability of the Group with pensions is calculated annually, at the balance sheet date for each plan individually, by qualified actuaries using the projected unit credit method. The discount rate used in this calculation is determined by reference to interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

Actuarial gains and losses determined annually and resulting from (i) the differences between financial and actuarial assumptions used and real values obtained and (ii) changes in the actuarial assumptions are recognised against equity, in accordance with the alternative method defined by IAS 19.

The increase in past service costs arising from early retirements (retirements before the normal age of retirement) is recognised in the income statement when incurred.

Annually the Group recognises as cost in the income statement the net amount of, (i) the current service cost, (ii) the interest cost, (iii) the estimated return of the fund assets and (iv) the cost arising from early retirements.

Defined contribution plans

In Spain, Portugal and United States of America, some Group Companies have social benefit plans of defined contribution that complement those granted by the social welfare system to the companies employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each plan. The cost related to defined contribution plans is recognised in the results in the period in which the contribution is made.

Other benefits

Medical care and other plans

In Portugal some Group companies provide medical care during the period of retirement and early retirement, through complementary benefits to those provided by the Social Welfare System. These medical care plans are classified as defined benefit plans. The present value of the defined benefit obligation at the balance sheet date is recognised as a defined benefit liability. Measurement and recognition of the liability with healthcare benefits is similar to the measurement and recognition of the pension liability for the defined benefit plans, described above.

Variable remuneration to employees

In accordance with the by-laws of certain Group entities, annually the shareholders approve in the annual general meeting a percentage of profits to be paid to the employees (variable remuneration), following a proposal made by the Board of Directors. Payments to employees are recognised in the income statement in the period to which they relate.

o) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used are:

	EDPR EU	EDPR NA
Average cost per MW (Euros)	14,000	18,549
Salvage value per MW (Euros)	25,000	17,776
Discount rate	6.33%	5.38%
Inflation rate	2.00%	2.50%
Capitalisation (number of years)	25	25

With the change of the useful life of the wind farms from 20 to 25 years (see note 2 h) the capitalisation rate (number of years) of the dismantling and decommissioning provisions has changed to 25 years, with a prospective application from 1 April 2011.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

p) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from electricity sales is recognised in the period that electricity is generated and transferred to customers.

Engineering revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

Differences between estimated and actual amounts, which are normally not significant, are recorded during the subsequent periods.

q) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses and gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

t) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups (groups of assets and related liabilities that include at least a non-current asset) are classified as held for sale when their carrying amounts will be recovered principally through sale and the assets or disposal groups are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or disposal groups acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is adjusted in accordance with the applicable IFRS. Subsequently, these assets or disposal groups are measured at the lower of their carrying amount at fair value less costs to sell.

u) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A., in the next twelve months.

v) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

w) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

x) Institutional partnerships in US wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these Financial Statements.

The upfront cash payment received is recognised under "Liabilities arising from institutional partnerships" and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interest for the duration of its membership in the structure. The non-controlling interest is entitled to cash distribution and income allocation percentages varying from 2.5% to 6.0%, with the exception of Vento VI in which the institutional investor is allocated 17.0% of income. EDPR NA also has an option to purchase the institutional investor's residual interest at fair market value on the Flip Date for PTC flip structures and generally, six months after the later of the 5-year anniversary of final turbine commissioning date or the Flip Date, or ten years after the final funding date if the Flip Date has not yet occurred. The liability for residual interest is accreted on a straight line basis from the funding date through the Flip Date to reflect the institutional investors' minority interest position in the EDPR Group at the Flip Date.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

z) EDPR Group concession activities (IFRIC 12)

The International Financial Reporting Committee (IFRIC) issued in July 2007, IFRIC 12 - Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date. IFRIC 12 is applicable to the public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of determined infrastructures as well as the price of these services and equally controls any significant residual interest in those infrastructures.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as tangible fixed assets or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract:

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless of the level of use of the infrastructures within the concession and results in the recognition of a financial asset, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructures (demand risk) and results in the recognition of an intangible asset.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession.

Under the terms of the contracts in place throughout the Group business, the Management of EDPR concluded that IFRIC 12 is not applicable.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how their application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in Note 2 to the Consolidated Financial Statements.

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2012 and 31 December 2011, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statements are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available for sale investments

The Group determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost.

This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, valuations are generally obtained through listed market prices or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the income statement of the Group.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

In the second quarter of 2011 EDP Group has changed the useful life of the wind farms from 20 to 25 years (see note 2 h). The redefinition of the useful life of the wind generation assets was made based on a technical study performed by an independent entity which has considered the technical availability for an additional period of 5 years of useful life of these assets. The referred study has covered 95% of wind installed capacity of EDP Group, in the different geographies (Europe and North America), considering assumptions and estimates that requires judgements.

Impairment of non financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review the EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, EDP Renováveis and those of its subsidiaries, are confident that there will be no material tax assessments within the context of the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

4. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. The main financial risks lie essentially in its debt portfolio, arising from interest-rate and the exchange-rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the EDP's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. The management of financial risks of EDP Renováveis Group is outsourced to the Finance Department of EDP - Energias de Portugal, S.A., in accordance with the policies approved by the Board of Directors. The outsourcing service includes identification and evaluation of hedging mechanisms appropriate to each exposure.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

Exchange-rate risk management

EDP Group's Financial Department is responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the U.S. dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Polish Zloty and Romanian Leu).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into two CIRS in BRL/EUR and two in PLN/EUR to hedge the investments in Brazil and Poland (see note 36).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2012 and 2011, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

Thousands of Euros	31 Dec 2012			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	6,202	-7,581	-	-
PLN / EUR	11,628	-14,213	-	-
RON / EUR	5,957	-7,280	-	-
	23,787	-29,074	-	-

Thousands of Euros	31 Dec 2011			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	10,516	-12,853	-	-
PLN / EUR	-	-	3,309	-4,044
RON / EUR	-	-	-	-
	10,516	-12,853	3,309	-4,044

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Interest rate risk management

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

In the floating-rate financing context, the Group contracts interest-rate derivative financial instruments to hedge cash flows associated with future interest payments, which have the effect of converting floating rate loans into fixed rate loans.

All these hedges are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities between 1 and 14 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 92% of EDP Renováveis Group financial debt bear interest at fixed rates, including operations with financial instruments.

Sensitivity analysis - Interest rates

The management of interest rate risk associated to activities developed by the Group is outsourced to the Financial Department of EDP Group, contracting derivative financial instruments to mitigate this risk.

Based on the debt portfolio of the EDPR EU Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 100 basis points in the interest rates with reference to 31 December 2012 and 31 December 2011 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

Thousands of Euros	31 Dec 2012			
	Profit or loss		Equity	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	44,406	-48,749
Unhedged debt (variable interest rates)	-1,333	1,333	-	-
	-1,333	1,333	44,406	-48,749

Thousands of Euros	31 Dec 2011			
	Profit or loss		Equity	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	37,929	-40,540
Unhedged debt (variable interest rates)	-1,839	1,839	-	-
	-1,839	1,839	37,929	-40,540

This analysis assumes that all other variables, namely foreign exchange rates, remain unchanged.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group policy in terms of the counterparty risk on financial transactions with companies outside EDP Group is managed by an analysis of the technical capacity, competitiveness, credit rating and exposure to each counter-party. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

The EDP Renováveis Group documents financial operations according to international standards. Most derivative financial instruments contracted with credit institutions are engaged under ISDA Master Agreements.

In the specific case of the EDPR EU Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMEL and MEFF in the case of the Spanish market).

In the specific case of EDPR NA Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of Trade receivables and Other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 31 December 2012, market price risk affecting the EDP Renováveis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU the electricity is sold in Spain directly on the daily market at spot prices plus a pre-defined premium (regulated). Nevertheless, EDPR EU has an option of selling the power through regulated tariffs, granting minimum prices. In the remaining countries, prices are mainly determined through regulated tariffs.

EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the year 2012 and 2013 (see note 36). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

5. CONSOLIDATION PERIMETER

During the year ended in 31 December 2012, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables Europe, S.L. acquired 100% of the share capital of Pietragalla Eolico S.R.L. (see note 17) and 85% of the share capital of Sibioara Wind Farm, S.R.L.;
- EDP Renewables Canada, Ltd. acquired 100% of the share capital of the following companies:
 - 0867242 BC Ltd.;
 - Eolia Renewable Energy Canada Ltd.;
 - South Branch Wind Farm Inc.
- EDPR-RO-PV, S.R.L. (incorporated during the year 2012) acquired 100% of the share capital of the following companies (see note 17):
 - Cujmir Solar S.R.L.;
 - Foton Delta S.R.L.;
 - Foton Epsilon S.R.L.;
 - Potelu Solar S.R.L.;
 - Studina Solar S.R.L.;
 - Vanju Mare Solar S.R.L..
- EDP Renewables Polska SP. ZO.O acquired 60% of the share capital of J&Z Wind Farms SP. ZO.O. and 100% of the share capital of Korsze Wind Farm SP. ZO.O.

Companies sold and liquidated:

- EDP Renewables North America, L.L.C. liquidated Horizon Wind Energy International, L.L.C.;
- EDPR Renovables España, S.L. liquidated Parque Eólico Plana de Artajona, SLU, Parque Eólico Montes de Castelón, S.L., Siesa Renovables Canarias, S.L.; Compañía Eléctrica de Energías Renovables Alternativas, SAL and Corporación Empresarial de Renovables Alternativas, SLU.
- Generaciones Especiales I, S.L. sold by 5,531 thousands of Euros all of its interests in the following companies which generated a gain of 2,857 thousands of Euros recognised against Gains/Losses on disposal of financial assets:
 - 25% interest in Hidroastur S.A. (see note 18);
 - 80% interest in Hidroeléctrica del Rumbler S.L. (see note 15);
 - 100% interest in Hidroeléctrica Fuenterrosa S.L. (see note 15);
 - 75% in interest in Hidroeléctrica Gormaz S.A. (see note 15).
- A 49% share interest in 2007 Vento II, L.L.C. was sold by 175,687 thousands of Euros (225,721 thousands of US Dollar corresponding to a sale price of 230,000 thousands of US Dollar deducted of capital contributions and transaction fees amounting 2,800 and 1,478 thousands of US Dollar, respectively) with the subsequent loss of 49% share interest in the following companies (see note 29):
 - Telocaset Wind Power Partners, L.L.C.;
 - Post Oak Wind, L.L.C.;
 - High Prairie Wind Farm II, L.L.C.;
 - Old Trail Wind Farm, L.L.C.

Companies merged:

- The following companies were merged into Desarrollos Eólicos Promoción S.A.U., which then changed its designation to EDP Renovables España, S. L.:
 - Agrupación Eólica S.L.U.;
 - Desarrollos Eólicos, S.A.;
 - Ceasa Promociones Eólicas S.L.U.;
 - Generaciones Especiales I, S.L.;
 - Neo Catalunya S.L.;
 - Santa Quiteria Energía, S.L.U.;
 - Sinae Inversiones Eólicas S.A..

Companies incorporated:

- 2012 Vento XI, L.L.C. * ;
- Casellaneta Wind S.R.L.;
- Central Eólica Aventura, S.A.;
- Central Eólica Baixa do Feijão I, S.A.;
- Central Eólica Baixa do Feijão II, S.A.;
- Central Eólica Baixa do Feijão III, S.A.;
- Central Eólica Baixa do Feijão IV, S.A.;
- EDP Renewables SGPS, S.A.;
- EDP Renewables Belgium, S.A.;
- EDP Renewables Canada GP Ltd. * ;
- EDP Renewables Canada LP Ltd.;
- EDP Renováveis Serviços Financieros, S.L.;
- EDPR PT - Promoção e Operação, S.A.;
- EDPR Wind Ventures XI, L.L.C. * ;
- EDPR-RO-PV, S.R.L.;
- Laterza Wind S.R.L.;
- MFW Gryf SP. ZO.O.;
- MFW Neptun SP. ZO.O.;
- MFW Pomorze SP. ;
- Monts de la Madeleine Energie, S.A.S.;
- Monts du Forez Energie, S.A.S.;
- SBWFI GP Inc. * ;
- South Dundas Wind Farm LP * ;
- Verde Wind Power L.L.C. * ;

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2012 do not have any assets, liabilities, or operating activity.

During the year ended in 31 December 2011, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDPR Group, through its subsidiary EDPR UK, acquired 49% of the share capital of Seaenergy Renewables Inch Cape Limited.;
- EDPR Group, through its subsidiary EDPR EU, acquired 85% of the share capital of S.C. Ialomita Power, S.R.L.

Companies sold and liquidated:

- Generaciones Especiales I, S.L. dissolved and liquidated the subsidiary Sodecoan, S.L.;
- Generaciones Especiales I, S.L. sold the subsidiary Subgroup Veinco (see note 15);
- EDPR UK, sold an interest of 8.36% in the Moray Offshore Renewables Limited share capital for 4,033 thousands of Euros. As a consequence, the indirect shareholding in the subsidiaries MacColl Offshore Windfarm Limited, Stevenson Offshore Windfarm Limited and Telford Offshore Windfarm Limited have also been reduced in 8.36%;
- Agrupación Eólica, S.L.U. sold the subsidiary Neomai Inversiones SICAV, S.A. for 40.894 thousands of Euros;
- Sinae Inversiones Eólicas S.A., sold an interest of 1.25% in the Eólica Alfoz, S.L. share capital for 106 thousands of Euros.

Companies merged:

- Farma Wiatrowa Wyszogrod, SP. ZO.O. was merged into Masovia Wind Farm I, S.P. ZO.O.

Companies incorporated:

- 2011 Vento X, L.L.C.;
- Eastern Nebraska Wind Farm, L.L.C.*;
- EDP Renováveis Cantabria, S.L.;
- EDPR Wind Ventures X, L.L.C.;
- Paulding Wind Farm IV L.L.C.*;
- Pestera Wind Farm, S.A.;
- Pochidia Wind Farm, S.A.;
- Rush County Wind Farm, L.L.C.*;
- Villa Castelli Wind, S.R.L.

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2011 do not have any assets, liabilities, or operating activity.

Other changes

- The Group EDPR increased its indirect holding from 47% to 61% in the share capital of Aplicaciones Industriales de Energias Limpias, S.L. through the subsidiary Santa Quitéria Energia, S.L.U.;
- The Group EDPR increased its indirect holding from 58% to 84% in the share capital of Desarrollo Eólico Santa Quitéria, S.L. through the subsidiary Aplicaciones Industriales de Energias Limpias, S.L.;
- The Group EDPR increased its indirect holding from 51% to 100% in the share capital of the companies Relax Wind Park II, SP. ZO.O. and Relax Wind Park IV, SP. ZO.O. through the subsidiary EDP Renewables Polska, S.P. ZO.O.;
- The Group EDPR increased its indirect holding from 90% to 100% in the share capital of Eólica Sierra de Avila, S.L. through the subsidiary Sinae Inversiones Eólicas S.A.

6. REVENUES

Revenues are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Revenues by business and geography:		
Electricity in Europe	773,070	634,518
Electricity in United States of America	355,508	302,890
Electricity, other	24,754	19,464
	1,153,332	956,872
Other revenues	6,850	17,709
	1,160,182	974,581
Services rendered	4,961	4,888
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	-292	-15,168
Changes in inventories	-7,055	-7,084
	-7,347	-22,252
Total Revenues	1,157,796	957,217

7. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

Income from institutional partnerships in US wind farms is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Income from institutional partnerships - EDPR NA	127,350	111,610
	127,350	111,610

Income from institutional partnerships - EDPR NA, includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Vento I, II, III, IV, V, VI, VII, VIII, IX and X (see note 32).

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Amortisation of deferred income related to power purchase agreements	9,888	10,334
Gain related with business combinations	32,393	51,695
Other income	20,835	22,515
	63,116	84,544

The power purchase agreements between EDPR NA and its customers were valued, at the acquisition date, using discounted cash flow techniques. At that date, these agreements were valued based on market assumptions by approximately 120 million of Euros (190.4 million of USD) and recorded as a non-current liability (note 33). This liability is amortised over the period of the agreements against other operating income. As at 31 December 2012, the amortisation for the period amounts to 9,888 thousands of Euros (31 December 2011: 10,334 thousands of Euros).

In 2012, EDPR Group carried out the purchase price allocation of several companies acquired which originated the recognition of an operating income of 29,754 thousands of Euros in EDPR Romania and 2,639 thousands of Euros in EDPR Italia (see note 17). These occasional advantageous acquisitions were possible to execute mainly due to bargaining power of EDPR, ability to access funding and liquidity and, to a certain extent, the still developing nature of Romanian solar market which enables opportunistic favorable transactions.

During 2010, the Group acquired 85% of EDP Renewables Italia, S.r.l (see note 17). The EDPR Group granted the seller a put option over the remaining 15% of the interest which, in line with the Group's accounting policy, has been treated as an advance purchase. The acquisition cost recognised in the annual accounts for 2011 included the balance settled in cash, consideration contingent on the successful implementation of projects underway and an amount reflecting the fair value of the put option. The contingent consideration and the amount of the put option are both at fair value, based on the EDPR Group's best estimate at the purchase date (see note 34).

In 2011, EDPR Italia increased its share capital. The minority shareholder, Energía in Natura, S.r.l., did not subscribe this increase. As a result, the percentage ownership on the non-controlling interests has fallen from 15% to 6.48% and the put option was reduced by the corresponding amount. Furthermore, at 2011 year end, the EDPR Group updated the fair value of the deferred amounts for the 2010 purchase (contingent consideration and put option), taking into account the information existing at year end which included a reduction in the estimated sales price of electricity to be produced and in the number of MW to be installed in the future. In light of the above, the EDPR Group has reduced the liability associated with the put option by 34,625 thousands of Euros and with the contingent consideration by 17,070 thousands of Euros, and recognised an other operating income for the year of 51,695 thousands of Euros (see note 34).

9. SUPPLIES AND SERVICES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Supplies and services:		
Leases and rents	40,670	34,857
Insurance	13,875	12,842
Maintenance and repairs	143,250	126,601
Specialised works:		
IT Services, legal and advisory fees	16,599	13,152
Shared services	11,866	7,918
Other services	12,225	10,109
Other supplies and services	23,325	19,590
	261,810	225,069

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Personnel costs		
Board remuneration	945	1,063
Remunerations	52,320	51,257
Social charges on remunerations	7,582	8,130
Employee's variable remuneration	8,937	15,104
Other costs	971	6,145
Own work capitalised	-15,339	-23,466
	55,416	58,233
Employee benefits		
Costs with pension plans	2,825	2,282
Costs with medical care plans and other benefits	3,320	317
Other	1,098	-
	7,243	2,599
	62,659	60,832

As at 31 December 2012, Costs with pension plans relates to defined contribution plans (2,802 thousands of Euros) and defined benefit plans (23 thousands of Euros).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2012 and 2011 is as follows:

	31 Dec 2012	31 Dec 2011
Board members	14	17
	14	17
Senior management / Senior officers	68	62
Middle management	504	453
Highly-skilled and skilled employees	221	206
Other employees	64	71
	857	792
	871	809

The companies of EDPR Group consolidated under the proportional consolidation method do not have contributed with employees (31 December 2011: 14 included in Other employees).

The number of employees includes Management and all the employees of all the subsidiaries and associates.

11. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Direct operating taxes	20,115	17,946
Indirect taxes	21,824	16,738
Losses on fixed assets	17,035	11,813
Lease costs related to the electricity generating centres	12,147	8,998
Other costs and losses	15,091	11,237
	86,212	66,732

12. DEPRECIATION, AMORTISATION EXPENSE AND DEFERRED INCOME

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Property, plant and equipment:		
Buildings and other constructions	1,801	1,592
Plant and machinery:		
Wind generation	433,518	415,583
Other plant and machinery	16	119
Office equipment and tools	10,253	6,714
Other tangible fixed assets	1,862	1,819
Impairment	53,401	5,058
	500,851	430,885
Other intangible assets:		
Industrial property, other rights and other intangibles	1,858	2,120
Impairment of goodwill	-	35,488
	502,709	468,493
Amortisation of deferred income:		
Government grants	-15,231	-14,986
	-15,231	-14,986
	487,478	453,507

As a result of the recoverability assessment of the wind generation assets (see assumptions note 17), was booked an impairment of 45,617 and 7,784 thousands of Euros in EDPR EU and in EDPR NA, respectively (see note 15).

In 2011, the caption Impairment of goodwill includes essentially, an impairment loss in EDPR Italia Group of 34,737 thousands of Euros resulting from the recoverability assessment of these assets based on the update of the assumptions in the estimates of MW to install and future energy prices (see notes 8 and 17).

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	31 Dec 2012	31 Dec 2011
Financial income		
Interest income	16,770	10,844
Derivative financial instruments		
Interest	5,483	19,913
Fair value	24,321	8,980
Foreign exchange gains	27,010	20,578
Other financial income	604	1,240
	74,188	61,555
Financial expenses		
Interest expense	215,987	204,094
Derivative financial instruments		
Interest	21,152	16,156
Fair value	35,136	3,211
Foreign exchange losses	10,496	42,284
Own work capitalised	-15,697	-33,927
Unwinding	72,824	68,279
Other financial expenses	11,906	5,588
	351,804	305,685
Financial income / (expenses)	-277,616	-244,130

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 34 and 36).

In accordance with the accounting policy described on note 2g), of the 31 December 2012 financial statements, the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2012 amounted to 15,697 thousands of Euros (31 December 2011: 33,927 thousands of Euros) (see note 15), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans, between 1.81% and 10.25% (31 December 2011: 2.62% and 13.06%).

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms 3,366 thousands of Euros (31 December 2011: 2,995 thousands of Euros) (see note 31) and the implied return in institutional partnerships in US wind farms 68,431 thousands of Euros (31 December 2011: 62,538 thousands of Euros) (see note 31).

14. INCOME TAX EXPENSE

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods. In Portugal and Spain the period is 4 years and in Brazil it is 5 years, being the last year considered settled by the tax administration the year of 2008. In the United States of America the general Statute of Limitations for the IRS to issue additional income tax assessments for an entity is 3 years from the date that the income tax return is filed by the taxpayer.

Tax losses generated in each year, which are also subject to inspection and adjustment, can be deducted from taxable income during subsequent periods (5 years in Portugal since 2012, 18 years in Spain, 20 years in the United States, without an expiry date in Belgium and France and without an expiry date in Brazil, although in Brazil it is limited to 30% of the taxable income of each period). The EDP Group companies are taxed, whenever possible, on a consolidated basis as allowed by the tax legislation of the respective countries.

EDP Renewables Europe, S.L. and its subsidiary companies file individual tax declarations in accordance with prevailing tax legislation. Nevertheless, the main Group companies pay income tax following the specific principles of the Special Tax Consolidation Regime, contained in articles 64 and 82 of Royal Legislative Decree 4/2004 whereby the revised corporate income tax law was approved. The companies of EDP Group in Spain are included in the Tax consolidation perimeter of EDP, S.A. - Sucursal en España (EDP Branch).

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Current tax	-85,225	-29,060
Deferred tax	39,186	1,022
	-46,039	-28,038

The effective income tax rate as at 31 December 2012 and 2011 is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Profit before tax	182,089	118,662
Income tax expense	-46,039	-28,038
Effective Income Tax Rate	25.28%	23.63%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2012 and 2011 is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Profit before taxes	182,089	118,662
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-54,627	-35,599
Income taxes for the year	-46,039	-28,038
Difference	8,588	7,561
Accounting revaluations, amortizations, depreciations and provisions	5,403	-835
Capitalisation of deferred tax assets related to tax losses from previous periods	361	8,221
Unrecognised deferred tax assets related to tax losses generated in the period	-4,908	-2,792
Financial investments in associates	1,692	1,432
Difference between gains and accounting gains and losses	-	3,488
Non deductible expenses	-7,753	-1,276
Effect of tax rates in foreign jurisdictions	4,847	-3,175
Tax benefits	4,196	1,896
Other	4,750	602
	8,588	7,561

The income tax rates in the countries in which the EDP Renováveis Group operates are as follows:

Country	Subgroup	31 Dec 2012	31 Dec 2011
Spain	EDPR EU	30.00%	30.00%
Portugal	EDPR EU	31.50%	29.00%
France	EDPR EU	33.33%	33.33%
Italy	EDPR EU	27.50%	27.50%
Poland	EDPR EU	19.00%	19.00%
Belgium	EDPR EU	33.99%	33.99%
Romania	EDPR EU	16.00%	16.00%
Canada	EDPR Canada	26.50%	26.50%
United States of America	EDPR NA	37.73%	37.22%
Brazil	EDPR BR	34.00%	34.00%

15. PROPERTY, PLANT AND EQUIPMENT

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cost:		
Land and natural resources	24,601	21,389
Buildings and other constructions	16,700	16,053
Plant and machinery:		
Wind generation	11,572,839	10,905,666
Other plant and machinery	6,484	9,151
Office equipment and tools	62,336	48,753
Other tangible fixed assets	14,201	13,675
Assets under construction	1,080,675	1,203,445
	12,777,836	12,218,132
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-447,450	-425,827
Impairment for the period	-53,401	-5,058
Accumulated depreciation	-1,740,078	-1,332,626
	-2,240,929	-1,763,511
Carrying amount	10,536,907	10,454,621

The movement in Property, plant and equipment during 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Land and natural resources	21,389	3,942	-82	-	-417	-231	24,601
Buildings and other constructions	16,053	954	-	-	-366	59	16,700
Plant and machinery:							
Wind generation	10,905,666	9,610	-539	771,474	-114,251	879	11,572,839
Other plant and machinery	9,151	-	-108	61	-	-2,620	6,484
Office equipment and tools	48,753	11,176	-188	3,178	-673	90	62,336
Other tangible fixed assets	13,675	1,660	-13,911	12,875	-82	-16	14,201
Assets under construction	1,203,445	662,760	-4,862	-787,588	6,674	246	1,080,675
	12,218,132	690,102	-19,690	-	-109,115	-1,593	12,777,836

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses:							
Buildings and other constructions	5,487	1,801	-	-	-105	4	7,187
Plant and machinery:							
Wind generation	1,723,783	433,518	52,977	-203	-19,663	-35	2,190,377
Other plant and machinery	8,011	16	-	-108	-	-1,691	6,228
Office equipment and tools	18,222	10,253	2	-188	-318	-17	27,954
Other tangible fixed assets	8,008	1,862	422	-1,033	-76	-	9,183
	1,763,511	447,450	53,401	-1,532	-20,162	-1,739	2,240,929

Plant and Machinery includes the cost of the wind farms under operation.

The caption Changes in perimeter/Other includes mainly the effect of the acquisition of J&Z Wind Farms SP. ZO.O., Pietragalla Eolico S.R.L. and solar photovoltaic companies acquired by EDPR-RO-PV, S.R.L. and the sale of the companies holders of the mini-hydrics previously held in Spain (see note 5).

The movement in Property, plant and equipment during 2011, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Land and natural resources	18,867	2,322	-	153	-5	52	21,389
Buildings and other constructions	13,896	146	-24	1,993	158	-116	16,053
Plant and machinery:							
Wind generation	9,536,702	80,835	-6,646	1,158,187	136,548	40	10,905,666
Other plant and machinery	8,917	24	-	-	-	210	9,151
Office equipment and tools	29,186	3,047	-2,262	17,631	990	161	48,753
Other tangible fixed assets	13,846	2,421	-12,501	9,756	85	68	13,675
Assets under construction	1,666,957	741,915	-17,615	-1,187,720	1,010	-1,102	1,203,445
	11,288,371	830,710	-39,048	-	138,786	-687	12,218,132

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses:							
Buildings and other constructions	3,787	1,592	-	-24	145	-13	5,487
Plant and machinery:							
Wind generation	1,274,124	415,583	5,036	-87	29,113	14	1,723,783
Other plant and machinery	7,870	119	-	-	-	22	8,011
Office equipment and tools	13,454	6,714	-	-2,261	314	1	18,222
Other tangible fixed assets	7,365	1,819	22	-1,308	61	49	8,008
	1,306,600	425,827	5,058	-3,680	29,633	73	1,763,511

The caption Changes in perimeter/Other includes the effect of the sale of Subgroup Veinco made by EDPR EU during the first semester of 2011.

During 2011, EDPR Group changed the useful life of wind farms based on a study performed by an independent entity with prospective effect from 1 April of 2011 as described on the note 3 - Critical accounting estimates and judgements in preparing the consolidated financial statements.

Assets under construction as at 31 December 2012 and 2011 are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Electricity business:		
EDPR EU Group	842,278	757,921
EDPR NA Group	212,783	433,240
Other	25,614	12,284
	1,080,675	1,203,445

Assets under construction as at 31 December 2012 and 31 December 2011 for EDPR EU and EDPR NA Group are essentially related to wind farms and solar plants under construction and development.

Financial interests capitalised amount to 15,697 thousands of Euros as at 31 December 2012 (31 December 2011: 33,927 thousands of Euros) (see note 13).

Personnel costs capitalised amount to 15,339 thousands of Euros as at 31 December 2012 (31 December 2011: 23,466 thousands of Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 37 - Commitments.

16. INTANGIBLE ASSETS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cost:		
Industrial property, other rights and other intangible assets	47,221	42,462
Intangible assets under development	4	4
	47,225	42,466
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-1,858	-2,120
Accumulated depreciation	-20,452	-18,527
	-22,310	-20,647
Carrying amount	24,915	21,819

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 30,186 thousands of Euros related to wind generation licenses of EDPR Portugal (31 December 2011: 14,035 thousands of Euros) and EDPR NA Group (31 December 2011: 25,500 thousands of Euros), respectively.

The movement in Intangible assets during 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Industrial property, other rights and other intangible assets	42,462	24	-	-	-601	5,336	47,221
Intangible assets under development	4	-	-	-	-	-	4
	42,466	24	-	-	-601	5,336	47,225
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	20,647	1,858	-	-	-154	-41	22,310
	20,647	1,858	-	-	-154	-41	22,310

The movement in Intangible assets during 2011, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Industrial property, other rights and other intangible assets	41,069	5	-	-	620	768	42,462
Intangible assets under development	-	4	-	-	-	-	4
	41,069	9	-	-	620	768	42,466

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	18,342	2,120	-	-	250	-65	20,647
	18,342	2,120	-	-	250	-65	20,647

17. GOODWILL

For the Group, the breakdown of **Goodwill** resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

Thousands of Euros	Functional Currency	31 Dec 2012	31 Dec 2011
Electricity business:			
Goodwill booked in EDPR EU Group	Euro, Lei, Zloty	700,234	698,403
EDPR Spain Group	Euro	534,610	534,642
EDPR Portugal Group	Euro	42,588	42,588
EDPR France Group	Euro	65,752	65,752
EDPR Italia Group	Euro	23,044	23,044
Other	Euro, Lei, Zloty	34,240	32,377
Goodwill booked in EDPR NA Group	US Dollar	600,302	611,882
Goodwill booked in EDPR BR Group	Brazilian Real	1,394	1,560
		1,301,930	1,311,845

The movements in Goodwill, by subgroup, during 2012 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Electricity Business							
EDPR EU Group							
EDPR Spain Group	534,642	-	-32	-	-	-	534,610
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	65,753	-	-	-	-	-	65,753
EDPR Italia Group	23,044	-	-	-	-	-	23,044
Other	32,376	164	-	-	1,699	-	34,239
EDPR NA Group	611,882	-	-	-	-11,580	-	600,302
EDPR BR Group	1,560	-	-	-	-166	-	1,394
	1,311,845	164	-32	-	-10,047	-	1,301,930

The movements in Goodwill, by subgroup, during 2011 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Electricity Business							
EDPR EU Group							
EDPR Spain Group	547,488	-	-12,846	-	-	-	534,642
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	66,504	-	-	-751	-	-	65,753
EDPR Italia Group	57,781	-	-	-34,737	-	-	23,044
Other	35,031	-	-	-	-2,655	-	32,376
EDPR NA Group	592,915	-	-	-	18,967	-	611,882
EDPR BR Group	1,699	-	-	-	-139	-	1,560
	1,344,006	-	-12,846	-35,488	16,173	-	1,311,845

In 2011, the decrease in EDPR Spain Group goodwill of 12,846 thousands of Euros is related with the final price of the liability related with the put option of Caja Madrid over the non-controlling interests held by this entity over EDP Renovables España (3,363 thousands of Euros) and the sale of Subgroup Veinco (9,483 thousands of Euros). This shareholding was sold by 15,8 million of Euros generating a gain of 732 thousands of Euros.

In 2011, the update of the assumptions in the estimates of MW to install and the energy prices resulted in an impairment in EDPR Italia Group of 34,737 thousands of Euros (see notes 8 and 12).

Other information for purchase price allocation and business combinations included in 2012

EDPR Italia Group

During 2012 the EDPR Group acquired 100% of the share capital of the company Pietragalla Eolico S.R.L. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 2,639 thousands of Euros (see note 8).

Thousands of Euros	Book value	PPA	Assets and Liabilities at fair value
Property, plant and equipment	1,227	10,300	11,527
Other assets (including licenses)	-	-	-
Total assets	1,227	10,300	11,527
Deferred tax liabilities	-	2,833	2,833
Current liabilities	1,035	-	1,035
Total liabilities	1,035	2,833	3,868
Net assets acquired	192	7,467	7,659
Consideration transferred	5,020		5,020
Badwill			-2,639

Other

During 2012 the EDPR Solar Romania acquired 99.99% of the share capital of the companies Cujmir Solar S.R.L., Foton Delta S.R.L., Foton Epsilon S.R.L., Potelu Solar S.R.L., Studina Solar S.R.L. and Vanju Mare Solar S.R.L. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 29,754 thousands of Euros (see note 8).

Thousands of Euros	Book value	PPA	Assets and Liabilities at fair value
Property, plant and equipment	26	43,305	43,331
Other assets (including licenses)	500	14,167	14,667
Total assets	526	57,472	57,998
Deferred tax liabilities	-	9,195	9,195
Current liabilities	513	-	513
Total liabilities	513	9,195	9,708
Net assets acquired	13	48,277	48,290
Consideration transferred	18,536		18,536
Badwill			-29,754

During 2012 the EDPR Group has paid an amount of 30,279 thousands of Euros (31 December 2011: 15,317 thousands of Euros) for business combinations and success fees related to acquisition of the companies of EDPR Spain Group (2,325 thousands of Euros), EDPR Poland Group (7,348 thousands of Euros), EDPR Solar Romania (8,801 thousands of Euros), EDPR Italia Group (2,520 thousands of Euros), EDPR Canada Group (4,807 thousands of Euros) and Other (4,478 thousands of Euros with 3,200 thousands of Euros related with EDPR Belgium Group).

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use. Goodwill is allocated to each country where EDPR Group performs its activity, so the EDPR Group aggregate all the CGUs cash flows in each country in order to calculate the recoverable amount of goodwill allocated.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

The future cash flows projection period used is the useful life of the assets (25 years) which is consistent with the current depreciation method. The cash flows also incorporate the long-term off-take contract in place and long-term estimates of power prices, whenever the asset holds merchant exposure.

The main assumptions used for the impairment tests are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production and priority dispatching whenever weather conditions permit;
- Electricity remuneration: regulated or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output during all or part of their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data references;
- New capacity: tests were based on the best information available on the wind farms expected to be built in coming years, adjusted by probability of success and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections. The tests considered the contracted and expected prices to buy turbines from various suppliers;
- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;
- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation;
- Discount rate: the discount rates used are post-tax, reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

	2012	2011
Portugal and Spain	7.0% - 7.1%	6.7%
United States	5.5% - 6.8%	5.0% - 6.9%
Rest of Europe	5.9% - 8.2%	6.0% - 8.6%

Impairment tests done have taken into account the regulation changes in each country, as disclosed in note 1.

EDPR has performed a series of sensitivity analyses of the results of impairment tests to reasonable changes in some of the key variables, such as:

- EDPR NA, decrease in the Net Capacity Factors of 2.1%;
- EDPR NA, 10% reduction of Merchant Prices;
- EDPR EU, decrease of the terminal value until 10%.

Furthermore, EDPR Group has done an additional sensitivity analysis increasing 100 basis points the discount rate used in case base for EDPR NA and EDPR EU CGU's. These sensitivity analyses performed for each assumption independently would not suppose any impairment for the goodwill allocated to each country.

18. INVESTMENTS IN ASSOCIATES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Investments in associates:		
Equity holdings in associates	47,473	51,381
Carrying amount	47,473	51,381

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of associated companies is presented in this caption, included in the total amount of Equity holdings in associates.

The breakdown of **Investments in associates**, is analysed as follows:

Thousands of Euros	31 Dec 2012	
	Investment	Impairment
Associated companies:		
Seaenergy Renewables Inch Cape Limited	14,498	-
Desarrollos Eólicos de Canarias, S.A.	9,933	-
ENEOP - Eólicas de Portugal, S.A.	9,908	-
Parque Eólico Sierra del Madero S.A.	7,043	-
Other	6,091	-
	47,473	-

Thousands of Euros	31 Dec 2011	
	Investment	Impairment
Associated companies:		
Seaenergy Renewables Inch Cape Limited	14,951	-
Desarrollos Eólicos de Canarias, S.A.	12,372	-
ENEOP - Eólicas de Portugal, S.A.	10,696	-
Parque Eólico Sierra del Madero S.A.	5,040	-
Other	8,322	-
	51,381	-

The movement in **Investments in associates**, is analysed as follows:

Thousands of Euros	2 012	2 011
Balance as at 1 January	51,381	45,871
Acquisitions	-	13,592
Disposals	-2,389	-3
Share of profits of associates	6,833	4,796
Dividends received	-3,512	-3,412
Exchange differences	42	1,419
Changes in consolidation method	-	-4,790
Others	-4,882	-6,092
Balance as at 31 December	47,473	51,381

Disposals are related with the sale of Hidroastur, S.A. ,included in the caption Others investments in associates, by Generaciones Especiales I, S.L. (see note 5).

19. AVAILABLE FOR SALE FINANCIAL ASSETS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Parque Eólico Montes de las Navas, S.L.	8,636	8,847
Other	771	771
	9,407	9,618

The assumptions used in the valuation models of available for sale financial assets are as the same used to the impairment tests.

The interest in share capital, voting rights, net assets and net income of the last approved financial statements of the investments classified as available for sale financial assets are analysed as follows:

	Head office	% of share capital	Voting rights	Net assets	Net income
Parque Eólico Montes de las Navas, S.L.	Madrid	17.00%	17.00%	27,122	3,772

20. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

Thousands of Euros	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Tax losses brought forward	632,050	540,156	-	-
Provisions	11,497	7,796	4,896	-
Derivative financial instruments	15,720	13,091	361	49
Property, plant and equipment	24,662	19,646	315,013	225,121
Allocation of fair value to assets and liabilities	-	-	418,434	425,145
Income from institutional partnerships in US wind farms	-	-	251,786	271,959
Non-deductible financial expenses	16,230	-	-	-
Netting of deferred tax assets and liabilities	-611,281	-543,013	-611,281	-543,013
Other	500	17,882	1,383	2,207
	89,378	55,558	380,592	381,468

The movement in deferred tax assets and liabilities is mainly related to Europe and United States of America, as follows:

Thousands of Euros	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Europe:				
Tax losses brought forward	24,541	19,733	-	-
Provisions	8,821	7,468	4,896	-
Derivative financial instruments	15,953	7,285	361	49
Property, plant and equipment	22,316	19,646	15,142	1,098
Non-deductible financial expenses	16,230	-	-	-
Allocation of fair value to assets and liabilities	-	-	331,673	351,780
Other	500	1,098	1,342	2,207
	88,361	55,230	353,414	355,134
United States of America:				
Tax losses brought forward	606,550	520,423	-	-
Provisions	2,356	-	-	-
Derivative financial instruments	-233	5,806	-	-
Property, plant and equipment	2,346	-	299,803	224,023
Allocation of fair value to assets and liabilities	-	-	81,288	66,902
Income from institutional partnerships in US wind farms	-	-	251,786	271,959
Netting of deferred tax assets and liabilities	-611,019	-543,013	-611,019	-543,013
Other	-	16,784	-	-
	-	-	21,858	19,871

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

Thousands of Euros	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Opening balance	55,558	38,519	-381,468	-371,600
Movements charged to the profit and loss account	27,257	18,417	11,928	-16,563
Movements charged to reserves	8,621	-1,107	1,173	2
Exchange differences and other movements	-2,058	-271	-12,225	6,693
	89,378	55,558	-380,592	-381,468

The Group tax losses and tax credits carried forward are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Expiration date:		
2012	-	352
2013	249	249
2014	264	239
2015	108	7 556
2016	1,505	20 882
2017	3,649	742
2018 to 2032	1,659,359	1 363 370
Without expiration date	268,983	275 396
	1,934,117	1,668,786

21. INVENTORIES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Advances on account of purchases	5,547	8,344
Finished and intermediate products	3,469	12,194
Raw and subsidiary materials and consumables	7,193	3,213
	16,209	23,751

The Finished and intermediate products are essentially related with wind farms under construction.

22. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Trade receivables - Current:		
Europe:		
Spain	67,141	64,424
Romania	26,467	5,440
Poland	13,356	12,420
Portugal	12,210	11,803
Rest of Europe	15,798	15,451
	134,972	109,538
United States of America	42,575	31,660
Other	4,054	6,344
	181,601	147,542
Impairment losses	-1,342	-1,437
	180,259	146,105

23. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Debtors and other assets from commercial activities - Current:		
Prepaid turbine maintenance	7,140	6,775
Services rendered	10,648	5,167
Advances to suppliers	49,516	45,445
Sundry debtors and other operations	36,861	22,642
	104,165	80,029
Debtors and other assets from commercial activities - Non-current:		
Deferred costs (EDPR Portugal Group)	42,809	44,715
Sundry debtors and other operations	12,344	19,496
	55,153	64,211
	159,318	144,240

Deferred costs (EDPR Portugal Group) - non current relates to up-front rents and surface rights paid to land owners and up-front network rents paid to EDP Distribuição. These costs are deferred on the balance sheet and recognised on a straight line basis over the estimated useful life of the assets.

Advances to suppliers include downpayment advances to equipment manufacturers and suppliers.

24. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Other debtors and other assets - Current:		
Loans to related parties	302,214	324,242
Derivative financial instruments	7,323	9,430
Guarantees and tied deposits	15,067	14,943
Sundry debtors and other operations	10,605	30,631
	335,209	379,246
Other debtors and other assets - Non-current:		
Loans to related parties	236,196	123,560
Guarantees and tied deposits	48,484	45,828
Derivative financial instruments	5,145	8,650
Sundry debtors and other operations	9,828	7,286
	299,653	185,324
	634,862	564,570

Loans to related parties - Current includes mainly 62,138 thousands of Euros of loans granted by EDP Renováveis, S.A. to EDP Servicios Financieros España, S.A., 189,114 thousands of Euros (31 December 2011: 198,713 thousands of Euros) of loans granted by EDP Renováveis, S.A. to EDP S.A. - Sucursal en España, 7,896 thousands of Euros (99,324 thousands of Euros) of loans granted by EDP Renováveis Portugal, S.A. to ENEOP - Eólicas de Portugal, S.A. and 28,244 thousands of Euros (31 December 2011: 19,920 thousands of Euros) of loans granted by EDPR Europe, S.L. to EDP S.A. - Sucursal en España.

Loans to related parties - Non-current includes mainly 232,200 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2011: 117,880 thousands of Euros).

Guarantees and tied deposits - non current refer to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

25. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
State and other public entities:		
Income tax	16,243	15,163
Value added tax (VAT)	33,610	21,738
Other taxes	5,236	4,387
	55,089	41,288

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cash:		
Cash in hand	2	2
Bank deposits:		
Current deposits	240,667	188,607
Specific demand deposits in relation to institutional partnerships	65	24,636
Other deposits	5,103	6,677
	245,835	219,920
Cash and cash equivalents	245,837	219,922

During 2012, cash was distributed to institutional equity partnership.

27. CAPITAL

At 31 December 2012 and 2011, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

Companies which hold a direct or indirect interest of at least 10% in the share capital of the Company at 31 December 2012 and 2011 are as follows:

Main shareholders and shares held by company officers:

EDP Renováveis, S.A. shareholder's structure as at 31 December 2012 is analysed as follows:

	No. of	% Capital	% Voting
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	541,027,156	62.02%	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%	15.51%
Other(*)	196,024,306	22.47%	22.47%
	872,308,162	100.00%	100.00%

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008 the Company carried out various share capital increases, which were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDPR EU.

The contributions are applicable to the special tax treatment for mergers, spin-offs, transfers of assets and conversion of securities foreseen in Chapter VIII of Section VII of Royal Decree 4 dated 5 March 2004 which approved the revised Spanish tax law. The disclosures required by prevailing legislation were included in the annual accounts for 2007 and 2008.

Earning per share attributable to the shareholders of EDPR are analysed as follows:

	31 Dec 2012	31 Dec 2011
Profit attributable to the equity holders of the parent (in thousands of Euros)	126,266	88,604
Profit from continuing operations attributable to the equity holders of the parent (in thousands of Euros)	126,266	88,604
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.14	0.10
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.14	0.10
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.14	0.10
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.14	0.10

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2012 and 2011.

The average number of shares was determined as follows:

	31 Dec 2012	31 Dec 2011
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the year	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the year	872,308,162	872,308,162
Diluted average number of shares during the year	872,308,162	872,308,162

28. RESERVES AND RETAINED EARNINGS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Reserves:		
Fair value reserve (cash flow hedge)	-46,185	-14,118
Fair value reserve (available for sale financial assets)	4,446	4,575
Exchange differences arising on consolidation	-32,646	-31,002
	-74,385	-40,545
Other reserves and retained earnings:		
Retained earnings	372,944	286,175
Additional paid in capital	60,666	60,666
Legal reserve	24,592	18,690
	458,202	365,531
	383,817	324,986

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2012 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	50,838,439.82
Distribution	
Legal reserve	5,083,843.98
Dividends	34,892,326.48
Retained earnings	10,862,269.36
	50,838,439.82

The EDP Renováveis, S.A. 2011 profits distribution approved in the Annual General Meeting on 13 April 2012 was as follows:

	Euros
Profit for the period	59,018,372.50
Distribution	
Legal reserve	5,901,837.25
Retained earnings	53,116,535.25
	59,018,372.50

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available for sale financial assets as at the balance sheet date.

Thousands of Euros

Balance as at 1 January 2011	10,980
Sociedad Eólica de Andalucía	-7,725
Parque Eólico Montes de las Navas, S.L.	1,320
Balance as at 31 December 2011	4,575
Parque Eólico Montes de las Navas, S.L.	-129
Balance as at 31 December 2012	4,446

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the condensed consolidated financial statements are as follows:

		Exchange rates as at 31 December 2012		Exchange rates as at 31 December 2011	
		Closing Rate	Average Rate	Closing Rate	Average Rate
Currency					
US Dollar	USD	1.319	1.285	1.294	1.392
Zloty	PLN	4.074	4.185	4.458	4.121
Brazilian Real	BRL	2.704	2.508	2.416	2.327
New Leu	RON	4.445	4.459	4.323	4.239
Pound Sterling	GBP	0.816	0.811	0.835	0.868
Canadian Dollar	CAD	1.314	1.284	1.322	1.376

29. NON-CONTROLLING INTERESTS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Non-controlling interests in income statement	9,784	2,020
Non-controlling interests in share capital and reserves	315,384	124,539
	325,168	126,559

Non-controlling interests, by subgroup, are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
EDPR NA Group	176,825	-
EDPR EU Group	115,389	115,937
EDPR BR Group	32,954	10,622
	325,168	126,559

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits of the year attributable to non-controlling interests of 9,784 thousands of Euros; (ii) sale without loss of control of Vento II (EDPR NA Group) attributable to non-controlling interests of 176,761 thousands of Euros (see note 5); (iii) share capital increases from non-controlling interests of EDP Renováveis Brasil, S.A. totalling 26,443 thousands of Euros; (iv) dividends paid by EDPR EU to non-controlling interests amount to 4,805 thousands of Euros; (v) a negative effect due to Exchange differences arising on consolidation attributable to non-controlling interests totalling 6,861; (vi) and a negative variation of the fair value reserve attributable to non-controlling interests amounting 5,453 thousands of Euros.

30. FINANCIAL DEBT

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Financial debt - Current		
Bank loans:		
EDPR EU Group	77,777	66,876
EDPR BR Group	17,709	59,165
Loans from shareholders of group entities:		
EDP Renováveis, S.A.	113,644	-
Other loans:		
EDPR EU Group	1,763	2,061
EDPR NA Group	1,122	1,050
Interest payable	5,222	5,902
	217,237	135,054
Financial debt - Non-current		
Bank loans:		
EDPR EU Group	718,681	588,353
EDPR BR Group	73,501	91,997
Loans from shareholders of group entities:		
EDP Renováveis, S.A.	2,843,114	2,986,433
Other loans:		
EDPR EU Group	20,521	21,893
EDPR NA Group	1,266	2,392
	3,657,083	3,691,068
	3,874,320	3,826,122

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2.843.114 thousands of Euros). These loans have an average maturity of 6 years and bear interest at fixed market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2012, these financings amount to 815,562 thousands of Euros (31 December 2011: 670,840 thousands of Euros), which are included in the total debt of the Group.

The breakdown of **Financial debt** by maturity, is as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Bank loans:		
Up to 1 year	100,270	129,512
1 to 5 years	319,176	295,382
Over 5 years	473,006	384,968
	892,452	809,862
Loans from shareholders of group entities:		
Up to 1 year	114,082	2,431
1 to 5 years	241,000	241,000
Over 5 years	2,602,114	2,745,433
	2,957,196	2,988,864
Other loans:		
Up to 1 year	2,885	3,111
1 to 5 years	21,787	24,285
Over 5 years	-	-
	24,672	27,396
	3,874,320	3,826,122

The fair value of EDP Renováveis Group's debt is analysed as follows:

Thousands of Euros	31 Dec 2012		31 Dec 2011	
	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Current	217,237	217,237	135,054	135,054
Financial debt - Non current	3,657,083	3,468,395	3,691,068	3,262,999
	3,874,320	3,685,632	3,826,122	3,398,053

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

As at 31 December 2012, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2013	2014	2015	2016	2017	Subsequent years
Debt and borrowings - Current	217,237	217,237	-	-	-	-	-
Debt and borrowings - Non current	3,657,083	-	102,890	84,135	329,892	65,046	3,075,120
	3,874,320	217,237	102,890	84,135	329,892	65,046	3,075,120

The breakdown of guarantees is presented in note 38 to the financial statements accounts.

The breakdown of Financial debt, by currency, is as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Loans denominated in EUR	2,173,786	2,035,563
Loans denominated in USD	1,508,329	1,538,832
Loans denominated in other currencies	192,205	251,727
	3,874,320	3,826,122

31. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Dismantling and decommission provisions	63,336	57,694
Provision for other liabilities and charges	267	288
	63,603	57,982

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring sites and land to their original condition, in accordance with the accounting policy described in Note 2 o). The above amount respects to 37,652 thousands of Euros for wind farms in the United States of America (31 December 2011: 34,523 thousands of Euros), 15,968 thousands of Euros for wind farms in Spain (31 December 2011: 14,507 thousands of Euros), 4,087 thousands of Euros for wind farms in Portugal (31 December 2011: 3,768 thousands of Euros), 874 thousands of Euros for wind farms in Brazil (31 December 2011: 896 thousands of Euros), 1,879 thousands of Euros for wind farms in France (31 December 2011: 1,622 thousands of Euros), 1,498 thousands of Euros for wind farms in Romania (31 December 2011: 1,165 thousands of Euros), 1,030 thousands of Euros for wind farms in Poland (31 December 2011: 886 thousands of Euros) and 348 thousands of Euros for wind farms in Belgium (31 December 2011: 327 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

As at 31 December 2012 and 2011, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	57,694	53,156
Capitalised amount for the year	3,092	452
Unwinding	3,366	2,995
Other and exchange differences	-816	1,091
Balance at the end of the year	63,336	57,694

Capitalised amount for the year and other includes the impact of the update of dismantling provisions assumptions.

The movements in Provision for other liabilities and charges are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	288	631
Write back for the year	-3	-266
Other and exchange differences	-18	-77
Balance at the end of the year	267	288

32. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Deferred income related to benefits provided	737,598	773,252
Liabilities arising from institutional partnerships in US wind farms	942,155	1,010,609
	1,679,753	1,783,861

The movements in Institutional partnerships in US wind farms are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	1,783,861	1,632,418
Proceeds received from institutional investors	-	153,192
Cash paid for deferred transaction costs	-176	-871
Cash paid to institutional investors	-14,983	-11,966
Income (see note 7)	-127,350	-111,610
Unwinding (see note 13)	68,431	62,538
Exchange differences	-32,601	60,160
Others	2,571	-
Balance at the end of the year	1,679,753	1,783,861

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

As referred in the note 2 a), EDPR Group change the presentation of Deferred tax equity costs to be deducted to the caption Institutional partnerships in US wind farms. Prior to 2012, amounts included in transaction costs related to institutional partnerships were included as a component of Other debtors and other assets non-current. In 2012, EDPR Group included these transaction costs as a reduction of Institutional partnerships in USA wind farms instead of an asset. In accordance with IAS 1, the Group has retrospectively reclassified amounts within 2011 comparative figures to conform to this change in presentation. The Group reclassified 12,948 thousands of Euros as at 31 December 2011 from Other debtors and other assets non-current - sundry debtors and other operations to Institutional partnerships in US wind farms.

During 2011 EDPR Group, through its subsidiary EDPR NA, has secured 116 million of USD (approximately 83 million of Euros) of institutional equity financing from Bank of America Corporation and Paribas North America in exchange for an interest in the Vento IX portfolio and 124 million of USD which 97 million of USD (approximately 70 million of Euros) were realized upfront of institutional equity financing from JPM Capital Corporation and Wells Fargo Wind Holdings in exchange for an interest in Vento X Portfolio.

33. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Trade and other payables from commercial activities - Current:		
Suppliers	78,341	82,972
Property and equipment suppliers	579,540	582,280
Holiday pay, bonus and other charges with employees	14,999	20,584
Other creditors and sundry operations	31,730	21,754
	704,610	707,590
Trade and other payables from commercial activities — Non-current:		
Government grants / subsidies for investments in fixed assets	323,763	339,209
Electricity sale contracts - EDPR NA	49,449	61,663
Other creditors and sundry operations	3,291	3,361
	376,503	404,233
	1,081,113	1,111,823

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government (see note 1).

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other operational income (see note 8).

34. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Other liabilities and other payables - Current:		
Success fees payable for the acquisition of subsidiaries	11,663	207
Derivative financial instruments	63,079	129,582
Other operations with related parties	37,700	37,891
Other creditors and sundry operations	45,434	21,439
	157,876	189,119
Other liabilities and other payables — Non-current:		
Success fees payable for the acquisition of subsidiaries	39,496	48,053
Payables - Group companies	30,864	31,103
Derivative financial instruments	182,318	106,115
Other creditors and sundry operations	6,146	3,979
	258,824	189,250
	416,700	378,369

Success fees payable for the acquisition of subsidiaries current and non-currents includes mainly the amounts related to the contingent prices of the acquisitions of EDPR Italy, Relax Wind Group, EDPR Romania, Greenwind, Bodzanow, Starozreby, Wyszorod, Elektrownia Wiatrowa Kresy, Elebrás and solar photovoltaic companies held by EDPR-RO-PV, S.R.L (see note 5).

Derivative financial instruments current and non-current includes 128,493 and 41,369 thousands of Euros respectively (December 2011: 129,276 and 79,184 thousands of Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 36).

Other creditors and sundry operations - current include 35,220 thousands of Euros (December 2011: 18,148 thousands of Euros) related with the estimated corporate income tax.

Additionally, Other creditors and sundry operations current and non-current include the amounts of 3,572 and 4,213 thousands of Euros related with non-controlling interests, respectively (December 2011: 3,356 and 756 thousands of Euros).

According to Spanish law 15/2010 of 5 July the Group disclose the details of payments made from Spanish companies to suppliers during the year 2012 (distinguishing those who have exceeded the legal limits of postponement), the average payments period, the outstanding balances that at 31 December 2012 and 2011 with an overdue greater than the legal period, are the following:

Thousands of Euros	Payments and outstanding payments at year end			
	31 Dec 2012		31 Dec 2011	
	Value	%	Value	%
Within the legal deadline	197,375	82.28%	200,088	48.19%
Rest	42,503	17.72%	215,150	51.81%
Total payments for the year	239,878	100.00%	415,238	100.00%
Average payment period (days)	66.55		31.76	
Outstanding balances with an overdue greater than the legal period	16,212		27,873	

At 31 December 2012, the outstanding balances with an overdue greater than the legal period includes 10,560 thousands of Euros regarding group companies (31 December 2011: 22,165 thousands of Euros).

This law stipulates a maximum legal payment period of 75 days in 2012 and 85 days in 2011. The Company has applied this criterion when preparing the information required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 December 2010 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions, and as such the information for 2012 and 2011 is not directly comparable.

35. CURRENT TAX LIABILITIES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
State and other public entities:		
Income tax	17,283	8,838
Withholding tax	18,193	24,026
Value added tax (VAT)	17,877	15,320
Other taxes	3,490	3,232
	56,843	51,416

36. DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with IAS 39, the Group classifies the derivative financial instruments as a fair value hedge of an asset or liability recognised, as a cash flow hedge of recorded liabilities and forecast transactions considered highly probable or net investment hedge in foreign operations.

As of 31 December 2012, the fair value and maturity of derivatives is analysed as follows:

Thousands of Euros	Fair Value		Notional			Total
	Assets	Liabilities	Until 1 year	From 1 to 5 years	More than 5 years	
Net investment hedge						
Cross currency rate swaps	3,646	-170,296	1,132,501	122,412	693,674	1,948,587
	3,646	-170,296	1,132,501	122,412	693,674	1,948,587
Cash flow hedge						
Power price swaps	5,589	-3,316	230,797	98,354	-	329,151
Interest rate swaps	-	-54,288	120,888	187,975	270,335	579,198
	5,589	-57,604	351,685	286,329	270,335	908,349
Trading						
Power price swaps	3,233	-3,324	19,012	898	-	19,910
Interest rate swaps	-	-172	470	1,881	470	2,821
Cross currency rate swaps	-	-1,045	-	57,000	-	57,000
Currency forwards	-	-12,956	428,744	9,290	-	438,034
	3,233	-17,497	448,226	69,069	470	517,765
	12,468	-245,397	1,932,412	477,810	964,479	3,374,701

As of 31 December 2011, the fair value and maturity of derivatives is analysed as follows:

Thousands of Euros	Fair Value		Notional			Total
	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	
Net investment hedge						
Cross currency rate swaps	7,807	-208,460	1,132,501	77,008	693,674	1,903,183
	7,807	-208,460	1,132,501	77,008	693,674	1,903,183
Cash flow hedge						
Power price swaps	5,961	-29	61,500	1,098	-	62,598
Interest rate swaps	5	-26,931	41,846	184,337	198,763	424,946
	5,966	-26,960	103,346	185,435	198,763	487,544
Trading						
Power price swaps	2,251	-277	2,101	551	-	2,652
Currency forwards	2,056	-	38,803	-	-	38,803
	4,307	-277	40,904	551	-	41,455
	18,080	-235,697	1,276,751	262,994	892,437	2,432,182

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 24) or Other liabilities and other payables (note 34), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 38 and 39. The fair value is based on internal valuation models, as described in note 39. The net investment derivatives also include CIRS in PLN and BRL with EDP with the purpose of hedging EDP Renováveis Group's operations in Poland and Brazil.

Interest rate swaps are related to the project finances and have been formalised to convert variable to fixed interest rates.

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short term volatility of certain un-contracted generation of its wind farms.

In certain US power markets, EDPR NA is exposed to congestion and line loss risks which typically have a negative impact on the price received for power generated in these markets. To economically hedge these risk exposures, EDPR NA entered into Financial Transmission Rights ("FTR") and a three year fixed for floating Locational Marginal Price (LMP) swap .

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting.

Fair value of derivatives is based on quotes indicated by external entities (investment banks). These entities use discount cash flows techniques usually accepted and data from public markets.

The changes in the fair value of hedging instruments and risks being hedged are as follows:

Thousands of Euros	Hedging instrument	Hedged item	31 Dec 2012		31 Dec 2011	
			Changes in fair value		Changes in fair value	
			Instrument	Risk	Instrument	Risk
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN and BRL	34,014	-33,410	-55,530	55,530
Cashflow hedge	Interest rate swap	Interest rate	-33,953	-	-15,999	-
Cashflow hedge	Power price swaps	Power price	-3,670	-	6,219	-
Cashflow hedge	Currency forward	Exchange rate	-	-	2,789	-
			-3,609	-33,410	-62,521	55,530

The movements in cash flow hedge reserve have been as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	-24,458	-13,632
Fair value changes		
Interest rate swaps	-33,659	-16,333
Power price swaps	-5,449	6,110
Currency forward	-	2,789
Loans as hedging instruments for Green Certificates	-4,487	-
Transfers to results	-2,249	-4,502
Ineffectiveness	-	1
Non-controlling interests included in fair value changes	7,375	1,109
Effect of the sale without loss of control of Vento II	-1,473	-
Balance at the end of the year	-64,400	-24,458

During the 3rd quarter of 2012, EDPR adopted cashflow hedge accounting in order to hedge exchange rate risk in the future sell of green certificates granted to Cerdanova and Pestera windfarms in România. The sell price is indexed to EUR/RON exchange rate for which EDPR elected as hedging instrument the project finance loans contracted in EUR for those projects.

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Net investment hedge - ineffectiveness	604	-
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	944	3,117
Transfer to results from hedging of commodity prices	1,305	1,385
Ineffectiveness	-	-1
Non eligible for hedge accounting derivatives	-12,363	2,653
	-9,510	7,154

The amount from transfers to results from hedging of commodity prices is registered in Revenues while the remaining gains and losses are registered in Financial income and Financial expense, respectively (see note 13).

The effective interest rates for derivative financial instruments associated with financing operations during 2012, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts:			
Interest rate swaps	EUR	[1,36% - 5,01%]	[0,18% - 0,75%]
Interest rate swaps	PLN	5,41%	4,22%
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[0,35% - 4%]	[0,2% - 3,9%]
CIRS (currency interest rate swaps)	EUR/BRL	[5,38% - 5,65%]	[0,19% - 0,22%]
CIRS (currency interest rate swaps)	EUR/PLN	[3,16% - 3,84%]	0,19%

The effective interest rates for derivative financial instruments associated with financing operations during 2011, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts:			
Interest rate swaps	EUR	[2.68% - 5.01%]	[1.43% - 1.81%]
Interest rate swaps	PLN	5.41%	4.90%
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1.48% - 2.83%]	[2.17% - 3.47%]
CIRS (currency interest rate swaps)	EUR/PLN	[3.91% - 4.03%]	1.39%

37. COMMITMENTS

As at 31 December 2012 and 31 December 2011, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Guarantees of financial nature		
EDPR NA Group	3,411	3,478
EDPR EU Group	-	2,178
	3,411	5,656
Guarantees of operational nature		
EDP Renováveis, S.A.	762,197	655,213
EDPR NA Group	368,113	408,147
EDPR EU Group	69,285	36,954
EDPR BR Group	9,215	100
	1,208,810	1,100,414
Total	1,212,221	1,106,070
Real guarantees	14,065	16,512

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2012, these financings amount to 815,562 thousands of Euros (31 December 2011: 670,840 thousands of Euros), which are included in the total debt of the Group.

In addition, regarding the information disclosed above, EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 December 2012 and 2011, EDPR's obligations under the tax equity agreements, in the amount of 901,301 thousands of Euros and 942,123 thousands of Euros, respectively are reflected in the statement of financial position under the caption Institutional Partnerships in US Wind farms.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

Thousands of Euros	31 Dec 2012				
	Debt capital by period				
	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,881,982	278,215	537,579	735,867	3,330,321
Operating lease rents not yet due	978,488	37,759	77,249	76,600	786,880
Purchase obligations	686,894	369,037	144,244	43,511	130,102
	6,547,364	685,011	759,072	855,978	4,247,303

Thousands of Euros	31 Dec 2011				
	Debt capital by period				
	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	5,184,933	326,786	545,454	515,460	3,797,233
Operating lease rents not yet due	918,874	35,694	72,745	70,520	739,915
Purchase obligations	1,619,040	906,488	669,351	23,917	19,284
	7,722,847	1,268,968	1,287,550	609,897	4,556,432

Purchase obligations include debts related with long-term agreements of product and services supply related to the Group operational activity. When prices are defined under "forward" contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

As at 31 December 2012 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR FR, holds a call option over Cajastur for all the shares held by Cajastur on company "Quinze Mines" (51% of share capital). Cajastur holds an equivalent put option on these shares over EDPR FR. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 17 July 2014 and 17 July 2016, inclusively.
- EDP Renováveis, through its subsidiary EDPR FR, holds a call option over Cajastur for 51% of interest held by Cajastur in the companies Sauvageons, Le Mee and Petite Pièce. Cajastur holds an equivalent put option on these shares over EDPR FR. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 1 January 2013 and 31 December 2014, inclusively.
- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of remaining 6.48% of the share capital of EDPR Itália, with an exercise price based on an independent process evaluation conducted by an independent expert. Energia in Natura, S.r.l. holds a put option for 6.48% of the share capital of EDPR Itália, whose exercise price over 85% of market value of participation. The exercise period of the options is 2 years after occurrence of one of the following events:
 - Fifth anniversary of the execution of the shareholders agreement (27 January 2015);
 - When EDP Renováveis Italy is able to build, develop and operate 350 MW in Italy.
- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation.
- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019.
- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation.

38. RELATED PARTIES

The number of shares held by company officers as at 31 December 2012 and 2011 are as follows:

	31 Dec 2012	31 Dec 2011
	No. of shares	No. of shares
Executive Board of Directors		
António Luís Guerra Nunes Mexia	4,200	4,200
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Rui Manuel Rodrigues Lopes Teixeira	12,370	10,505
Gabriel Alonso Imaz	26,503	18,503
João José Belard da Fonseca Lopes Raimundo	840	840
João Manuel de Mello Franco	380	380
João Manuel Veríssimo Marques da Cruz	1,200	-
João Paulo Nogueira Sousa Costeira	3,000	3,000
Jorge Manuel Azevedo Henriques dos Santos	200	200
José Fernando Maia de Araújo e Silva	80	80
	53,773	42,708

According to Article 229º of "Ley de Sociedades de Capital" (Spanish Companies Law), the members of the Board of Directors of EDP Renováveis have not communicated, or the parent company has knowledge, of any conflict of interests or incompatibility that could affect the performance of their duties.

The board members of the parent company, complying with the article 229º of the Spanish Companies Law, declared that they and their related parties do not exercise positions of responsibility in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, and they do not have exercised by their own or through third entities any activity in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, with the following exceptions:

Board Member	Position
Company	
António Luís Guerra Nunes Mexia	
EDP - Energias de Portugal, S.A.	Chairperson of the Executive Board of Directors
EDP - Energias do Brasil, S.A.	Chairperson of the Board of Directors
EDP Finance BV	Representative
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
João Manuel Manso Neto:	
Naturgás Energia, S.A.	Member of the Board
EDP - Energias de Portugal, S.A.	Member of the Board
EDP Finance BV	Representative
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Gás.com - Comércio de Gás Natural, S.A.	Chairperson of the Board of Directors
Hidroelétrica del Cantábrico, S.A.	Vice-Chairperson of the Board of Directors
ENEOP - Eólicas de Portugal, S.A.	Chairperson of the Board of Directors
Elétrica de La Ribera del Ebro, S.A.	Chairperson of the Board of Directors
Hidrocantábrico Energia, S.A.U.	Chairperson of the Board of Directors
EDP Energia Ibérica S.A.	Member of the Board
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	Member of the Board
EDP - Energias do Brasil, S.A.	Member of the Board
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Finance BV	Representative
EDP - Estudos e Consultoria, S.A.	Chairperson of the Board of Directors
EDP - Imobiliária e Participações, S.A.	Chairperson of the Board of Directors
Energia RE, S.A.	Chairperson of the Board of Directors
SCS-Serviços Complementares de Saúde, S.A.	Chairperson of the Board of Directors
Sávida - Medicina Apoiada, S.A.	Chairperson of the Board of Directors
Hidroelétrica del Cantábrico, S.A.	Member of the Board
Balwerk - Consultadoria Económica e Participações, Soc.Unip.Lda	Manager
João Manuel Veríssimo Marques da Cruz:	
EDP - Energias de Portugal, S.A.	Member of the Board
EDP — Ásia Investimentos e Consultoria, Lda.	Chairperson of the Board of Directors
EDP — Ásia Soluções Energéticas Lda.	Chairperson of the Board of Directors
EDP Valor - Gestão Integrada de Serviços, S.A.	Chairperson of the Board of Directors
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Finance BV	Representative
Companhia de Electricidade de Macau - CEM, S.A.	Chairperson
Manuel Menéndez Menéndez:	
Naturgás Energia, S.A.	Chairperson of the Board of Directors
EDP Renewables Europe, S.L.	Member of the Board
Hidroelétrica del Cantábrico, S.A.	Chairperson of the Board of Directors

Board Member	Position
Company	
Rui Manuel Rodrigues Lopes Teixeira:	
EDP Renewables Europe, S.L.	Member of the Board
EDP Renewables SGPS, S.A.	Member of the Board
EDPR PT - Promoção e Operação, S.A.	Member of the Board
EDP Renováveis Portugal, S.A.	Member of the Board
Malhadizes — Energia Eólica, S.A.	Member of the Board
EDP Renewables Canada LP Ltd.	Member of the Board
EDPR Renewables Canada GP Ltd.	Member of the Board
SBWF GP Inc.	Member of the Board
South Branch Wind Farm Inc.	Member of the Board
Eolia Renewable Energy Canada Inc.	Member of the Board
0867242 B.C. Ltd.	Member of the Board
EDP Renewables Canada, Ltd	Member of the Board
Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
EDP Renewables Polska SP. Z O.O	Member of the Board
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
Masovia Wind Farm I SP. Z O.O.	Member of the Board
Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
Karpacka Mala Energetyka SP. Z O.O	Member of the Board
EDPR UK, Ltd	Member of the Board
Maccoll Offshore Windfarm, Ltd	Member of the Board
Stevenson Offshore Windfarm, Ltd	Member of the Board
Telford Offshore Windfarm, Ltd	Member of the Board
Moray Offshore Renewables, Ltd	Member of the Board
EDP Renováveis Servicios Financieros S.L.U	Member of the Board
EDP Renováveis Brasil, S.A.	Member of the Board
João Paulo Nogueira Sousa Costeira:	
EDP Renewables Europe, S.L.	Member of the Board
EDP Renováveis Portugal, S.A.	Chairperson of the Board of Directors
EDP Renováveis Brasil, S.A.	Member of the Board
EDP Renováveis Servicios Financieros, S.L.U	Member of the Board
Malhadizes — Energia Eólica, S.A.	Chairperson of the Board of Directors
Eólica da Serra das Alturas, S.A.	Member of the Board
Eólica de Montenegro, S.A.	Member of the Board
ENEOP 2 — Exploração de Parques Eólicos, S.A.	Chairperson of the Board of Directors
EDP Renewables Romania, Srl	Member of the Board
Cernavoda Power, Srl	Member of the Board
Greenwind, S.A.	Chairperson of the Board of Directors
EDP Renewables France, S.A.	Chairperson of the Board of Directors
Centrale Eolienne Neo Truc de l'Homme, SAS	Chairperson of the Board of Directors
Parc Eolien des Vafines	Chairperson of the Board of Directors
Parc Eolien du Clos Bataille	Chairperson of the Board of Directors
Parc Eolien de Varimpre	Chairperson of the Board of Directors
Parc Eolien des Bocages	Joint Director
Parc Eolien des Longs Champs	Joint Director
Socpe de la Mardelle	Joint Director
Socpe de la Vallée du Moulin	Joint Director
Socpe de Sauvageons	Joint Director
Socpe des Quinze Mines	Joint Director
Socpe Le Mée	Joint Director
Socpe Petite Pièce	Joint Director
CE Canet Pont de Salars SAS	Chairperson of the Board of Directors
CE Gueltas Noyal Pontivy	Chairperson of the Board of Directors
CE Patay SAS	Chairperson of the Board of Directors
CE Saint Barnabé SAS	Chairperson of the Board of Directors

Board Member	Position
Company	
João Paulo Nogueira Sousa Costeira (Cont.):	
CE Segur SAS	Chairperson of the Board of Directors
Monts de la Madeleine Energie SAS	Chairperson of the Board of Directors
Monts du Forez Energie SAS	Chairperson of the Board of Directors
Eolienne de Callengeville, SAS	Chairperson of the Board of Directors
Neo Plouvien, SAS	Chairperson of the Board of Directors
Parc Eolien de la Hetroye, SAS	Chairperson of the Board of Directors
Eolienne de Saugueuse, SARL	Joint Director
Eolienne des Bocages, SARL	Joint Director
Eolienne d'Étalondes, SARL	Joint Director
Parc Eolien d'Ardennes, SARL	Joint Director
Parc Eolien de Mancheville, SARL	Joint Director
Parc Eolien de Roman, SARL	Joint Director
EDP Renewables Polska SP. Z O.O	Member of the Board
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
Masovia Wind Farm I SP. Z O.O.	Member of the Board
Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
Karpacka Mala Energetyka SP. Z O.O	Member of the Board
Relax Wind Park I SP. Z O.O	Member of the Supervisory Board
Relax Wind Park III SP. Z O.O	Member of the Supervisory Board
EDPR UK, Ltd	Member of the Board
Moray Offshore Renewables, Ltd	Member of the Board
Maccoll Offshore Windfarm, Ltd	Member of the Board
Stevenson Offshore Windfarm, Ltd	Member of the Board
Telford Offshore Windfarm, Ltd	Member of the Board
EDP Renewables Italia, Srl	Member of the Board
Operação e Manutenção Industrial, S.A.	Member of the Board
EDP Renewables SGPS S.A.	Chairperson of the Board of Directors
EDPR PT - Promoção e Operação S.A.	Chairperson of the Board of Directors

Board Member	Position
Company	
Gabriel Alonso Imaz:	
EDP Renewables Canada, Ltd.	Chief Executive Officer
EDP Renewables North America, LLC and subsidiaries (see annex I)	Chief Executive Officer
American Wind Energy Association	Chair-Elect and Executive Board Member

Additionally the board members have communicated that they do not own any interest in the share capital of any other company with the same, similar or complementary activity of EDP Renováveis Group, with the following exceptions:

Board Member Company	Number of shares
António Luís Guerra Nunes Mexia:	
EDP - Energias de Portugal, S.A.	41,000
EDP - Energias do Brasil, S.A.	1
João Manuel Manso Neto:	
EDP - Energias de Portugal, S.A.	1,268
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	125,000
EDP - Energias do Brasil, S.A.	1
João Manuel Veríssimo Marques da Cruz:	
EDP - Energias de Portugal, S.A.	3,878
Gabriel Alonso Imaz:	
Gamesa Corp. Tec. S.A.	7,880
Iberdrola	27
Teresa Sancho, related person of Gabriel Alonso Imaz:	
Gamesa Corp. Tec. S.A.	7,881
Iberdrola	26
João Manuel de Mello Franco:	
EDP - Energias de Portugal, S.A.	4,550
REN - Redes Energéticas Nacionais, S.G.P.S., S.A.	980
Jorge Manuel Azevedo Henriques dos Santos:	
EDP - Energias de Portugal, S.A.	2,379

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors in 2012 and 2011 were as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
CEO	566,821	551,362
Board members	396,666	512,083
	963,487	1,063,445

Mrs. Ana Maria Fernandes resigned as Chief Executive Officer of EDPR on 28 February, 2012. The remuneration (variable and fixed) mentioned above refers only to the months when the prior CEO was still on duty paid in 2012 and adjustments paid on February 2013. On 28 February, Mr. João Manso Neto, was nominated Chief Executive Officer (CEO) and Vice-Chairperson of the Board of Directors of EDPR. In order to increase transparency and healthy corporate governance practices, and also to treat Mr. João Manso Neto consistently with the other managers, the Nominations and Remunerations Committee proposed to the Board of Directors (which approved it) a modification of the Remuneration Policy in order to include the CEO compensation in the management fee of the Executive Management Services Agreement. EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services rendered by its Executive Directors. This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDP Renováveis is due to pay an amount of 1,295 thousands of Euros (variable and fixed remuneration) for management services rendered by EDP through 2012 (380 thousands of Euros in 2011, fixed remuneration).

Additionally, the remuneration of the members of the Executive Committee that are also Officers and receive their remuneration as EDPR employees, not including the Chief Executive Officer, was in 2012, 1,231 thousands of Euros (31 December 2011: 1,857 thousands of Euros).

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range between 3% to 6% of their annual salary.

As at 31 December 2012 and 2011 there are no outstanding loans and advances with company officers and key management.

The Company has no pension or life insurance obligations with its former or current Board members in 2012 or 2011.

Balances and transactions with related parties

As at 31 December 2012, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	7,027	14,500	-7,473
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	225,309	218,464	6,845
Hidrocantábrico Group companies (electric sector)	49,875	1,568	48,307
Associated companies	256,353	-	256,353
Other EDP Group companies	107,306	2,972,445	-2,865,139
	645,870	3,206,977	-2,561,107

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,956,758 thousands of Euros.

As at 31 December 2011, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	10,025	5,574	4,451
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	247,999	108,110	139,889
Hidrocantábrico Group companies (electric sector)	46,370	1,746	44,624
Associated companies	224,114	2,169	221,945
Other EDP Group companies	47,892	2,996,070	-2,948,178
	576,400	3,113,669	-2,537,269

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,986,433 thousands of Euros.

Transactions with related parties for the year ended 31 December 2012 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	10,595	1,479	-3,310	-16,268
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	2,878	-12,196	-6,489
Hidrocantábrico Group companies (electric sector)	403,965	-	-4,470	-890
Associated companies	912	10,999	-	-1
Other EDP Group companies	149,877	19,458	-5,826	-186,361
	565,349	34,814	-25,802	-210,009

Operating income includes mainly the electricity sales to suppliers of last resource in Portugal due to regulatory legislation and electricity sales to HC Group that act as a commercial agent of EDPR Group.

Transactions with related parties for the year ended 31 December 2011 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	4,861	-11,285	-3,197
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	15,633	-8,368	-2,174
Hidrocantábrico Group companies (electric sector)	358,814	-	-4,994	-700
Associated companies	1,533	6,820	-	-69
Other EDP Group companies	137,903	5,961	-6,992	-152,362
	498,250	33,275	-31,639	-158,502

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EDPR NA and of the USD external financing). As at 31 December 2012, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 169,862 thousands of Euros (31 December 2011: 208,460 thousands of Euros) (see notes 34 and 36).

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2012, EDP, S.A. and Hidrocontábil granted financial (45,467 thousands of Euros, 31 December 2011: 57,272 thousands of Euros) and operational (375,772 thousands of Euros, 31 December 2011: 393,130 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 37).

In the normal course of its activity, EDP Renováveis performs business transactions and operations with its related parties based on normal market conditions.

39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2012 and 2011, the following table presents the interest rate curves of the major currencies to which the Group is exposed. These interest rates were used as the base for the fair value calculations made through internal models referred above:

	31 Dec 2012 Currencies			31 Dec 2011 Currencies		
	EUR	USD	BRL	EUR	USD	BRL
3 months	0.19%	0.31%	7.06%	1.36%	0.58%	10.41%
6 months	0.32%	0.51%	7.09%	1.62%	0.81%	10.15%
9 months	0.43%	0.69%	7.08%	1.79%	0.97%	10.04%
1 year	0.54%	0.84%	7.14%	1.95%	1.13%	10.04%
2 years	0.38%	0.39%	7.71%	1.31%	0.73%	10.48%
3 years	0.44%	0.48%	8.19%	1.36%	0.82%	10.75%
5 years	0.77%	0.83%	8.64%	1.72%	1.23%	10.98%
7 years	1.12%	1.27%	9.00%	2.07%	1.64%	11.05%
10 years	1.57%	1.81%	9.33%	2.38%	2.03%	11.22%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available for sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their fair value (note 19).

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 36)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 28. See also notes 13 and 24.

The fair values of assets and liabilities as at 31 December 2012 and 31 December 2011 are analysed as follows:

Thousands of Euros	31 December 2012			31 December 2011		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	9,407	9,407	-	9,618	9,618	-
Trade receivables	180,259	180,259	-	146,105	146,105	-
Debtors and other assets from commercial activities	159,318	159,318	-	144,240	144,240	-
Other debtors and other assets	622,394	622,394	-	546,490	546,490	-
Derivative financial instruments	12,468	12,468	-	18,080	18,080	-
Financial assets at fair value through profit or loss	389	389	-	211	211	-
Cash and cash equivalents	245,837	245,837	-	219,922	219,922	-
	1,230,072	1,230,072	-	1,084,666	1,084,666	-
Financial liabilities						
Financial debt	3,874,320	3,685,632	-188,688	3,826,122	3,398,053	-428,069
Suppliers	657,881	657,881	-	665,252	665,252	-
Institutional partnerships in US wind farms	1,679,753	1,679,753	-	1,783,861	1,783,861	-
Trade and other payables from commercial activities	99,469	99,469	-	107,362	107,362	-
Other liabilities and other payables	171,303	171,303	-	142,672	142,672	-
Derivative financial instruments	245,397	245,397	-	235,697	235,697	-
	6,728,123	6,539,435	-188,688	6,760,966	6,332,897	-428,069

The fair value levels used to value EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Thousands of Euros	31 December 2012			31 December 2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	-	9,407	-	-	9,618
Derivative financial instruments	-	12,468	-	-	18,080	-
Financial assets at fair value through profit or loss	-	389	-	-	211	-
	-	12,857	9,407	-	18,291	9,618
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	7,785	-	-	4,112
Derivative financial instruments	-	245,397	-	-	235,697	-
	-	245,397	7,785	-	235,697	4,112

The movement in 2012 and 2011 of the financial assets and liabilities within Level 3 are analysed as follows:

Thousands of Euros	Available for sale investments		Trade and other payables	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	9,618	18,380	4,112	271,338
Gains / (Losses) in other comprehensive income	-211	2,070	-	-
Purchases	-	-	3,572	3,356
Fair value changes/Payments	-	-	101	-270,582
Disposals	-	-10,832	-	-
Transfers into / (out of) Level 3	-	-	-	-
Balance at the end of the year	9,407	9,618	7,785	4,112

The Trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests.

40. RELEVANT SUBSEQUENT EVENTS

EDPR agrees with CTG on the first investment in minority stakes in wind farms

On 20 December 2012, EDP Renováveis S.A. ("EDPR"), 77.5% controlled by EDP, entered into an agreement with China Three Gorges International (Hong Kong) Company Limited ("CTGI HK"), a fully owned subsidiary of China Three Gorges ("CTG"), to sell a 49% equity shareholding and 25% of the outstanding shareholders loans in EDP Renováveis Portugal, S.A. ("EDPR PT") for a total consideration of 359 millions of Euros.

The transaction is subject to the customary regulatory approvals with closing expected to occur by the 1H13.

The transaction scope covers 615 MW in operation, with an average age of 6 years, as well as 29 MW ready-to-build, remunerated under a feed-in-tariff regime in accordance to Decree-Law 33-A/2005, article 4. This operation corresponds to a non-controlling interests sale in 2013 according with the accounting policy 2 b).

This transaction was agreed in the context of the EDP/CTG strategic partnership established in December 2011 and that entered into force on May 2012.

Spanish Government publishes Royal Decree-Law with regulatory modifications for the electricity sector

On 2 February 2013, the Spanish Government published in the Official State Gazette the Royal Decree-Law 2/2013 ("RDL 2/2013") that encompasses a set of regulatory modifications applicable to the Spanish electricity sector and therefore affecting the wind energy assets.

The main regulatory changes the RDL 2/2013 envisages vis-à-vis the Royal Decree 661/2007 that have an impact on EDP Renováveis S.A. ("EDPR") from 1st of January 2013 onwards, are:

- The value of the premium in the economic regime of Market + Premium, has been set in 0c€/kWh.
 - Operators of the facilities operating under Market + Premium regime had the option to select before 15 February 2013, and applicable since 1 January 2013 onwards, whether they would like to remain in the Market + Premium regime (this is to sell their electricity at market price). If an option has not been taken before that date, all the facilities currently included in the Market + Premium regime were automatically included in the Feed-in Tariff regime.
- Furthermore, RDL 2/2013 establishes that an operator that opts to sell the energy in the Market + Premium regime cannot later opt for the Feed-in Tariff regime.
- The index used to annually update all the regulated activities in the electricity sector will be the annual inflation excluding energy products and food prices, and any impact of tax changes.

There were no changes introduced by Spanish Government regarding the 2020 Renewable Energy Target for Spain.

At the closing of 2012 accounts, the Board of Directors of EDPR is evaluating the impact of the above mentioned regulatory changes in the cashflows of the Spanish portfolio. That being said, it is reasonable to expect that such unilateral changes introduced by the Spanish Government through the RD-L 2/2013 may have a significant impact from 2013 onwards via reduction of the cash flows of the projects and thence erode the profitability of the Spanish assets. As a result, EDPR will continue to promote a dialogue to achieve a negotiated solution while maintaining other avenues open. Preliminary sensitivity analysis to the impairment tests would not result in significant impacts in EDPR consolidated accounts.

Assets revaluation in Spain

On 27 December, the Spanish Government published the Law 16/2012 that includes various taxation measures directed to public finances consolidation and to promote economic activity. Incorporates important changes in Income Tax, such as the establishment of the option, for taxable corporate income tax to conduct a revaluation. Group management is currently analysing the possibility and the potential impacts of revalue its assets in 2013.

41. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

The new standards and interpretation that have been issued and not effective for the Group on its consolidated financial statements can be analysed as follows:

Annual Improvement Project

In May 2012, IASB published the Annual Improvement Project that implied changes to the standards in force. However, the effective date of the referred changes is 1 January 2013, being early adoption allowed.

- Changes to IAS 1 - Presentation of Financial Statements. This changes clarifies the difference between voluntary additional comparative information and the minimum required comparative information in cases of retrospective statements, reclassifications and changes in accounting policies. Generally, the minimum required comparative information is the previous period.

No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 16 - Property, Plant and Equipment. This amendment clarifies that if spare parts and servicing equipment meet with the definition of property, plant and equipment are not inventory.

No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 32 - Financial Instruments: Presentation. The amendment clarifies that income taxes arising from distributions to equity holders are accounted in accordance with IAS 12 - Income taxes.

No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 34 - Interim Financial Reporting. The amendments aligns the disclosures requirement for total segment assets with total liabilities in interim financial statements, ensuring that interim disclosures are aligned with annual disclosures in relation to the changes of profit and losses account and other comprehensive income.

No significant impact is expected in the Group from the adoption of this change.

Standards, amendments and interpretations issued but not yet effective for the Group

IFRS 7 (Amendment) - Financial Instruments: Disclosures - Offsetting Financial Assets

The International Accounting Standards Board (IASB), issued in December 2011, amendments to IFRS 7 — Financial Instruments: Disclosures, with effective date of mandatory application of 1 January 2013, being early adoption allowed.

With this change, the disclosures of financial instruments include information that will evaluate the effect or potential effect of the compensation arrangements, including the countervailing recognised as assets and financial liabilities in the statement of financial position.

The adoption of this amendment will only have impact on the financial statement disclosures.

IFRS 9 - Financial Instruments

The International Accounting Standards Board (IASB) issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, with effective date of mandatory application for periods beginning on or after 1 January 2015, being allowed its early adoption. This standard, changed in October 2010, has not yet been adopted by the European Union.

This standard is included in phase I of the IASB's comprehensive project to replace IAS 39 and relates to issues of classification and measurement of financial assets. The main issues considered are as follows:

- the financial assets can be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Its classification depends on how the entity presents these financial assets and the contractual cash flows associated to each financial asset in the business;
- debt instruments model can be measured at amortised cost when the contractual cash-flows represent only principal and interest payments, which means that it contains only basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognised at fair value; and
- equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However an entity could irrevocably elect equity instruments at initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves can not be recycled to profit and loss. This is a discretionary decision, and does not imply that all the equity instruments should be treated on This basis. the dividends received are recognised as income for the year;
- there is no exemption that allows unquoted equity investments and related derivatives to measure at cost. However, guidance is provided on the limited circumstances in which the cost of such an instrument may be an appropriate approximation of fair value;
- changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

The Group is evaluating the impact of adopting this standard.

IFRS 10 - Consolidated Financial Statements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 10 - Consolidated Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This standard introduces a new approach in determining which investments should be consolidated, replacing IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation SPE. This standard establishes a single model to be applied in assessing the existence of control over subsidiaries, where an investor has control over a subsidiary when it is exposed, or has the right, to variable returns arising from its involvement in the subsidiary and has the ability to influence these returns because of the power over it. Additionally, the concept of "de facto control" was introduced.

The Group is evaluating the impact of adopting this standard.

IFRS 11 - Joint Arrangements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 11 - Joint Arrangements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This standard superseded IAS 31 - Interests in Joint Ventures and introduces several changes for accounting jointly controlled investments, the main aspect is the elimination of the option to consolidate joint ventures by the proportional method, being the equity method mandatory.

The structure of a joint agreement ceases to be the main factor in determining the accounting model to adopt. The classification of a joint agreement requires the identification and evaluation of the structure, legal form of the contractual agreement and other facts and circumstances.

The Group is evaluating the impact of adopting this standard.

IFRS 12 - Disclosure of Interests in Other Entities

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 12 - Disclosure of Interests in Other Entities, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

The information disclosed has to help users of the financial statements evaluate the nature and risks associated with its interests in other entities and the effects of those interests on the financial statements. The main issues considered are as follows:

- for the interests in subsidiaries, should be disclosed: (i) the composition of the group; (ii) non-controlling interests; (iii) significant restrictions on the parent's ability to access or use the assets and settle the liabilities of its subsidiaries; (iv) the nature of, and changes in, the risks associated with interests in consolidated structured entities; and (v) changes in its ownership interest that did or did not result in a loss of control during the reporting period;
- for the interests in joint arrangements and associates, it should be disclosed: (i) the nature, extent and financial effects of its interests in joint arrangements and associates, including information about contractual relationships with other parties; and (ii) the nature of, and the changes in, the associated risks with its interests in joint ventures and associates;
- for the interests in unconsolidated structured entities, should be disclose: (i) the nature and the extent of its interests in unconsolidated structured entities; and (ii) the evaluation of the nature and changes in the risks associated with the interests in unconsolidated structured entities.

The Group is evaluating the impact of adopting this standard.

IFRS 13 - Fair Value Measurement

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 13 - Fair Value Measurement, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption.

This standard presents a revised concept of fair value and determines new disclosures requirements. The main aspects considered are as follows: (i) principles of fair value, (ii) appropriate valuations techniques and fair value hierarchy and (iii) additional disclosure requirements.

No significant impact in the Group is expected from the adoption of this standard.

IAS 1 (Amended) - Presentation of Financial Statements

The International Accounting Standards Board (IASB) issued in June 2011, IAS 1 - Presentation of Financial Statements: Presentation of items of other comprehensive income, with effective date of mandatory application for periods beginning on or after 1 July 2012, being allowed its early adoption.

The principal changes are the following:

- the amendments retain the option to present profit or loss and other comprehensive income in either a single continuous statement or in two separate but consecutive statements;
- items of other comprehensive are required to be grouped into those that will and will not subsequently be reclassified to profit or loss; and
- tax on items of other comprehensive income is required to be allocated on the same basis.

The Group is evaluating the impact from the adoption of this change.

IAS 28 (Amended) - Investments in Associates and Joint Ventures

The International Accounting Standards Board (IASB) issued in May 2011, IAS 28 (Amended) - Investments in Associates and Joint Ventures, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption.

This amendment to IAS 28 (2003) describes the accounting treatment to be adopted by the investor in associates and joint ventures, defining the accounting requirements for applying the equity method for both associates and joint ventures.

No significant impact in the Group is expected from the adoption of this change.

IAS 32 (Amended) - Financial Instruments: Presentation

The International Accounting Standards Board (IASB) issued in December 2011, IAS 32 (Amended) - Financial Statements: Presentation, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This amendment clarifies the required conditions to be met in order to present the net position of the financial assets and liabilities in the financial position of an entity, as follows: (i) the entity currently has a legally enforceable right to set off the recognized amounts, and (ii) the entity has the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

No significant impact in the Group is expected from the adoption of this change.

42. ENVIRONMENT ISSUES

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, as according to IAS 16.

During the period, the environmental expenses recognised in the income statement refer to costs with the environmental management plan are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Environmental Expenses	3,174	1,910
	3,174	1,910

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lives. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 63,336 thousands of Euros as at 31 December 2012 (31 December 2011: 57,694 thousands of Euros) (see note 31).

43. SEGMENTAL REPORTING

The Group generates energy from renewable resources and has four reportable segments which are the Group's strategic business units, Portugal, Spain, Rest of Europe and USA. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different mainly as a consequence of different regulations in each zone. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Other operations include the EDPR BR subgroup companies, the financial investments and remaining activities (biomass and mini-hydric generation plants) not included in the reportable segments. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2012 or 2011.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 2. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

A geographical segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, within a specific economic environment, and it is subject to risks and returns that can be differentiated from those that operate in other economic environments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Portugal - Includes essentially the EDPR Portugal Group companies;
- Spain - Includes the EDPR EU Group companies that operate in Spain;
- Rest of Europe - Includes the EDPR EU Group companies that operate in Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- United States of America includes the EDPR NA Group companies that operate in this country;
- Other - Includes the EDPR BR Group, EDPR Canada Group companies, the financial investments and remaining activities (Biomass and mini-hydric generation plants) not included in the business segments.

The segment "Adjustments" corresponds to the adjustments related to the consolidation of financial investments in subsidiaries of EDPR Group and to the other consolidation and intra-segment adjustments.

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of the intra-segment transactions.

The statement of financial position of each subsidiary and business unit is determined based in the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The income statement for each segment is determined based on the amounts booked directly in the subsidiaries financial statements and business units, adjusted by the intra-segments annulations.

44. AUDIT AND NON AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2012 and 2011. This company and the other related entities and persons in accordance with Law 19/1988 of 12 July, have invoiced for the year ended in 31 December 2012 and 2011, fees and expenses for professional services, according to the following detail (amounts in thousands of Euros):

31 December 2012						
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	177	634	68	791	411	2,081
Other audit services	40	54	-	31	12	137
	217	688	68	822	423	2,218
Tax consultancy services	-	164	-	32	-	196
Other services	10	30	-	-	40	80
	10	194	-	32	40	276
Total	227	882	68	854	463	2,494

31 December 2011						
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	166	639	83	688	308	1,884
Other audit services	180	61	-	31	13	285
	346	700	83	719	321	2,169
Tax consultancy services	-	-	-	24	9	33
Other services	9	-	-	-	-	9
	9	-	-	24	9	42
Total	355	700	83	743	330	2,211

ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2012 and 2011, are as follows:

Company	Head Office	Auditor	2012		2011	
			% of capital	% of voting rights	% of capital	% of voting rights
Group's parent holding company and Related Activities:						
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Serviços Financieros, L.A.	Oviedo	n.a.	100.00%	100.00%	-	-
Europe Geography / Platform:						
Spain:						
EDP Renewables Europe, S.L. (Europe Parent Company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Acampo Arias,S.L.	Zaragoza	KPMG	98.19%	98.19%	98.19%	98.19%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61.50%	61.50%	61.50%	61.50%
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	n.a.	48.70%	60.63%	48.70%	60.63%
Bon Vent de Corbera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de L'Ebre, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de Vilalba, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Ceprastur, A.I.E.	Oviedo	n.a.	56.76%	56.76%	56.76%	56.76%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	75.83%	75.83%	75.83%	75.83%
Desarrollo Eólico Almarchal, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Buenavista, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Corme, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Lugo, S.A.U.	Lugo	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Tarifa, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Dumbria, S.A.U.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Rabosera, S.A.	Huesca	KPMG	95.08%	95.08%	95.08%	95.08%
Desarrollo Eólico Santa Quiteria, S.L.	Huesca	KPMG	83.96%	100.00%	83.96%	100.00%
Desarrollos Catalanes Del Viento, S.L.	Barcelona	KPMG	60.00%	60.00%	60.00%	60.00%
Desarrollos Eólicos de Galicia, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%
EDP Renováveis Cantábria, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Energías Eólicas La Manchuela, S.L.U.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eneroliva, S.A.	Sevilla	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Alfoz, S.L.	Madrid	KPMG	83.73%	83.73%	83.73%	83.73%
Eólica Arlanzón, S.A.	Madrid	KPMG	77.50%	77.50%	77.50%	77.50%
Eólica Campollano, S.A.	Madrid	KPMG	75.00%	75.00%	75.00%	75.00%
Eólica Curiscao Pumar, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica de Radona, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Don Quijote, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Dulcinea, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Fontesilva, S.L.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Garcimuñoz, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Guadalteba, S.L.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Janda, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Navica, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renovables España, S. L. (former Generaciones Especiales I, S.L.)	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Industrias Medioambientales Río Carrión, S.A.	Madrid	n.a.	90.00%	90.00%	90.00%	90.00%
Investigación y Desarrollo de Energías Renovables, S.L.	León	KPMG	59.59%	59.59%	59.59%	59.59%
Molino de Caragüeyes, S.L	Zaragoza	KPMG	80.00%	80.00%	80.00%	80.00%
Eólica Muxía, S.L.	La Coruña	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2012		2011	
			% of capital	% of voting rights	% of capital	% of voting rights
NEO Energia Aragón, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eòlic Coll de la Garganta, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Coll de Moro, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Torre Madrina, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic Molinars, S.L.	Girona	n.a.	54.00%	90.00%	54.00%	90.00%
Parc Eòlic Serra Voltorera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	61.00%	61.00%	61.00%	61.00%
Parque Eólico Belchite, S.L.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	64.84%	64.84%	64.84%	64.84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parques de Generación Eólica, S.L.	Burgos	KPMG	60.00%	60.00%	60.00%	60.00%
Parques Eólicos del Cantábrico, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Rasacal Cogeneración S.A.	Madrid	n.a.	60.00%	60.00%	60.00%	60.00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90.00%	90.00%	90.00%	90.00%
Sierra de la Peña, S.A.	Madrid	KPMG	84.90%	84.90%	84.90%	84.90%
Sotromal, S.A.	Soria	n.a.	90.00%	90.00%	90.00%	90.00%
Tratamientos Medioambientales del Norte, S.A.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renovables, SGPS, S.A.	Porto	KPMG	100.00%	100.00%	-	-
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100.00%	100.00%	-	-
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60.00%	60.00%	60.00%	60.00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50.10%	50.10%	50.10%	50.10%
Eólica de Montenegro, Lda	Vila Pouca de Aguiar	KPMG	50.10%	50.10%	50.10%	50.10%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
France:						
EDP Renewables France, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Canet-Pont de Salars, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. NEO Truc L'homme, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Patay, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Saint Barnabe, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Segur, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne D'Etalondes, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Le Mee, S.A. R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Mardelle, S.A.R.L.	Toulouse	n.a.	100.00%	100.00%	100.00%	100.00%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	-	-
Parc Eolien D'Ardenes	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de La Hetroye, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Mancheville, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Roman, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Varimpre, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Longs Champs, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Vatines, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien du Clos Bataille, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Petite Piece, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Plouvien Breiz, S.A.S.	Carhaix	KPMG	100.00%	100.00%	100.00%	100.00%
Quinze Mines, S.A.R.L.	Toulouse	n.a.	100.00%	49.00%	100.00%	49.00%
Sauvageons, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Vallée du Moulin, S.A.R.L.	Toulouse	n.a.	100.00%	100.00%	100.00%	100.00%

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Poland:						
EDP Renewables Polska, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Elektrownia Wiatrowa Kresy I, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Starozreby, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
J&Z Wind Farms SP. ZO.O.	Warsaw	n.a.	60.00%	60.00%	-	-
Karpacka Mala Energetyka, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Korsze Wind Farm SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
Masovia Wind Farm I, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
MFW Gryf SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
MFW Neptun SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
MFW Pomorze SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
Relax Wind Park I, SP. ZO.O	Warsaw	KPMG	96.43%	96.43%	96.43%	96.43%
Relax Wind Park II, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Relax Wind Park III, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Relax Wind Park IV, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Romania:						
EDP Renewables Romania, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cernavoda Power, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cujmir Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
EDPR-RO-PV, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Foton Delta, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Foton Epsilon, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Pestera Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
VS Wind Farm, S.A. (former Pochidia Wind Farm, S.A.)	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Potelu Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
S.C. Ialomita Power, S.R.L.	Bucharest	n.a.	85.00%	85.00%	85.00%	85.00%
Sibioara Wind Farm, S.R.L.	Bucharest	n.a.	85.00%	85.00%	-	-
Studina Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Vanju Mare Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Great Britain:						
EDPR UK Limited	Cardiff	KPMG	100.00%	100.00%	100.00%	100.00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Moray Offshore Renewables Limited	Cardiff	KPMG	66.64%	66.64%	66.64%	66.64%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Italy:						
EDP Renewables Italia, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
Casellaneta Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Laterza Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Monts de la Madeleine Energie, S.A.S.	Milano	KPMG	100.00%	100.00%	-	-
Pietragalla Eolico, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Re Plus - S.R.L.	Milano	n.a.	80.00%	80.00%	80.00%	80.00%
Repano Wind S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Belgium:						
EDP Renewables Belgium	Brussels	n.a.	100.00%	100.00%	-	-
Greenwind, S.A.	Louvain-la-Neuve	KPMG	70.00%	70.00%	70.00%	70.00%
Holland:						
Tarcan, BV	Amsterdam	KPMG	100.00%	100.00%	100.00%	100.00%

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North America Geography / Platform:						
USA:						
EDP Renewables North America, L.L.C. (USA Parent Company)	Texas, USA	KPMG	100.00%	100.00%	100.00%	100.00%
17th Star Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
2007 Vento I, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2007 Vento II, L.L.C.	Texas	KPMG	51.00%	100.00%	100.00%	100.00%
2008 Vento III, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento IV, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento V, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento VI, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VIII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento IX, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento X, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2012 Vento XI, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Alabama Ledge Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Antelope Ridge Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Arkwright Summit Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Arlington Wind Power Project, L.L.C.	Oregon	KPMG	100.00%	100.00%	100.00%	100.00%
Aroostook Wind Energy, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Ashford Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project II, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
AZ Solar, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Holdings, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm IV, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm V, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Wind Power VII, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower II, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower III, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower IV, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower V, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower VI, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Buffalo Bluff Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Chateaugay River Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Clinton County Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Cloud County Wind Farm, L.L.C.	Kansas	KPMG	100.00%	100.00%	100.00%	100.00%
Cloud West Wind Project, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Coos Curry Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Cropsey Ridge Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Crossing Trails Wind, Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Dairy Hills Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Diamond Power Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
East Klickitat Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Eastern Nebraska Wind Farm, L.L.C.	Nebraska	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures X, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%

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EDPR Wind Ventures XI, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Five-Spot, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Ford Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Franklin Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Gulf Coast Windpower Management Company, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Headwaters Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II, L.L.C.	Minnesota	KPMG	51.00%	100.00%	100.00%	100.00%
High Trail Wind Farm, L.L.C.	Illinois	KPMG	100.00%	100.00%	100.00%	100.00%
Horizon Wind Chocolate Bayou I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Midwest IX, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest I, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest IV, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest VII, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest X, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest XI, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Panhandle I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest I, L.L.C.	New Mexico	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest IV, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Valley I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind MREC Iowa Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IB, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IC, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IX, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VIII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind, Freeport Windpower I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wyoming Transmission, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Jericho Rise Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lost Lakes Wind Farm, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Machias Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower, L.L.C.	New York	KPMG	100.00%	100.00%	100.00%	100.00%
Marble River, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Martinsdale Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm II, L.L.C.	Indiana	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm IV, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Windfarm III, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Mesquite Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
New Trail Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
North Slope Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Number Nine Wind Farm, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Old Trail Wind Farm, L.L.C.	Illinois	KPMG	51.00%	100.00%	100.00%	100.00%
OPQ Property, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Pacific Southwest Wind Farm, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm II, L.L.C.	Ohio	KPMG	100.00%	100.00%	100.00%	100.00%

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Paulding Wind Farm III, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm IV, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Peterson Power Partners, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Interconnection, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm II, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Post Oak Wind, L.L.C.	Texas	KPMG	51.00%	100.00%	100.00%	100.00%
Quilt Block Wind Farm, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Rail Splitter, L.L.C.	Illinois	KPMG	100.00%	100.00%	100.00%	100.00%
Rio Blanco Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Rising Tree Wind Farm, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Rush County Wind Farm, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Saddleback Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners, L.L.C.	Washington	KPMG	100.00%	100.00%	100.00%	100.00%
Sardinia Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Signal Hill Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm II, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm III, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm IV, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm V, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Stinson Mills Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Stone Wind Power, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Telocaset Wind Power Partners, L.L.C.	Oregon	KPMG	51.00%	51.00%	100.00%	100.00%
The Nook Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Tug Hill Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Tumbleweed Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Turtle Creek Wind Farm, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Verde Wind Power, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Waverly Wind Farm, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Western Trail Wind Project I, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Wheatfield Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Whiskey Ridge Power Partners, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Whistling Wind WI Energy Center, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Whitstone Wind Purchasing, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Wilson Creek Power Partners, L.L.C.	Nevada	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus, L.P.	California	n.a.	100.00%	100.00%	100.00%	100.00%
WTP Management Company, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Canada:						
EDP Renewables Canada, Ltd	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
0867242 BC, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
EDP Renewables Canada GP, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
EDP Renewables Canada LP, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
Eolia Renewable Energy Canada, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
SBWFI GP, Inc.	Ontario	n.a.	100.00%	100.00%	-	-
South Branch Wind Farm, Inc.	Ontario	n.a.	100.00%	100.00%	-	-
South Dundas Wind Farm LP	Ontario	n.a.	100.00%	100.00%	-	-

Company	Head Office	Auditor	2012		2011	
			% of capital	% of voting rights	% of capital	% of voting rights
South America Geography / Platform:						
Brazil:						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	55.00%	55.00%	55.00%	55.00%
Central Eólica Aventura, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão I, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão II, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão III, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Nacional de Energia Eólica, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Elebrás Proyectos, Ltda	São Paulo	n.a.	55.00%	100.00%	55.00%	100.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2012, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragosa	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	15,025 €	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	117,994 €	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, L.L.C.	\$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	\$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante	50.00%	50.00%

Company	Non Current Assets Euro'000	Current Assets Euro'000	Non Current Liabilities Euro'000	Current Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	43,999	9,885	11,605	6,815	35,464	17,995	-10,119	7,876
Desarrollos Energeticos Canarios S.A.	-	4	-	9	-5	-	-	-
Evolución 2000, S.L.	22,304	3,230	17,489	1,934	6,111	5,568	-3,570	1,998
Flat Rock Windpower, L.L.C.	147,901	2,304	1,308	130	148,767	11,170	-14,062	-2,892
Flat Rock Windpower II, L.L.C.	59,348	568	504	34	59,378	2,388	-4,966	-2,578
Tebar Eólica, S.A.	12,872	6,349	11,141	2,498	5,582	4,398	-3,482	916

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2011, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragosa	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	15,025 €	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	117,994 €	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, L.L.C.	\$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	\$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante	50.00%	50.00%

Company	Non Current Assets Euro'000	Current Assets Euro'000	Non Current Liabilities Euro'000	Current Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	47,204	9,709	19,424	6,826	30,663	17,986	-10,214	7,772
Desarrollos Energeticos Canarios S.A.	-	4	-5	-	9	-	-	-
Evolución 2000, S.L.	23,319	5,025	18,850	2,134	7,360	5,255	-3,578	1,677
Flat Rock Windpower, L.L.C.	158,942	3,125	1,265	28	160,774	11,565	-13,815	-2,250
Flat Rock Windpower II, L.L.C.	63,658	863	487	68	63,966	2,740	-4,609	-1,869
Tebar Eólica, S.A.	14,607	6,095	13,063	2,220	5,419	4,108	-3,276	832

The Associated Companies included in the consolidation under the equity method as at 31 December 2012 and 2011, are as follows:

Company	Head Office	Auditor	2012		2011	
			% of capital	% of voting rights	% of capital	% of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	n.a.	18.97%	38.96%	18.97%	38.96%
Biomassas del Pirineo, S.A.	Huesca	n.a.	30.00%	30.00%	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	Oklahoma	n.a.	25.00%	25.00%	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	Burgos	n.a.	30.00%	30.00%	30.00%	30.00%
Desarrollos Eolicos de Canarias, S.A.	Gran Canaria	KPMG	44.75%	44.75%	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	Lisboa	Mazars	35.96%	35.96%	35.96%	35.96%
Parque Eólico Belmonte, S.A.	Asturias	KPMG	29.90%	29.90%	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	Soria	Ernst & Young	42.00%	42.00%	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	Edimburg	Deloitte	49.00%	49.00%	49.00%	49.00%
Solar Siglo XXI, S.A.	Ciudad Real	n.a.	25.00%	25.00%	25.00%	25.00%

ANNEX 2

EDP Renováveis, S.A.
Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2012

Thousands of Euros	WIND ENERGY OPERATIONS						U. S. A.	Other and Adjustments	Renováveis Group
	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total			
Revenues	149,333	434,424	182,986	24,066	-13,271	777,538	355,504	24,754	1,157,796
Income from institutional partnerships in US wind farms	-	-	-	-	-	-	127,350	-	127,350
	149,333	434,424	182,986	24,066	-13,271	777,538	482,854	24,754	1,285,146
Other operating income / (expenses)									
Other operating income	815	6,255	35,586	1,573	2,311	46,540	19,796	-3,220	63,116
Supplies and services	-20,952	-75,477	-33,670	-19,121	24,124	-125,096	-116,456	-20,258	-261,810
Personnel costs	-3,016	-7,142	-2,933	-11,451	-	-24,542	-29,016	-9,101	-62,659
Other operating expenses	-7,513	-22,130	-9,891	-1,536	68	-41,002	-39,516	-5,694	-86,212
	-30,666	-98,494	-10,908	-30,535	26,503	-144,100	-165,192	-38,273	-347,565
	116,667	335,930	172,078	-6,469	13,232	633,438	317,662	-13,519	937,581
Provisions	3	-	-	-	-	3	-	-	3
Depreciation and amortisation expense	-27,082	-180,244	-48,782	-4,032	-	-260,140	-233,458	-9,111	-502,709
Amortisation of deferred income / Government grants	779	115	225	-	-	1,119	-	-	15,231
	92,367	155,801	123,521	-10,501	13,232	374,420	98,316	-22,630	450,106
Gains / (losses) from the sale of financial assets	-	2,766	-	-	-	2,766	-	-	2,766
Other financial income	-	563	16,742	163,436	-162,929	17,812	5,573	28,550	51,935
Interest income	11,000	7,161	2,020	174,635	-175,315	19,501	729	2,023	22,253
Other financial expenses	-1,185	-2,064	-23,291	-527	763	-26,304	-78,354	-25,311	-129,969
Interest expense	-35,185	-119,372	-75,560	-253,155	175,234	-308,038	-793	86,996	-221,835
Share of profit of associates	4,094	3,270	-531	-	-	6,833	-	-	6,833
Profit before tax	71,091	48,125	42,901	73,888	-149,015	86,990	25,471	69,628	182,089
Income tax expense	-18,578	-11,581	-11,705	22,556	313	-18,995	-3,901	-23,143	-46,039
Profit for the year	52,513	36,544	31,196	96,444	-148,702	67,995	21,570	46,485	136,050
Attributable to:									
Equity holders of EDP Renováveis	50,470	33,825	29,901	96,447	-148,702	61,941	16,657	47,668	126,266
Non-Controlling Interests	2,043	2,719	1,295	-3	-	6,054	4,913	-1,183	9,784
Profit (loss) for the period	52,513	36,544	31,196	96,444	-148,702	67,995	21,570	46,485	136,050
Assets									
Property, plant and equipment	507,691	2,941,560	1,733,352	160,612	-	5,343,215	4,991,866	201,826	10,536,907
Intangible assets and Goodwill	42,109	473,201	92,355	1	93,973	701,639	610,286	14,920	1,326,845
Investments in associates	-	8,567	12,136	2,638	22,291	45,632	1,840	1	47,473
Current assets	291,941	353,678	227,139	1,544,840	-1,727,712	689,886	129,095	118,176	937,157
Equity and Liabilities									
Equity and Non-Controlling Interest	113,873	1,247,542	249,839	218,993	-1,346,134	484,113	3,388,092	1,876,622	5,748,827
Current Liabilities	291,338	836,298	941,953	563,144	-1,439,737	1,192,996	277,131	-333,560	1,136,567
Other information:									
Increase of the period									
Property, plant and equipment	9,316	74,436	289,804	118,798	-	492,354	178,449	19,299	690,102
Intangible assets and Goodwill	-	-	177	-	-	177	11	-	188

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

EDP Renováveis, S.A.
Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2011

Thousands of Euros	WIND ENERGY OPERATIONS								Renováveis Group
	EUROPE						U. S. A.	Other and Adjustments	
	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total			
Revenues	138,576	379,527	126,212	18,292	-27,744	634,863	302,890	19,464	957,217
Income from institutional partnerships in US wind farms						-	111,610		111,610
	138,576	379,527	126,212	18,292	-27,744	634,863	414,500	19,464	1,068,827
Other operating income / (expenses)									
Other operating income	2,094	5,502	1,606	8,195	45,159	62,556	17,712	4,276	84,544
Supplies and services	-21,481	-66,595	-23,138	-14,543	19,103	-106,654	-101,262	-17,153	-225,069
Personnel costs	-2,988	-6,856	-3,948	-9,050	-	-22,842	-25,936	-12,054	-60,832
Other operating expenses	-5,455	-16,459	-6,626	-1,238	1,130	-28,648	-34,839	-3,245	-66,732
	-27,830	-84,408	-32,106	-16,636	65,392	-95,588	-144,325	-28,176	-268,089
	110,746	295,119	94,106	1,656	37,648	539,275	270,175	-8,712	800,738
Provisions	-	266	-	-	-	266	-	-	266
Depreciation and amortisation expense	-28,643	-133,675	-49,084	-5,338	-35,488	-252,228	-209,653	-6,612	-468,493
Amortisation of deferred income / Government grants	913	140	242	1	-	1,296	13,690	-	14,986
	83,016	161,850	45,264	-3,681	2,160	288,609	74,212	-15,324	347,497
Gains / (losses) from the sale of financial assets	-	10,499	-	-	-	10,499	-	-	10,499
Other financial income	-	906	19,660	25,020	-23,842	21,744	8,299	756	30,799
Interest income	7,072	6,269	1,515	178,452	-179,101	14,207	539	16,010	30,756
Other financial expenses	-280	-1,869	-33,548	-12,751	10,275	-38,173	-72,098	-9,091	-119,362
Interest expense	-35,050	-114,724	-63,808	-247,094	179,057	-281,619	1,283	94,013	-186,323
Share of profit of associates	2,167	1,746	-7	889	-	4,795	-	1	4,796
Profit before tax	56,925	64,677	-30,924	-59,165	-11,451	20,062	12,235	86,365	118,662
Income tax expense	-15,665	-16,277	2,759	30,805	2,365	3,987	-5,813	-26,212	-28,038
Profit for the year	41,260	48,400	-28,165	-28,360	-9,086	24,049	6,422	60,153	90,624
Attributable to:									
Equity holders of EDP Renováveis	39,733	44,995	-26,586	-28,329	-9,086	20,727	6,422	61,455	88,604
Non-Controlling Interests	1,527	3,405	-1,579	-31	-	3,322	-	-1,302	2,020
Profit (loss) for the period	41,260	48,400	-28,165	-28,360	-9,086	24,049	6,422	60,153	90,624
Assets									
Property, plant and equipment	526,275	3,152,540	1,356,113	47,049	-	5,081,977	5,162,441	210,203	10,454,621
Intangible assets and Goodwill	42,494	97,172	90,416	69	470,034	700,185	618,437	15,042	1,333,664
Investments in associates	-	9,381	14,700	-	25,423	49,504	1,877	-	51,381
Current assets	133,706	445,113	144,866	1,430,075	-1,496,724	657,036	137,865	95,651	890,552
Equity and Liabilities									
Equity and Non-Controlling Interest	97,953	936,440	223,278	121,189	-935,817	443,043	3,332,379	1,678,303	5,453,725
Current Liabilities	229,146	1,005,260	554,386	463,909	-1,371,231	881,470	396,278	-194,569	1,083,179
Other information:									
Increase of the period									
Property, plant and equipment	10,119	168,898	155,079	28,771	-	362,867	407,894	59,949	830,710
Intangible assets and Goodwill	-	-	5	-	-	5	-	4	9

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom



EDP Renováveis Group

**MANAGEMENT REPORT
DECEMBER 2012**

MANAGEMENT REPORT
of
EDP Renováveis Group (EDPR)

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ATTACHED:

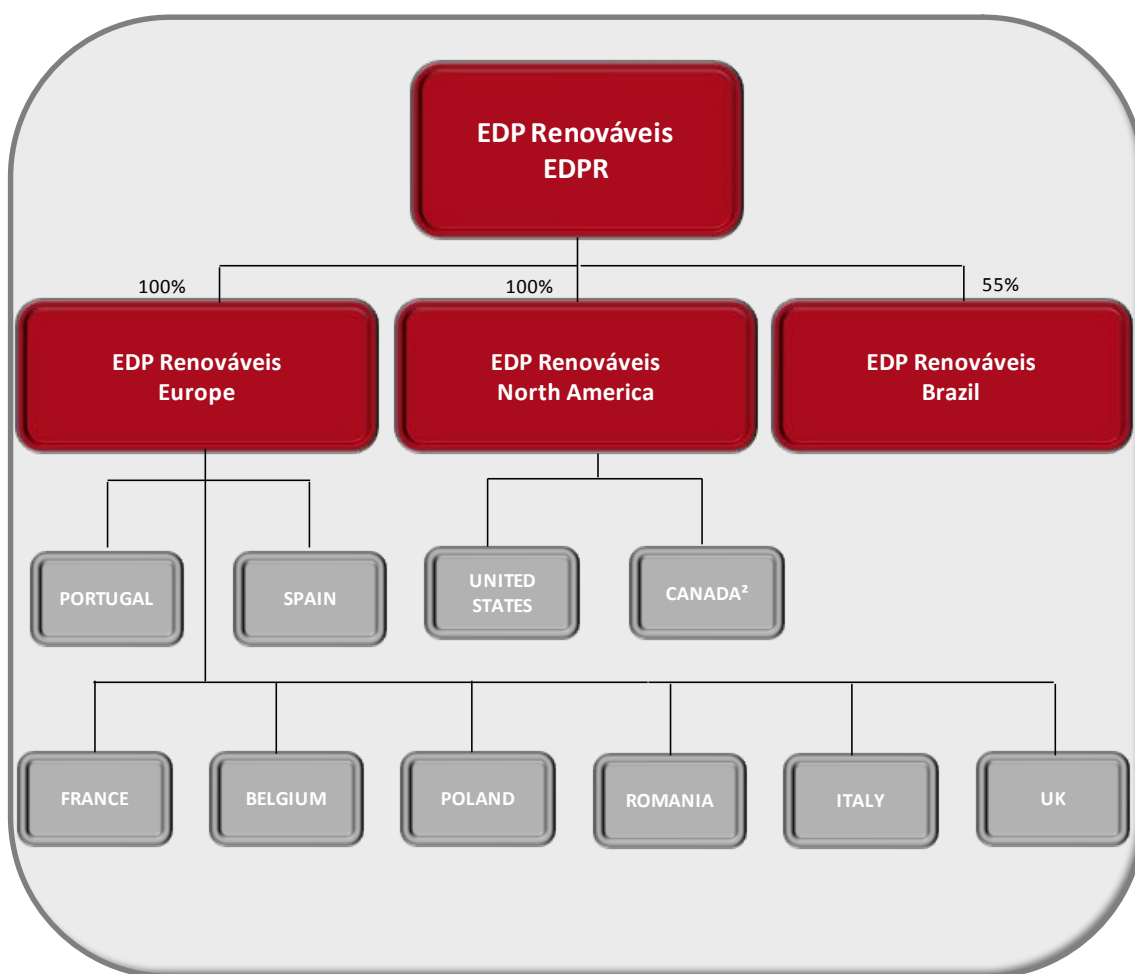
EDP RENOVÁVEIS CONSOLIDATED FINANCIAL STATEMENTS AS OF 31/DEC/2012

1. INTRODUCTION

By means of the current Management Report, the Board of Directors of EDPR hereby provides shareholders and all other relevant stakeholders and all other relevant stakeholders with a synopsis of the most relevant aspects of the EDP Renováveis business and performance during 2012.

2. ORGANIZATIONAL CHART

EDP Renováveis Organization¹



¹ Non-exhaustive Organization Chart, illustrating simplified geography of presence rather than comprehensive list of legal entities. For simplification purposes, country holdings are shown

² 100% owned by EDPR S.A., operationally integrated under EDPR NA platform.

3. MAIN EVENTS OF THE PERIOD

JANUARY

January 6th – Proposal for EDPR's new CEO to be approved at next EDP's General Shareholders' Meeting

EDP Renováveis informed that its principal shareholder EDP - Energias de Portugal, S.A. will hold a General Shareholders' Meeting in February 20th in which, among other, will decide upon the election of new members of the Executive Board of Directors. As a consequence, shall the referred proposal for the election of new Executive Board Members be approved, EDP hereby informs, from now, that, as major shareholder of EDP Renováveis, it intends to propose the necessary steps for Mr. João Manso Neto to assume the position of EDP Renováveis' Chief Executive Officer, in substitution Mrs. Ana Maria Fernandes.

FEBRUARY

February 2nd – EDP Renováveis disclosed 2011 provisional data

In 2011 EDPR wind energy capacity grew by 806 MW (+12% YoY), adding 720 MW to its EBITDA consolidated capacity and 87 MW (attributable to EDPR) through the Eólicas de Portugal consortium. By the end of December 2011, EDPR managed a portfolio of 7.2 GW in 8 different countries, plus the 326 MW through its interest in the Eólicas de Portugal consortium.

In 2011, EDPR produced 16.8 TWh of CO2-free energy, a 17% increase vis-à-vis 2010, outpacing the capacity growth. The US represented the main source of growth (+21% YoY), while Europe's growth (+10% YoY) continues to be supported by Central and Eastern European markets (Rest of Europe, +65% YoY).

EDPR achieved a solid top-sector 29% load factor, with the capacity factor reaching 25% in Europe and 33% in the US, underlying the high quality of EDPR's assets. The annual stability on the total average load factor is result of a balanced portfolio, a selective geographical diversification and a strong knowledge in maximizing wind farm output.

February 29th – EDP Renováveis announced 2011 results

Revenues reached €1,069 million (+13% YoY) and EBITDA €801 million (+12% YoY), with an EBITDA margin of 75%. Net income increased 10% YoY to €89 million.

February 29th – Approval of Mr. João Manso Neto as the new CEO of EDP Renováveis

At the Board of Directors' Meeting of EDP Renováveis held on the February 28th, 2012, the board members have approved the election of Mr. João Manso Neto to the position of CEO and Vice-President of EDP Renováveis Board of Directors following a proposal from the Appointment and Remuneration Committee. The election pursues Mrs. Ana Maria Fernandes' resignation to such positions given her new responsibilities within EDP.

MARCH**March 5th – EDP Renováveis executed project finance for 125 MW in Spain**

EDP Renováveis executed a project finance structure agreement with a consortium of five European banks for 125 MW in Spain.

The long-term contracted debt facility (17 years) amounts to €177 million and the transaction financial close is expected to occur until the end of the first quarter of 2012.

The 125 MW comprises three wind farms in the Spanish region of Cataluña with 25 MW installed in 2009 and 50 MW installed in the 2011, being the remaining 50 MW currently under construction and to be installed by the end of 2012. All the capacity has a long term remuneration scheme in place according with the Royal Decree 661/2007.

APRIL**April 12th – EDP Renováveis Annual Shareholder Meeting**

EDP Renováveis' Annual General Shareholders' Meeting was held in the April 12th and approved the following resolutions:

- Review and approval of the individual and consolidated accounts for the fiscal year ended on December 31, 2011, namely the balance sheet, profit and loss account, changes to the net assets, cash flow statement and notes.

- Review and approval of the application of results for the fiscal year ended on December 31, 2011: i) Base breakdown: profit for the year 2011: €59,018,372.50; ii) Distribution: €5,901,837.25 to legal reserve and €53,116,535.25 to voluntary reserve.
- Review and approval of the Individual Management Report, Consolidated Management Report with its subsidiaries, and the Corporate Governance Report, for the fiscal year ended on December 31, 2011.
- Review and approval of the management conducted by the Board of Directors during the fiscal year ended on December 31, 2011, as well as a vote of confidence to its members.
- Approval of the remuneration policy for the managers of EDP Renováveis.
- Re-election, as Auditor of EDP Renováveis S.A., of KPMG Auditores, S.L. recorded in the Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153, for the year 2012.
- Delegation of powers to the Chairperson of the Board, António L. Guerra Nunes Mexia, to the Director, João Manso Neto, and to the Company Secretary, Emilio Garcia-Conde Noriega, for the formalization and implementation of all resolutions adopted at the General Shareholders' Meeting, for the purpose of celebrating the respective public deed and to permit its interpretation, correction, addition or development in order to obtain the appropriate registrations.

April 12th – EDP Renováveis Board of Directors approved resolutions

EDP Renováveis' Board of Directors approved, pursuant to the terms provided for under the applicable Spanish law, the following resolutions:

- Resignation of António Mexia as President and member of the Executive Committee of EDPR, and Ana Maria Fernandes as member of the Executive Committee. António Mexia remains as Chairman the Board of Directors and Ana Maria Fernandes remains as member of the same board;
- Resolution by unanimity to appoint João Manso Neto as President of the Executive Committee;
- Following the approved resolutions, the Board of Directors resolved unanimously to reduce the number of members of the Executive Committee of EDPR from the current 8 members to 6 members, being composed by the following members: João Manso Neto, CEO; Nuno Alves; Rui Teixeira, CFO; Luís Adão da Fonseca, CBDO; João Paulo Costeira, COO of Europe; Gabriel Alonso, COO of EDPR North America.

April 18th – EDP Renováveis disclosed 1Q2012 provisional data

In the last 12 months, EDPR added 532 MW to its EBITDA consolidated capacity and 87 MW (attributable to EDPR) through the Eólicas de Portugal consortium. As of Mar-2012, EDPR managed a global portfolio of 7.5 GW of onshore wind energy spread over 8 different countries, of which 7.2 GW fully consolidated with an additional 326 MW through its interest in the Eólicas de Portugal consortium.

In the 1Q12, EDPR produced 5.2 TWh of clean energy, an 18% increase vs. 1Q11. The annual growth in the electricity output benefited from the capacity additions in the last 12 months and the outstanding wind resource in the US. EDPR operations in the US were the main source for the electricity production growth, having increased by +26% YoY to 3.1 TWh. The European production growth (+6% YoY to 2.1 TWh) was strongly supported by Central and Eastern European markets (Rest of Europe, +50% YoY).

EDPR achieved a solid top-sector 34% load factor, reaching 27% in Europe and 41% in the US, underlining the high quality of EDPR's assets. The stability of the total average load factor is a result of a balanced portfolio, a selective geographical diversification and a strong knowledge in maximizing wind farm output.

MAY**May 8th – Ms. Ana Maria Fernandes resigned from member of EDP Renováveis' Board of Directors**

Ms. Ana Maria Fernandes resigned from member of EDP Renováveis' Board of Directors given her new responsibilities within EDP.

In order to fill the vacancy, following the proposal from the Nomination and Remuneration Committee, the EDP Renováveis' Board of Directors appointed by cooption Mr. João Marques da Cruz, shareholder of EDPR, as member of such Board until the first General Meeting is gathered.

The cooption proposal is according to the Number 2 of the Article 23º of EDPR Articles of Association.

May 9th – EDP Renováveis announced 1Q2011 results

Revenues increased 22% YoY to €346 million resulting in a 20% YoY EBITDA increase to €263 million, with an EBITDA margin of 76%. Net income reached €62 million (+26% YoY).

May 22nd – EDP Renováveis held its Investor Day in Oporto

EDP Renováveis management team present to the market the company's strategy for the next few years.

JUNE**June 5th – EDP Renováveis informed on management transactions**

Mr. Rui Teixeira acquired 500 shares at an average price of €2.90 increasing its holding to 12,370 shares.

June 21st – EDP Renováveis informed on management transactions

Mr. Gabriel Alonso acquired 8,000 shares at an average price of €2.74 increasing its holding to 26,503 shares.

JULY**July 11th – EDP Renováveis disclosed 1H2012 provisional data**

In the 1H12, EDPR produced 10 TWh of clean energy, a 13% growth vs. 1H11. The electricity output growth reflects EDPR's well balanced portfolio: generation in Europe increased by 15% YoY and in the US by 10% YoY.

In the period, EDPR delivered a premium 32% load factor, maintaining its leading position within the wind sector reflecting its assets intrinsic quality.

By the end of the 1H12, EDPR managed a global portfolio of 7.5 GW of wind energy onshore spread over 8 different countries, of which 7.2 GW fully consolidated plus 332 MW through its interest in the Eólicas de Portugal consortium.

July 25th – EDP Renováveis disclosed 1H2012 results

Revenues in the 1H12 increased 23% YoY, outpacing volumes growth given the sustained increase of the average selling price. EBITDA growth was in line with the Top-Line performance (+23% YoY) after a 16% Opex increase (excl. other operating income) and an €8m decline in other operating income, which resulted in a 75% EBITDA margin

Net Profit in the 1H12 increased 12% YoY to €100m or 33% on a like-for-like basis (Adj. Net Profit of €103m in the 1H12 vs. €78m in the 1H11) when adjusted by the change in the operating assets' useful life to 25 years, introduction of deferred tax accounting in the US, forex differences, capital gains, excess of provisions and write-offs/impairments.

July 30th – EDP Renováveis executes project finance for 57 MW in Belgium

EDP executed a project finance structure agreement with two European banks for 57 MW in Belgium. The long-term contracted debt facilities amount to €46 million and the transaction financial close is expected to occur until the end of the third quarter of 2012.

The 57 MW comprises three wind farms in operation in Belgium in the region of Walloon, with 47 MW installed in 2008 and 10 MW installed in 2009, and all the capacity has a long-term PPA in place.

SEPTEMBER**September 3rd – Wind sector and Portuguese Government reached agreement for the extension of the remuneration framework**

The Portuguese wind sector and the Portuguese Government reached an agreement in principles that maintains the legal stability of the current contracts (Decree-Law 33-A/2005) and protects the value of the investments made by the wind energy developers in the Portuguese economy. The wind farm operators can voluntarily invest to obtain further remuneration visibility, through the acquisition of a new tariff scheme to be applied upon the initial 15 years established by law. The proceeds will be used to reduce the overall costs of the Portuguese electricity system.

The agreement is only applicable to the wind farms under the “old tariff regime”, while the wind farms awarded under the competitive tenders (e.g. Eólicas de Portugal - ENEOP) after the publication of the Decree-Law 33-A/2005 will not be subject to any type of changes.

The agreement reached provides additional stability to the Portuguese electricity system, and reinforces the legal framework in place and the country's commitment with renewable energy, by:

- Keeping unchanged all the provisions included in the Decree-Law 33-A/2005;
- Making the agreement voluntary to each one of the wind developers;
- Introducing a new tariff scheme, by extending the duration of the remuneration framework from the initial 15 years since the publication of the Decree-Law 33-A/2005 or the commercial operating date if later, to a duration of 20-22 years, in exchange for an annual payment by the developers from 2013 through 2020.

In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework the Government proposed 4 alternative tariff schemes to be elected by each of the wind developers, providing i) alternative cap and floor selling prices; ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently iii) alternative levels of investment (on a per MW basis) to acquire the new scheme.

Through this regime, wind energy will be remunerated between year 16th and 22nd according with:

- The Floor Price whenever the daily average wholesale market price is below the Floor Price;
- The Cap Price whenever the daily average wholesale market price is above the Cap Price, and;
- The daily average wholesale market price when it is within the Floor and the Cap.

EDPR expects to annually invest between €3.6 million to €4.0 million, during the 2013-2020 period, thus enabling additional long-term remuneration visibility for its Portuguese assets.

September 4th – EDP Renováveis informed on the resignation of members of the Board of Directors

EDPR informed that Mr. António do Pranto Nogueira Leite and Mr. Francisco José Queiroz Barros de Lacerda have presented, by letters addressed to EDPR, their resignation from members of the Board of Directors. Following their resignation as members of the Board of Directors, Mr. António do Pranto Nogueira Leite and Mr. Francisco José Queiroz Barros de Lacerda also cease their positions in the Related Party Transactions Committee and in the Nominations and Remunerations Committee, respectively.

September 24th – EDP Renováveis informed on the resignation of members of the Board of Directors

EDPR hereby informs that Mr. Luís de Abreu Castello-Branco Adão da Fonseca has presented, by letter addressed to EDPR, his resignation from member of the Board of Directors, due to personal reasons. Following his resignation Mr. Luís de Abreu Castello-Branco Adão da Fonseca also ceases his position in the Executive Committee.

September 25th - EDPR started the construction of its first Solar PV projects

EDPR started the construction of 39 MW of solar photovoltaic (solar PV) projects in Romania, executing one of the strategic growth options announced on its May 2012 Investor Day. The construction of the projects is expected to be concluded by the 1Q 2013.

OCTOBER

October 17th - EDP Renováveis disclosed 9M2012 provisional data

In the 9M12, EDPR produced 13.3 TWh of clean energy, a 11% growth vs. 9M11. The electricity output growth reflects EDPR's well balanced portfolio: generation in Europe increased by 14% YoY and 9% in the US.

In the period, EDPR delivered a high 29% load factor (+1pp YoY), maintaining its leading position within the wind sector and reflecting its wind farms intrinsic quality.

As of Sep-12, EDPR managed a global portfolio of 7.7 GW in onshore wind energy spread over 8 different countries, of which 7.4 GW is fully consolidated plus 350 MW through its interest in the Eólicas de Portugal consortium.

NOVEMBER

November 6th – EDP Renováveis disclosed 9M2012 results

Revenues in the 9M12 increased 22% YoY to €936m, outpacing volume growth given the sustained increase of the average selling price. EBITDA growth was in line with the Top-Line performance (+23% YoY to €675m) after a 15% Opex increase (excl. other operating income) and a €5m decline in other operating income, which resulted in a 72% EBITDA margin (+1pp YoY).

Net Profit in the 9M12 increased 48% YoY to €93m or 31% on a like-for-like basis (Adj. Net Profit of €94m in the 9M12 vs. €72m in the 9M11) when adjusted by the change in the operating assets' useful life to 25 years, recognition of deferred taxes in the US, forex differences, capital gains, use of provisions and write-offs/impairments.

November 6th – EDP Renováveis executed its first asset rotation transaction

EDPR has reached an agreement with Borealis Infrastructure (“Borealis”) – which invests in and manages infrastructure investments on behalf of the Ontario Municipal Employees Retirement System (“OMERS”), one of Canada’s largest pension funds – to sell a 49% equity shareholding in a portfolio of wind farm assets in the US. The portfolio is comprised of four wind farms totalling 599 MW, installed between 2007 and 2008 (4.5 years of average age), and all of which have long-term Power Purchase Agreements (PPAs) in place.

DECEMBER

November 9th – Update on agreement between EDPR and Vestas

EDP Renováveis S.A. (“EDPR”) and Vestas Wind Systems A/S (“Vestas”) have agreed to extend until 2015 the delivery period of the turbines covered by the 1,500 MW master supply agreement (in reference to reference to the announcement made in April 26th 2010).

December 11th – EDP Renováveis executed project finance for 57 MW in Romania

EDPR has executed a project finance structure agreement with a consortium of banks led by the European Bank for Reconstruction and Development (“EBRD”) for 57 MW in Romania.

The long-term contracted debt facility amounts to €50 million and the transaction financial close is expected to occur over the coming weeks.

This transaction, for the already in operation Vutcani (24 MW) and Sarichioi (33 MW) wind farms, represents EDPR's third project finance in Romania. With this agreement all the wind installed capacity by EDPR in Romania (285 MW) have now project financing structures fully secured (€238 million).

December 20th – EDP Renováveis agrees with CTG on the first investment in minority stakes in wind farms

EDPR”) entered today into an agreement with China Three Gorges International (Hong Kong) Company Limited (“CTGI HK”), a fully owned subsidiary of China Three Gorges (“CTG”), to sell a 49% equity shareholding and 25% of the outstanding shareholders loans in EDP Renováveis Portugal, S.A. (“EDPR PT”) for a total consideration of €359 million.

The transaction is subject to the customary regulatory approvals with closing expected to occur by the 1H13.

The transaction scope covers 615 MW in operation, with an average age of 6 years, as well as 29 MW ready-to-build, remunerated under a feed-in-tariff regime in accordance to Decree-Law 33-A/2005, article 4. During the last twelve months (Sep-11 through Sep-12), EDPR’s EBITDA and Net Profit in Portugal amounted to €116 million and €43 million, respectively, while total net fixed assets amounted to €558 million as of Sep-12. EDPR will continue to fully consolidate the assets.

4. PERFORMANCE OF 2012

4.1 Operational Performance

4.1.1 Operating Overview

Installed Capacity (MW)	2012	2011	Δ 12/11
Spain	2,310	2,201	+110
Portugal	615	613	+2
France	314	306	+8
Belgium	57	57	-
Poland	190	190	-
Romania	350	285	+65
Italy	40	-	+40
Europe	3,876	3,652	+225
US	3,637	3,422	+215
Brazil	84	84	-
EBITDA MW	7,597	7,157	+440
ENEOP- Eólicas de Portugal (equity consolidated)	390	326	+64
EBITDA MW + Eólicas de Portugal	7,987	7,483	+504

By Dec-12, EDPR managed a global portfolio of 8.0 GW spread over 9 geographies, of which 7.6 GW fully consolidated and with an additional 390 MW equity consolidated through the interest in the Eólicas de Portugal consortium. In 2012, EDPR entered the solar PV technology by commissioning 39 MW in Romania and completed its first wind farms (40MW) in Italy.

From the total 7.6 GW of its EBITDA consolidated capacity, 90% are remunerated according with long-term contracts and regulated frameworks, and only 10% are exposed to US spot electricity markets (although partly with short-term hedges).

During 2012, EDPR added a total of 504 MW of new capacity to its portfolio of which 440 MW to its fully consolidated capacity and 64 MW (attributable to EDPR) through the Eólicas de Portugal consortium. In the period, EDPR added in Europe and 215 MW in the US. In Europe, 110 MW were added in Spain, 65 MW in Romania (of which 39 MW of Solar PV), 40 MW in Italy, 8 MW in France and 66 MW in Portugal (of which 64 MW correspond to the ongoing capacity growth of the Eólicas de Portugal consortium that is attributable to EDPR). From this new capacity in Europe, 179 MW were added in the 4Q12. In the US, EDPR added in 2012 the Marble River wind farm in New York State with 215 MW of installed capacity (70 MW added in 4Q12).

Load Factor	2012	2011	Δ 12/11
Europe	26%	25%	+1.1 pp
US	33%	33%	-
Brazil	31%	35%	(3.5 pp)
Total	29%	29%	+0.4pp

In the year, EDPR delivered a solid 29% load factor (+0.4pp YoY) – top notch figure within the wind industry – reaffirming its assets premium quality. EDPR continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to mitigate wind volatility. In Europe, EDPR obtained a 26% load factor (+1.1pp YoY), driven by higher load factor in Spain and in Rest of Europe. In the US, the 2012 average load factor was stable YoY at 33%, despite the quarterly volatility experienced throughout the year. In Brazil, the average load factor was 31% vs. 35% in 2011.

GWh	2012	2011	Δ 12/11
Europe	8,277	7,301	+13%
US	9,937	9,330	+6%
Brazil	231	170	+36%
Total	18,445	16,800	+10%

EDPR's electricity output increased 10% YoY to 18.4 GWh, delivering growth in all geographies. The company's operations in Europe, backed by Central and Eastern European markets, drove the overall production increase (+13% YoY), with US and Brazil growing +6% and +36% YoY, respectively. The contribution of new PPAs and the investments in regulated markets, resulted in 86% of the year's production sold under PPAs or regulated framework schemes. The exposure to spot electricity prices will decrease further in 2013, following the 12-months contribution of the PPAs that started throughout 2012.

Selling prices (per MWh)	2012	2011	Δ 12/11
Europe	€94.2	€88.0	+7%
US	\$47.1	\$45.7	+3%
Brazil	R\$286.4	R\$278.4	+3%
Average Selling Price	€63.5	€57.7	+10%

The average selling price increased to €63.5/MWh (+€5.8/MWh or +10% YoY) as a result of: i) higher selling prices in Europe (+€2.7/MWh); ii) favourable evolution in the €/€\$ forex (+€1.5/MWh); iii) the production mix change following higher production in Europe (+€0.7/MWh);

iv) US average price improvement (+€0.6/MWh), and; v) higher selling price and output in Brazil (+€0.3/MWh).

The higher output (+10% YoY) and the better selling prices (+10% YoY) drove electricity sales to increase 21% YoY to €1,158m. Income from Institutional Partnership totalled €127m in 2012 (+14% YoY) given: i) the dollar appreciation (+8% YoY), and; ii) the higher electricity output in the US (+6% YoY) leading to higher PTC related income.

All in all, EDPR revenues in 2012 increased 20% from 2011 to €1.3bn. The revenues per MW ratio improved 12% YoY, delivering evidence of the quality investments pursued in the last 12-months.

4.1.2 Development of Capacity and Capex

Under construction (MW)	2012
Spain	0
Portugal	0
France	0
Belgium	0
Poland	130
Romania	28
Italy	0
Europe	158
US	-
EBITDA MW	158
ENEOP- Eólicas de Portugal (equity consolidated)	-
EBITDA MW + Eólicas de Portugal	158

As of Dec-12, EDPR had 158 MW under construction in Europe: 130 MW in Poland and 28 MW in Romania.

Capex (€m)	2012	2011	Δ %	Δ €
Europe	423	368	+15%	+56
US	179	405	(56%)	(226)
Brazil & Others	10	56	(82%)	(47)
Total	612	829	(26%)	(218)

Capex in 2012 totalled €612m reflecting the 440 MW added in 2012 and the works done in the period for the plants under construction. Out of the €612m capex in 2012, €423m were in Europe (€349m in Rest of Europe and €74m in Iberia), while €179m were in the US. This level of investment is lower than the one registered in 2011 as a consequence of a lower pace of MW growth.

4.2 Condensed Consolidated Financial Statements

4.2.1 Statement of Financial Position

Assets (€m)	2012	2011	Δ 12/11
Property, plant and equipment, net	10,537	10,455	+1%
Intangible assets and goodwill, net	1,327	1,334	(1%)
Financial investments, net	57	61	(7%)
Deferred tax assets	89	56	+61%
Inventories	16	24	(32%)
Accounts receivable - trade, net	180	146	+23%
Accounts receivable - other, net	849	750	+13%
Financial assets at fair value through profit and loss	0	0	+84%
Cash and cash equivalents	246	220	+12%
Assets held for sale	-	-	-
Total Assets	13,302	13,045	+2%
Equity (€m)			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	384	325	+18%
Consolidated Net Profit (Equity holders of EDPR)	126	89	+43%
Non-controlling interests	325	127	+157%
Total Equity	5,749	5,454	+5%
Liabilities (€m)			
Financial debt	3,874	3,826	+1%
Institutional partnerships	942	1,011	(7%)
Provisions	64	58	+10%
Deferred tax liabilities	381	381	-
Deferred revenues from institutional partnerships	738	773	(5%)
Accounts payable - net	1,555	1,542	+1%
Total Liabilities	7,553	7,591	(1%)
Total Equity and Liabilities	13,302	13,045	+2%

Overall, 2012 was a year where EDPR has strengthen its balance sheet, by increasing total equity by +5% YoY and reducing its total liabilities by -1%.

Total assets in 2012 totaled €13.3bn, of which c. 80% (€10.5bn) are related to net Property, plant and equipment (PP&E) reflecting the cumulative net invested capital in renewable energy generation.

Total net PP&E increased +€82m, mainly following the new additions in the period (+€690m) reduced by the depreciation charges and impairment losses in the period (-€501m), the effect from Fx translation mostly due to the USD devaluation (-€89m) and the disposals and write-offs (-€19m). Total cumulative net invested capital related to renewable energy assets in operation at the end of 2012 (excluding work in progress related to assets under construction and pipeline and excluding investment grants received) amounted to €9.5bn.

Net intangible assets and goodwill of €1.3bn mostly include the goodwill assigned to acquisitions in the US (€588m) and Spain (€535m) while total net accounts receivable of €1.0bn comprise loans to related parties (€538m), trade receivables (€180m), guarantees (€64m) and tax receivables (€55m).

Total equity at year-end of €5.7bn increased by +€296m during the year essentially from the sale of non-controlling interests of +€179m and the net profit of the period of +€136m (including +€10m attributable to non-controlling interests).

Total liabilities of €7.6bn at year-end 2012, stable versus prior year-end, consist c. 51% from financial debt (€3.9bn) and c. 12% from liabilities related to institutional partnerships (€0.9bn).

Liabilities related to institutional partnerships decreased by -€69m to €942m, mainly as a result of tax benefits monetized (-€111m), payments to institutional investors (-€16m), interests accrued (€67m) and Fx translation (-€18m). Deferred revenues from institutional partnerships of €738m consist of the deferred income related to tax benefits monetized by the institutional partners yet to be recognized in the income statement throughout the remaining lifetime of the respective assets.

Deferred Tax liabilities in the amount of €381m reflect the tax effects from temporary differences between assets and liabilities on an accounting basis and on tax basis, while accounts payable of €1.6bn include payables to PP&E suppliers (€580m), deferred income related to Investment grants received (€324m), liabilities from fair value of derivative financial instruments (€245m) and tax payables (€57m).

4.2.2 Statement of Income

Consolidated Income Statement (€m)	2012	2011	Δ 12/11
Electricity sales and other	+1,158	+957	+21%
Income from Institutional Partnerships	+127	+112	+14%
Revenues	+1,285	+1,069	+20%
Other operating income	+63	+85	(25%)
Supplies and services	(262)	(225)	+16%
Personnel costs	(63)	(61)	+3%
Other operating costs	(86)	(67)	+29%
Operating Costs (net)	(348)	(268)	+30%
EBITDA	+938	+801	+17%
EBITDA/Revenues	+1	+1	(2.0 pp)
Provisions	-	+0	(99%)
Depreciation and amortization	(503)	(469)	+7%
Amortization of deferred income (government grants)	+15	+15	+2%
EBIT	+450	+348	+30%
Capital gains/(losses)	+3	+11	(74%)
Financial income/(expense)	(278)	(244)	+14%
Income/(losses) from group and associated companies	+7	+5	+42%
Pre-Tax Profit	+182	+119	+53%
Income taxes	(46)	(28)	+64%
Profit of the period	+136	+91	+50%
Net Profit (Equity holders of EDPR)	+126	+89	+43%
Non-controlling interests	+10	+2	+384%

In 2012, the company's revenues increased 20% YoY to €1,285m, on the back of higher output and stronger prices. Opex – defined as Operating Costs (net) minus Other operating income – was up 17% YoY, below the top-line growth evolution. On an unitary basis, Opex/MW and Opex/MWh increased 8% and 6% YoY, mostly impacted by a stronger US Dollar and write-offs. Excluding the forex impact and write-offs, Opex/MW and Opex/MWh only increased by 4% and 2% YoY.

In 2012, Supplies and services (which includes O&M costs) together with personnel costs increased 13% YoY, reflecting the stronger US Dollar, the higher average capacity in operation and lower capitalisations as a result of lower FTEs allocated to construction and development activities. Other operating costs (which mainly includes operating taxes, leases and rents) grew 29% YoY following the top-line growth, the stronger US Dollar, higher taxes (Spain and France) and grid access fees (Spain), and further write-offs related to pipeline rationalisation.

Unitary EBITDA per average MW in operation, a metric to measure the assets' profitability, increased 9% YoY to €131k in 2012 showing evidence of the ongoing improvement of EDPR's portfolio. As a result, EBITDA in 2012 totalled €938m, 17% higher vs. 2011.

The operating income (EBIT) increased 30% YoY to €450m in 2012, following the EBITDA performance and the 7% higher depreciation and amortisation. D&A were impacted by the new capacity brought into operation, the extension of the assets' useful life and impairments (€53m) mostly related to projects under development in Spain.

At the financial results level, net interest costs before capitalisation increased 8% YoY to €205m in 2012, below the 14% YoY average financial debt evolution. Institutional partnership costs were up 4% YoY given the stronger US Dollar, while forex differences and derivatives remained positive. Other financial expenses in the 4Q12 standalone amounted to €13m impacted by the early termination costs of financial debt (in line with 3Q12 excluding this effect).

Pre-Tax Profit increased 53% YoY to €182m in 2012. In the period, income taxes amounted to €46m, with an effective tax rate of 25% (vs. 24% in 2011). Non-controlling interests totalled €10m, following the better performance in EDPR Europe and the sale of a non-controlling interest in 599 MW in the US.

All in all, Net Profit increased 43% YoY to €126m in 2012 while Adjusted Net Profit increased by 32% YoY to €134m when adjusted by the non-recurrent events with impact on the operating income and by Forex differences and capital gains (in 2012 and 2011).

4.2.3 Cash-flow and change in Net Debt

Cash-Flow (€m)	2012	2011	Δ 12/11
EBITDA	938	801	+17%
Current income tax	(85)	(29)	+193%
Net interest costs	(205)	(189)	+8%
Income from group and associated companies	7	5	+36%
FFO (Funds From Operations)	655	588	+11%
Net interest costs	205	189	+8%
Income from group and associated companies	(7)	(5)	+36%
Non-cash items adjustments	(121)	(158)	(23%)
Changes in working capital	-66	29	-
Operating Cash-Flow	666	643	+4%
Capex	(612)	(829)	(26%)
Financial (investments)/divestments	(22)	(237)	(91%)
Changes in working capital related to PP&E suppliers	-	(23)	-
Cash grant	5	3	+105%
Net Operating Cash-Flow	37	(444)	-
Sale of non-controlling interests	177	6	-
Proceeds (payments) related to institutional partnerships	(15)	141	-
Net interest costs (post capitalization)	(189)	(156)	+22%
Forex & other	24	(3)	-
Decrease / (Increase) in Net Debt	+33	(457)	-

In 2012, for the first year, EDPR generated an Operating Cash-Flow above the overall investment. Operating Cash-Flow increased 4% YoY to €666m which compares unfavourably with the FFO performance given the non-recurrent working capital changes registered in 2011 and the increased stock of green certificates in Romania, which were mostly sold only at the beginning of 2013.

The key cash-flow items that explain the 2012 cash evolution are the following:

- Funds From Operations, resulting from EBITDA after net interest expenses, income from associates and current taxes increased 11% YoY to €655m;
- Operating Cash-Flow, before net interest costs, adjusted by non-cash items (namely income from US institutional partnerships) and net of changes in working capital, amounted to €666m (+4% YoY). The changes in working capital YoY comparison is influenced by non-recurrent receivables in 2011 (mostly related to VAT collection) and the

increased stock of green certificates in Romania, which were mostly sold only at the beginning of 2013;

- Capital expenditures with the ongoing construction and development works totalled €612m, while other investments activities amounted to €22m.
- In the period, EDPR completed two minority stake transactions executing its asset rotation strategy of selling non-controlling interests in operationally optimized assets. Through the first sale of a 49% equity stake in a 599 MW portfolio of wind farms to Borealis, EDPR received \$230m (€177m) in Dec-12. The instalment of the minority stake transaction announced in Dec-12 with CTG will occur in the 1H13.
- All in all, Net Debt decreased €33m to €3,355m. In 2012, EDPR was for the first time free-cash flow positive and going forward as the Operating Cash-Flow continues to grow and the asset rotation strategy is executed, EDPR is expected to enter into a solid free-cash flow generation cycle.

Net Debt (€m)	2012	2011	Δ €
Bank loans and other	917	837	+80
Loans with EDP Group related companies	2,957	2,989	(32)
Financial Debt	3,874	3,826	+48
Cash and cash equivalents	246	220	+26
Loans to EDP Group related companies and cash pooling	274	219	+55
Financial assets held for trading	0	0	+0.2
Cash & Equivalents	520	439	+81
Net Debt	3,355	3,387	(33)

By Dec-12, EDPR net debt decreased €33m vs. Dec-11 to €3.4bn given that the Operating Cash-Flow and the first instalment of the asset rotation strategy more than covered the investment activities and the debt service of the period. The average financial debt increased 14% in the last 12 months (€4.0bn in 2012 vs €3.5bn in 2011), while the average net debt increased 8% YoY.

76% of EDPR's financial debt was contracted through shareholder loans with the EDP Group – EDPR's principal shareholder –, while loans with financial institutions represented 24%. To continue to diversify its funding sources EDPR keeps on executing top quality projects enabling the company to secure local project finance at competitive costs. In 2012, EDPR signed three new project finances for a total of €274m for projects in Spain (125 MW), Belgium (57 MW) and Romania (57 MW). Moreover, all of EDPR's wind installed capacity in Romania (285 MW) has now project finance structures fully secured (€238m).

Liabilities referred to as Institutional Partnerships decreased €68m YoY (€50m excluding the forex translation effect) to €942m, due to the tax benefits captured by the tax equity partners.

As of Dec-12, 57% of EDPR's financial debt was Euro denominated, while 39% was funded in US Dollar given the company's investments in the US. The remaining debt is mainly related to funding in Polish Zloty and in Brazilian Real.

92% of the financial debt is at a fixed rate and most of it (c.80%) has a post-2018 maturity. EDPR continues to follow a long-term fixed rate funding strategy to match the Operating Cash-Flow profile with its financing costs, therefore mitigating its interest rate risk.

As of Dec-12, the average interest rate was 5.2%, a 20bps decrease vs. Dec-11, reflecting the long-term maturity of the current debt and the attractive rates closed in the latest funding.

4.3 Competitive Landscape and Business Plan

EDPR is a global leading energy company. Our growth has been the result of an extraordinary ability to execute projects and to smoothly integrate new companies, people and cultures. Our markets provide attractive growth potential, mainly due to their growth prospects and the fact that they possess stable regulatory structures that allows for profitable returns.

EDPR continues to look at the renewable energy sector with a long-term outlook, believing that the environmental, economic and technological trends that have underpinned the currently favorable renewable energy market conditions will continue to drive further support for growth in our markets.

EDPR has a solid history executing projects and delivering targets. We consistently increased installed capacity through the successful development of pipeline. The company's successful results stem from a unique combination of factors: strong track record in execution, first class assets with above average wind resource quality, a well balanced portfolio in terms of geography, stage of development and revenue sources, and a competitive turbine supply strategy.

The combination of diversified operations with a stable revenue base spread across countries with favorable regulatory regimes limits the exposure to market prices of electricity and provides significant visibility and stability.

At the core of EDPR's confidence in achieving these targets, is a dynamic, highly qualified and experienced team of world-wide employees with the track record and ambition to deliver upon our targets.

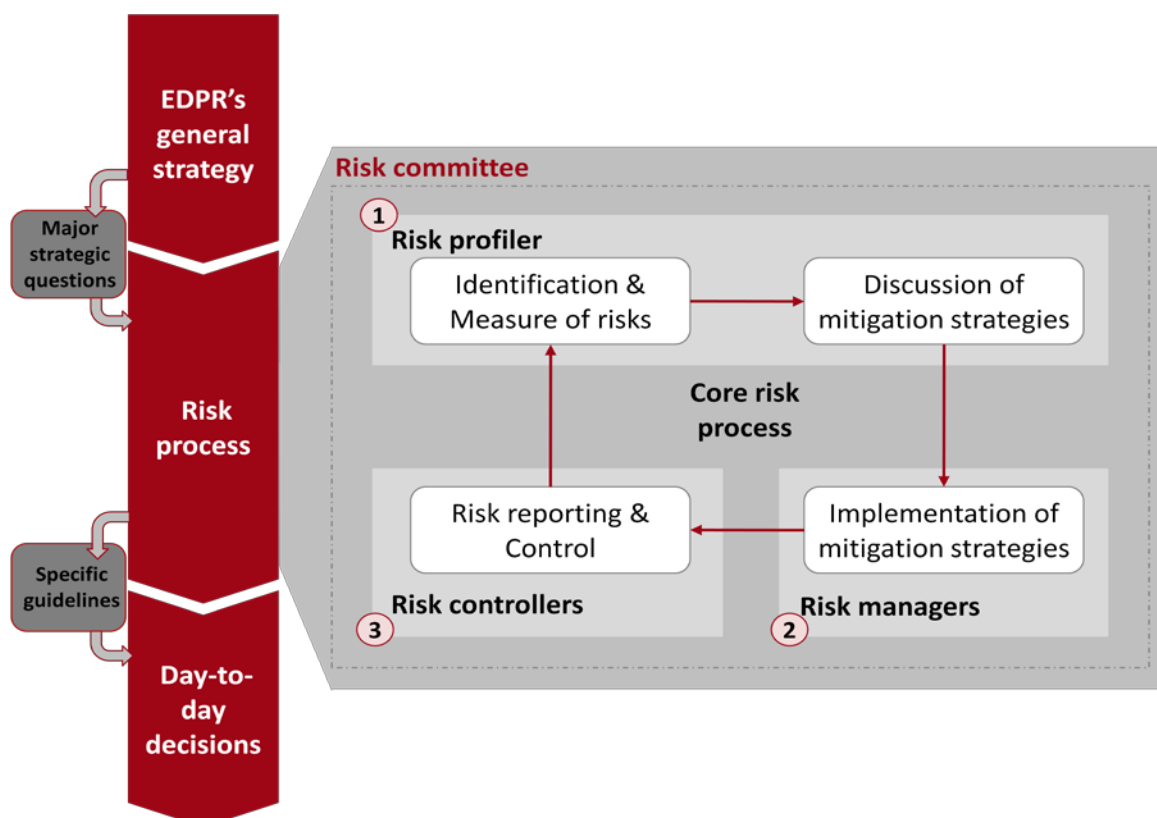
5. RISK MANAGEMENT

EDPR's risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

RISK FRAMEWORK AND PROCESS

In EDPR's risk framework, risk process aims to link the company's overall strategy to manager's day-to-day decisions, enabling the company to increase the likelihood of achieving its strategic objectives.

EDPR's general strategy is translated into major strategic questions that are grouped by risk area and then subject to EDPR's risk process. The outcome of the risk process is a set of specific guidelines per risk area that will guide managers in their decisions according to the company's risk profile.



RISK FUNCTIONS AND RISK COMMITTEE

Risk management in EDPR is supported by three distinct organizational functions:

Risk functions	Description
<div>1</div> <div>Strategy / Profile</div> <div>General risk policy & strategy</div>	<ul style="list-style-type: none"> Responsible for setting guidelines and limits for risk management within the company Attempts to clarify and support proposals related to general strategic issues
<div>2</div> <div>Management</div> <div>Risk manag. & risk business decisions</div>	<ul style="list-style-type: none"> Responsible for day to day operational decisions and for related risk – taking, risk – mitigating positions
<div>3</div> <div>Controlling</div> <div>Risk control</div>	<ul style="list-style-type: none"> Responsible for follow up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the executive committee

EDPR's risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

The following list summarizes the main risk areas and descriptions of EDPR's business:

1. **Countries & regulations** - Changes in regulations may impact EDPR's business in a given country
2. **Revenues** - Revenues received by EDPR's projects may diverge from what is expected
3. **Financing** - EDPR may not be able to raise enough cash to finance its planned Capex; EDPR may not be able to fulfill its financial obligations
4. **Wind turbine contracts** - Changes in turbine prices may impact projects' profitability; Contracts should take into account the pipeline development risk
5. **Pipeline development** - EDPR may deliver an installed capacity different from its targets or suffer delays and/or anticipations in its installation
6. **Operations** - Projects may deliver a volume different from expected

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

3.1 Countries and regulations

3.1.1. Regulatory risks

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide numerous types of incentives that support the energy generated from renewable sources.

The European Union and various US federal and state bodies have regularly reaffirmed their desire to continue and strengthen support for renewable energy sources, although due to the financial difficulties that Governments are experiencing, remuneration schemes have become less competitive in some countries.

Therefore, it cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources. Regulation promoting green energy has been revised or is being under study in a large number of regions.

Management of regulatory risks

EDPR is managing its exposure to regulatory risks through diversification (being present in several countries) and by being an active member in several wind associations. Sensitivity analyses to updated regulatory scenarios are also performed.

3.2 Revenues

3.2.1 Exposure to market electricity prices

EDPR faces limited market price risk as it pursues a strategy of being present in countries or regions with long term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In the markets where there is expected short term volatility in market prices, EDPR uses various financial and commodity hedging instruments in order to optimize the exposure to fluctuating electricity prices. However, it may not be possible to successfully hedge the exposures or there may be other difficulties in executing the hedging strategy.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Spain, Portugal and France) or in markets where on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland, and Romania). Additionally, EDPR is developing activity in Italy and UK where current incentive system is based on green certificates. Recently Italy changed to a feed in tariff from green certificates and UK is in process.

In North America, EDPR is focus on developing in states which have an RPS program in place, providing higher revenues visibility through the REC (Renewable Energy Credit) market and non-compliance penalties. The North American market does not provide a regulated framework system for the electricity price although it may exist for the RECs in some states. Most of EDPR's capacity in the US has predefined prices determined by long-term contracts with local utilities in line with the Company's policy of signing long-term contracts for the output of its wind farms.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract.

Management of risks related to exposure to market electricity prices

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits (measured through EBITDA at risk), assessing in which markets financial hedges may be more effective to correct it. In 2012, in order to manage such exposure, EDPR financially hedged a significant part of its generation in Spain while in the US it closed a significant portion of its exposure through several power purchase agreements, long term hedges and financial swaps. Additionally, EDPR hedged part of the merchant generation in Poland and Romania.

3.2.2 Risk related to volatility of energy production

The amount of electricity generated by EDPR from its wind farms, and therefore EDPR's profitability, is dependent on climatic conditions, which vary across the locations of the wind farms, and from season to season and year to year. Energy output at wind farms may decline if wind speed falls outside specific ranges, as turbines will only operate when wind speeds are within those ranges.

Variations and fluctuations in wind conditions at wind farms may result in seasonal and other fluctuations in the amount of electricity that is generated and, consequently, in the operating results and efficiency.

Management of risks related to volatility of energy production

EDPR mitigates wind resource volatility and seasonality by having a strong knowledge in the design of its wind farms and through geographical diversification – in each country and in different countries – of its asset base. This “portfolio effect” enables EDPR to offset wind variations in each area and to keep the total energy generation relatively steady. Currently, EDPR is present in 11 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil. There exist financial products to hedge weather risk. EDPR is currently exploring the interest of contracting those products in specific cases.

3.3. Financing

3.3.1 Risks related to financial market exposure

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated by contracting fixed rates and financial instruments such as hedges and interest rate swaps.

Additionally, because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial results. EDPR hedges against currency fluctuations by employing natural hedging strategies, and using hedging instruments such as forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR’s hedging efforts minimize but don’t eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

The evolution of the financial markets is analyzed on an on-going basis in accordance to EDP Group’s risk management policy approved by the EDPR’s Board of Directors.

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits based on the recommendation of the Risk Committee.

Taking into account the risk management policy and approved exposure limits, the Finance team identifies evaluates, and submits the financial strategy appropriate to each project/location for the Board’s approval.

3.3.1.1. Interest rate risk

The purpose of the interest rate risk management policies is to reduce the exposure of long term debt cash flows from market fluctuations, mainly by contracting long term debt with a fixed rate, but also through the settlement of derivative financial instruments to swap from floating rate to fixed rate when long term debt is issued with floating rates.

EDPR has a portfolio of interest-rate derivatives with maturities ranging from 2 to 14 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are performed.

Given the policies adopted by EDPR Group, its financial cash flows are substantially independent from the fluctuation in interest rates.

3.3.1.2. Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, the main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from our operations in the US. With the ongoing increasing capacity in others non-euro regions, EDPR is also exposed to different currencies in Poland, Romania, Brazil, United Kingdom and Canada.

EDPR's general policy is the Natural Hedging in order to match currency cash flows, minimizing the impact of changes in the exchange rate and preserving value. The essence of this approach is to create financial foreign currency outflows to match equivalent foreign currency inflows.

3.3.2 Counterparty credit risk

Counterparty risk is the default risk of third-parties in an agreement with EDPR either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

EDPR's policy in terms of the counterparty credit risk on financial transactions is managed by an analysis of the technical capacity, competitiveness, credit notation and exposure to each counterparty. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions, therefore, there cannot be considered any significant risk of counterparty non-compliance and no collateral is demanded for these transactions.

3.3.3 Liquidity risk

Liquidity risk is the risk that EDPR will not be able to meet its financial obligations.

Management of liquidity risk

EDPR's strategy to manage liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to EDPR's reputation.

EDPR has a diversified financial structure composed of corporate debt and project finance, which considers among other factors, financing cost, project ownership and project currency liquidity. Finally, EDPR uses a financial model to forecast liquidity risk in the medium and long term to meet strategic targets previously set (EBITDA, debt ratio and others).

3.4 Wind turbine contracts

3.4.1 Wind turbine supply risk

The wind turbine generator (WTG) is a key element in the development of EDPR's wind-related energy projects, as the shortfall or an unexpected sharp increase in WTG prices can create a question mark on new project's development and profitability. WTG represents on average 70 to 80% of a wind farm's capital expenditure.

Management of wind turbine supply risk

EDPR faces limited risk to the availability and price increase of WTG's due to the framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify the wind turbine supply risk.

3.5 Pipeline development

3.5.1 Permitting risks

Wind farms are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, we acknowledge a trend for legislations to align towards the most restrictive rules and development risks concentrating on the consenting (namely environmental and urbanistic aspects) and connection side.

In this context, the experience EDPR is able to gather in a certain country will be useful to anticipate and deal with future similar changes in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables under our control, such as choice of locations, optimal lay-out, we intend to make our projects more resilient to an adverse external environment

Management of permitting risk

EDPR mitigates this risk by generating optionality, by having development activities in 11 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil) with a portfolio of projects in several stages of maturity. EDPR has a large pipeline located in the most attractive regions providing a “buffer” to overcome potential delays in the development of new projects, ensuring growth targets and being able to compensate permitting delays in some geographies with development efforts in others.

3.6 Operations

3.6.1 Wind turbine performance risk

Wind farm output depends upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore, the risk is that the performance of the turbine does not reach its optimum thus leading to lower than expected value.

Management of wind turbine performance risk

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, by signing a medium-term full-scope maintenance agreement with the turbine supplier and by an adequate preventive and scheduled maintenance program.

Most recently, EDPR is externalizing non core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

6. FINANCIAL DERIVATIVE INSTRUMENTS

In line with EDPR's general risk policy and strategy EDPR uses financial derivative instruments and enters in hedging positions and transactions with the sole intent to protect against those risks and, as a consequence, mitigate fluctuations of its earnings and/or changes in its equity.

The type of derivative instruments contracted and their respective fair values are described in detail as part of the note 36 to the attached Condensed Financial Statements.

7. TREASURY STOCKS (OWN SHARES)

At the Annual Shareholders' meeting of 2010, the Board of Directors was authorized, during a term of five years from the date of the General Shareholders Meeting, for the derivative acquisition and sale of own shares by the Company and/or other affiliate companies, to the maximum limit established by the Law and in accordance with its terms.

EDPR has not executed any acquisition and consequently any trade of its own shares.

8. RESEARCH & DEVELOPMENT (R&D)

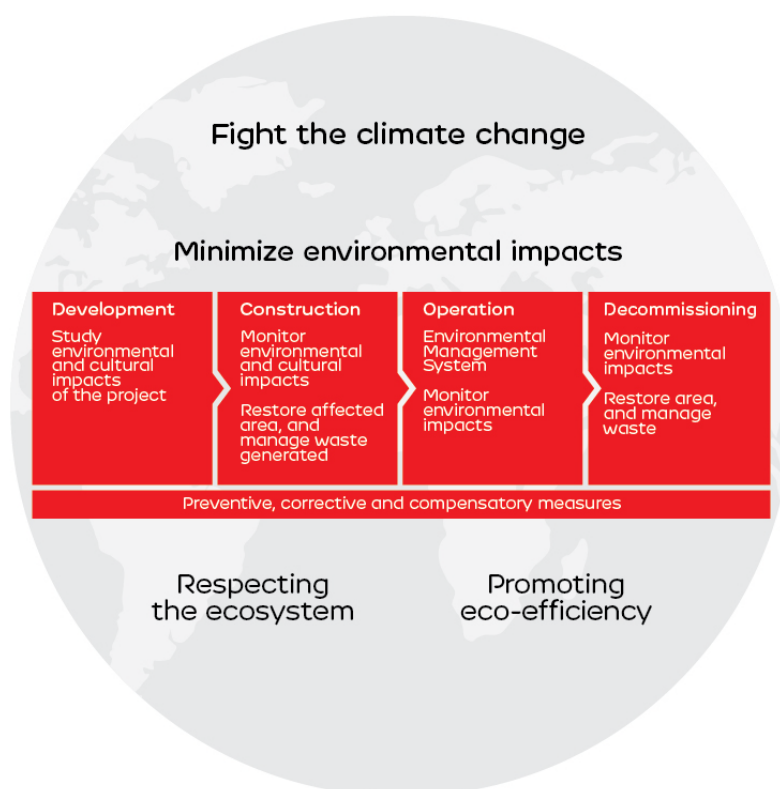
Beyond the commercial activities, EDP Renováveis supports EDP Inovação (EDPI) in developing different projects with the objective of improving competitiveness.

These projects are mainly focused on solar, offshore wind and other technologies.

This agreement with EDPI reinforces the long term commitment of EDPR to support R&D activities in areas related with its business.

9. ENVIRONMENTAL MANAGEMENT

EDPR is a leading company in renewable energy. We produce clean and green energy, energy without emissions. Our strategy towards the environment is based in four pillars: the generation of CO₂-free energy, a strategy to minimize impacts during the life-cycle of our wind farms, a culture of respect for the biodiversity and a culture of responsibility and recycling in our offices.

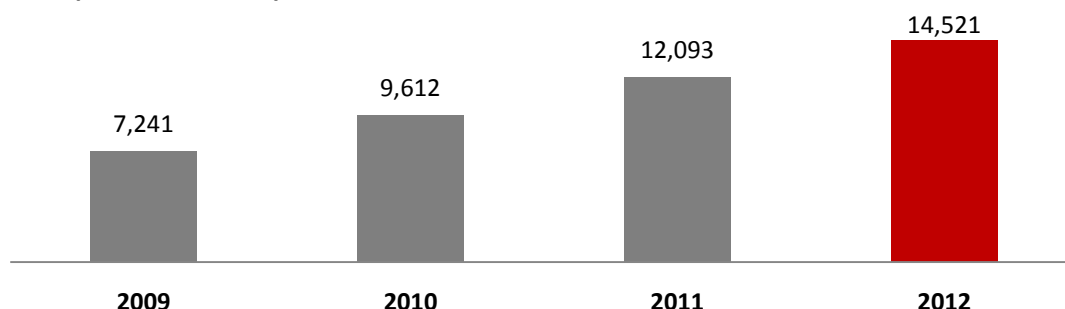


Climate Change Strategy

Our portfolio of 8 GW of installed capacity contributes every year to the worldwide fight against climate change. We significantly improve local and global air quality by mitigating emissions that would otherwise be released into the atmosphere due to the operation of other kinds of energy generation based on fossil fuels.

During 2012, EDPR has produced 18.4 TWh that is estimated to avoid the emission of 14,521 thousand tons of CO₂.

CO₂ avoided (thousand tons)¹



¹ Estimated as: *[production x country emission factors]*

The company growth plans of pure renewable energy represent a solid commitment to foster the use of green energy sources. Moreover, we are committed to support the use the best technologies available in order to preserve natural resources and reduce pollution.

Environmental Strategy

In order to protect the environment, we complement our strategy of fighting against climate change with an environmentally responsible management of our wind farms. This strategy is supported by the Environmental and Biodiversity policies based on EDP Group's Guidelines that were approved by EDPR Executive Committee.

Our policies reflect a responsible management of the environment along the whole value chain. From the very early stages of project development – when it is critical to perform environmental and cultural feasibility studies – to the decommissioning of our wind farms – where our environmental strategy includes a waste management plan, environmental monitoring plans and habitat restoration. All this process is supported by an extensive local knowledge that allows us to ensure environmental compliance during the project life cycle.

Moreover, EDPR pursues to minimize impacts on the eco-system. When impacts cannot be prevented, we implement compensation measures, including partnerships with environmental associations aimed at achieving a globally positive biodiversity balance.

Nevertheless, wind farms are typically constructed in rural areas where wind resource is abundant and the operation of wind farms is compatible with current land use. Once construction is complete, less than 1% of the total project area is taken out of permanent production, and its change of use is approved by the competent authorities.

The primary use of this land is for access roads to the wind turbine locations, a small area for the wind turbine and electrical transformer, and a gravelled pad area for a crane to be used in construction and maintenance activities.

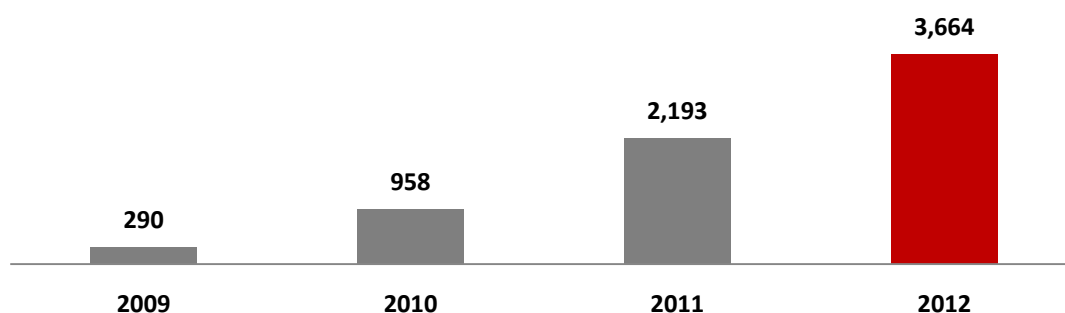
Environmental Management System and ISO 14001 certification

To guarantee the proper management of the environmental aspects and compliance with applicable environmental legislation, EDPR initiated in 2008 the implementation of an Environmental Management System (EMS).

The EMS covers, among others, the procedures applicable to all wind farms in operation to establish operational controls, monitoring and measurements of the relevant environmental aspects. Environment surveillance is carried out periodically to assess the significance of the environmental aspects. The frequency of further surveillances is established in the monitoring plan given the assessment made. There are a few cases in which the surveillance is performed on a daily basis.

In Europe, the EMS has been ISO 14001:2004 certified. By the end of 2012, all EDPR European wind farms that have been in service before June 2012 and operated by EDPR have been certified, accounting for 3.664 MW, about 50% of EDPR installed capacity.

MW Certified ISO 14001:2004

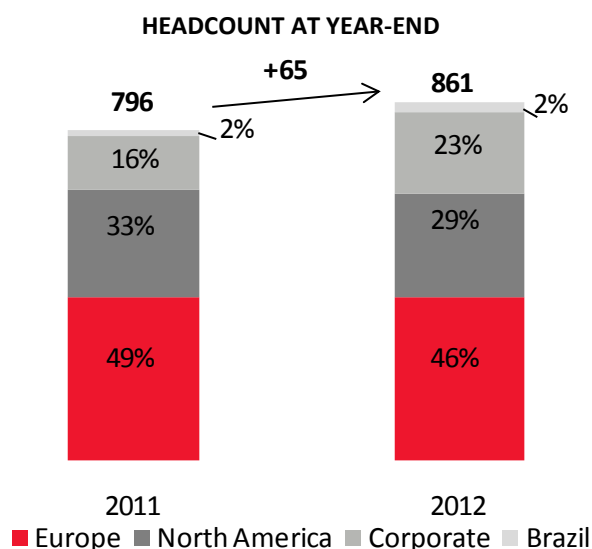


10. HUMAN CAPITAL

One of the main competitive advantages that leads EDPR to deliver, year after year, exceptional operational results is the company's human capital. A young world class team with excellent qualifications and an extensive local knowledge. EDPR's capacity to attract and retain this qualified workforce has been of vital importance to develop and retain a strong know-how essential to deliver on its strategy.

HUMAN CAPITAL SNAPSHOT

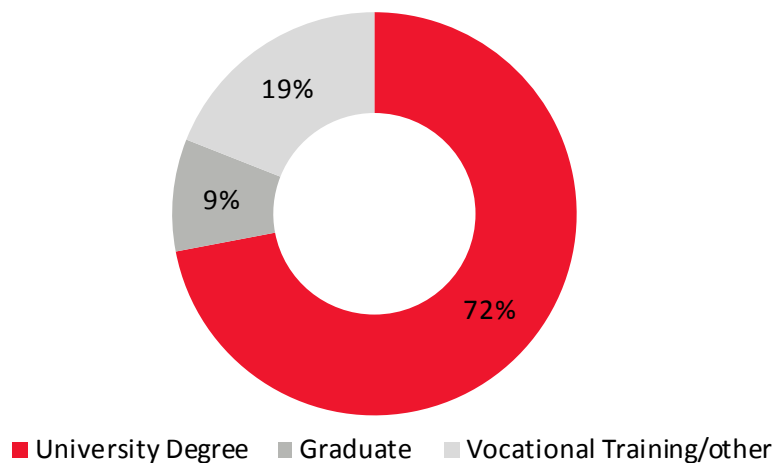
In 2012, EDPR employed 861 people, 32% of which are located in North America and Brazil, while 68% work in Europe. Of our employees, 99% have an undetermined contract.



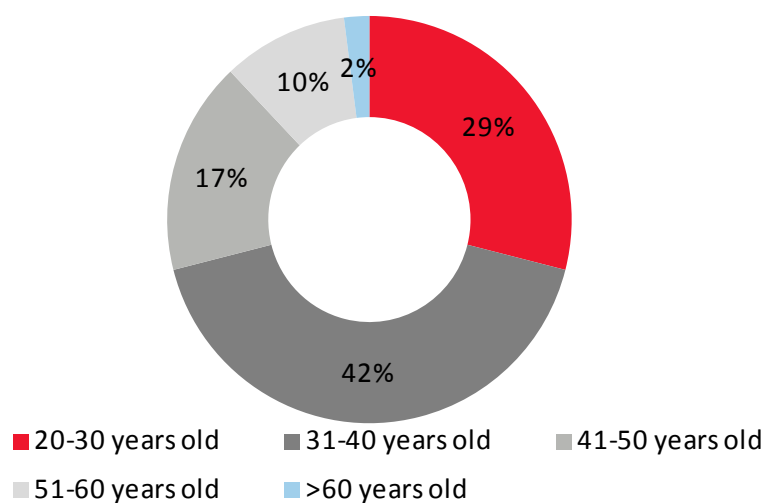
Note: Figures do not include the members of the Board of Directors, except three members of the Executive Committee

We have a qualified and diverse team aligned with our business strategy, 72% of which hold university degrees and 71% are less than 40 years old. This deep pool of highly qualified talent has supported EDPR's exponential growth and provides the optimal base to face future opportunities and challenges. Additionally, our people strongly reflect EDPR's energy and enthusiasm.

Breakdown of workforce by qualification



Breakdown of workforce by age



Throughout the year, 145 new employees joined EDPR while 80 are no longer with the company, resulting in a turnover ratio of 13%, which is in line with the previous years.

EMPLOYEE SATISFACTION

The satisfaction of our employees has been one of the key drivers to retain our highly qualified workforce. Providing one of the best workplaces in the regions where we are present increases our employees' pride and ownership feeling for the company. It is also a great communication channel to transmit our values to potential new hires. Therefore, at EDPR we pursue and have obtained different certifications that confirm our distinction as one of the best places to work.

Great Place to Work

In 2012, EDPR was included in the Great Place to Work (GPTW) ranking in Spain. This was achieved following a survey sent to the company's employees, by an independent body, asking for their opinion on many factors of company life.

Despite being the first time we applied to be included in this ranking, EDPR ranked among the top six best companies to work in Spain, in the 250 to 500 employees category.

Top Workplace in the US

EDPR in 2012 was voted a top workplace in the US for the third year in a row. More than 72,500 Houston-area employees weighed in with opinions for this year's Houston Chronicle's Top Workplaces section – rating their companies in such areas as opportunities for advancement, the value of their pay and benefits, and their bosses' communication and management skills.

COMPENSATION POLICY AND OTHER BENEFITS

We are committed to offer a competitive compensation and benefits package to recognize the work and talent of our employees, with no distinctions between full time and part time employees.

Our compensation policy addresses the needs of every local market, with enough flexibility to adapt to the specifics of each region. It is based on a fixed base, complemented by a variable component that depends on a performance evaluation measured against company performance, area, and individual KPIs.

We support our remunerations package with multiple benefits and a Flexible Remuneration Package, which allows our employees to benefit from tax incentives according to local legislation. In addition, we reached agreements with local partners, to offer our employees discounts on specific products.

WORK LIFE BALANCE

One of our main focuses continues to be the promotion and encouragement of work-life balance of our employees. This pursuit increases our employee's satisfaction, while boosting their productivity, commitment and accountability.

EDPR implemented work-life balance programs throughout its geographies and aims constantly at improving and providing additional benefits.

Benefits in the work-life balance program are specific and include, among others depending on the geographies, subsidies for employees' children to perform summer activities, additional paid leave to extend parental leave or to celebrate the birthday and others.

In 2011, EDPR has been recognized with the Family-Responsible Employer Certification (Empresa Familiarmente Responsable), for its work-life balance practices in Spain.

During 2012, our practices have been audited, as part of the certification renewal process performed every two years. The results of the audit process confirmed the excellence of the current management model, as well as the compliance with the certification standards. There was a special mention in the audit outcome to the efforts continuous improvement of the company's practices, which should be positively reflected in future evaluations.

Ensuring that employees have time for family and friends is one of the pillars to achieve a healthy work-life balance. During 2012, we hosted activities for employees' children. We wanted them to visit our offices and see where their parents work. These activities took place in Europe and in the US along the year.

VOLUNTEERING

As a sustainable company that is proud of being an active member of our many communities, our employees are encouraged to actively participate in their communities and to be responsive and aware of emerging needs through many volunteering initiatives.

Moreover, our volunteering practices create an environment both within the company and in the communities where we do business that is more open to new ideas, supportive of individual differences and embodies what is best in volunteerism.

To engage in our volunteering programs, employees can participate in several campaigns, by donating, or by engaging in several activities, during working hours or during the weekends. In the US, there is a Volunteering Committee that plans periodic activities aimed at generating a positive impact in society.

EDPR strives to train and prepare its top quality team, with a clear focus on tackling the challenges and opportunities of the future. To do so, EDPR has implemented a strong training, development and mobility strategy. With these efforts, we want to preserve the excellence of the company's human capital, while offering our people an attractive career development plan with opportunities for professional growth.

MOBILITY

To support company's global growth strategy, mobility is of utmost importance as a powerful tool to share EDPR culture and best practices with new markets where we plan to enter. In addition, it also opens new horizons to our employees in their career development.

During 2012, we initiated a process to facilitate employees' access to those opportunities that better match their career plans. Employees were encouraged to update their professional experience information and their preferences regarding mobility.

This information was processed in order to identify different profiles within the company, preparing for the forthcoming mobility requirements. In the following years, new open positions within the company will be matched with the generated profiles, in order to prioritize internal movement with those employees whose competencies, training and mobility preferences match the requirements for the new position.

TRAINING

When defining our strategy for the future, we strive to align current and future demands of the organization with employees' capabilities while fulfilling their professional development expectations and supporting their continued employability. We are committed to offer our employees an attractive career plan, as well as continuous education and training opportunities.

All of EDPR employees, regardless of their professional category, are evaluated yearly to determine the potential for development, thus creating a tailored development plan with the

most suitable training to address their particular needs. The potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model in which the system collects information from several data sources to evaluate employee performance: oneself, peers, subordinates and manager.

In 2012, the number of attendances to training sessions increased to 2,270, representing 2.93 attendances to training courses per employee. On the other hand, the total number of training hours decreased to 14,611, as a result of a change of profile of training to more focused, shorter courses.

Training Metrics	2012	2011	%
Number of training hours (#)	14,611	17,873	-18%
Training investment (k€)	924	1,033	-11%
Number of attendances (#)	2,270	2,004	13%

Note: Training from Portugal and Brazil is reported by EDP and, as a result, not included

Note 2: Metrics do not include language training. In 2012, language training accounted for 2,713 hours and 166 attendances, while in 2011 language training represented 20,123 hours and 1,681 attendances.

Renewable Energy School - EDP University

In the coming years, the Renewable Energy School will gain relevance as a tool aimed at facilitating know-how sharing and providing employees with an overview of the strategic challenges that the company faces.

The Renewable Energy School was created in 2011, in the context of the EDP University, and since its creation, it has proven to be a success, delivering 23 training sessions (representing 229 hours) to 389 attendants.

The School also fostered strategic discussion with a workshop prepared during 2012 involving directors from different areas across the company. And our business partners have also contributed to the objective of our school through collaborative courses, such as a specific training session in offshore wind energy held with Repsol and other collaborations with EDP University.

High Potential Program

Our training strategy is also focused on boost career development of our high potential employees, as we want them to become the future leaders to carry EDPR to the next level. With this objective, during 2012, we continued offering those employees a specific training program named High-Potential Program (HIPO).

Through the HIPO, those employees are assisted in their professional development with the support of a mentor that will provide employees with guidance in their careers, and specific training to develop the required soft skills to grow professionally within the company.

Leadership Guide

Effective leadership is a pre-requisite for success and company's development. During 2012, EDPR provided its management with top leadership training, spanning topics from leadership responsibilities to leadership style. The training sessions held for this purpose were an excellent forum to share leadership experiences.

When defining our strategy for the future, we strive to align current and future demands of the organization with employees' capabilities while fulfilling their professional development expectations and supporting their continued employability. We are committed to offer our employees an attractive career plan, as well as continuous education and training opportunities.

RECRUITING

In order to fuel future growth, increase efficiency and drive innovation, EDPR is constantly scanning globally to recruit top talent. To this extent a recruiting strategy has been developed to achieve this critical goal, while ensuring that new hires are aligned with the company's values:

- **Team Oriented Environment:** EDPR promotes an environment based on team building.
- **Career Development:** EDPR recognizes the importance of career development and helps employees acquire knowledge and master the business. The Company recognizes and rewards employees for their innovation, hard work and performance.
- **Diversity:** EDPR has a diverse team, with employees from a wide range of backgrounds and cultures.
- **Sustainability:** EDPR aims to encourage environmental, economic and social stewardship by its employees.

In 2012, we hired 145 employees, 33% of them women.

Detail New Hires 2012

New hires	2012	2011
Spain	43	30
Portugal	3	7
France	8	6
Poland	6	22
Romania	14	8
Italy	4	1
UK	6	9
US	52	43
Brazil	9	4
Total	145	130

In addition, in a process to attract the brightest people to the company, we hire interns from top universities and business schools. During 2012, 117 interns worked at EDPR and 13 of them were offered a full-time contract.

Interns	Summer	Annual	Total	Contracts	(%)
Europe	4	70	74	5	7%
North America	13	12	25	2	8%
Brazil	0	5	5	1	20%
Corporate	3	30	33	5	15%
Total	20	117	137	13	9%

11. CORPORATE GOVERNANCE

11.1 Model of Management and Supervision

EDP Renováveis, has adopted the governance structure in effect in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the company.

The Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee, Related-Party Transactions Committee.

The governance model of EDPR is designed to ensure the transparency, meticulous separation of duties and the specialization of supervision.

The purpose of the choice of this model by EDPR is to adapt the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The choice of this model complies with the purpose of establishing compatibility between two different systems of company law, which could be considered applicable to the model.

The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organisation of EDP Renováveis activity, especially because it affords transparency and healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different specialised Board of Directors' committees.

The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other non-executive members of the Board of Directors has been harmony conducive to the development of the company's business.

In order to ensure a better understanding of EDP Renováveis corporate governance by its shareholders, the Company posts its updated Articles of Association at www.edprenovaveis.com.

11.2 Governing Bodies

11.2.1 General Meeting of Shareholders

The General Meeting of Shareholders, when properly convened, has the power to decide and adopt majority decisions on matters that the law and the Articles of Association set forth that it should be decided and be submitted for its approval.

11.2.2 Board of Directors

The Board of Directors has the broadest powers for the management and governance of the Company, with no limitations other than the competences expressly allocated exclusively to the General Shareholders' Meeting by law or the Articles of Association.

Name	Position	Date of Nomination	Date of Re-election	End of Term
António Mexia	Chairman and Director	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
João Marques da Cruz	Director	16/05/2012	-	*
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Gabriel Alonso Imaz	Director	21/06/2011	-	21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
Gilles August	Director (Indep.)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014

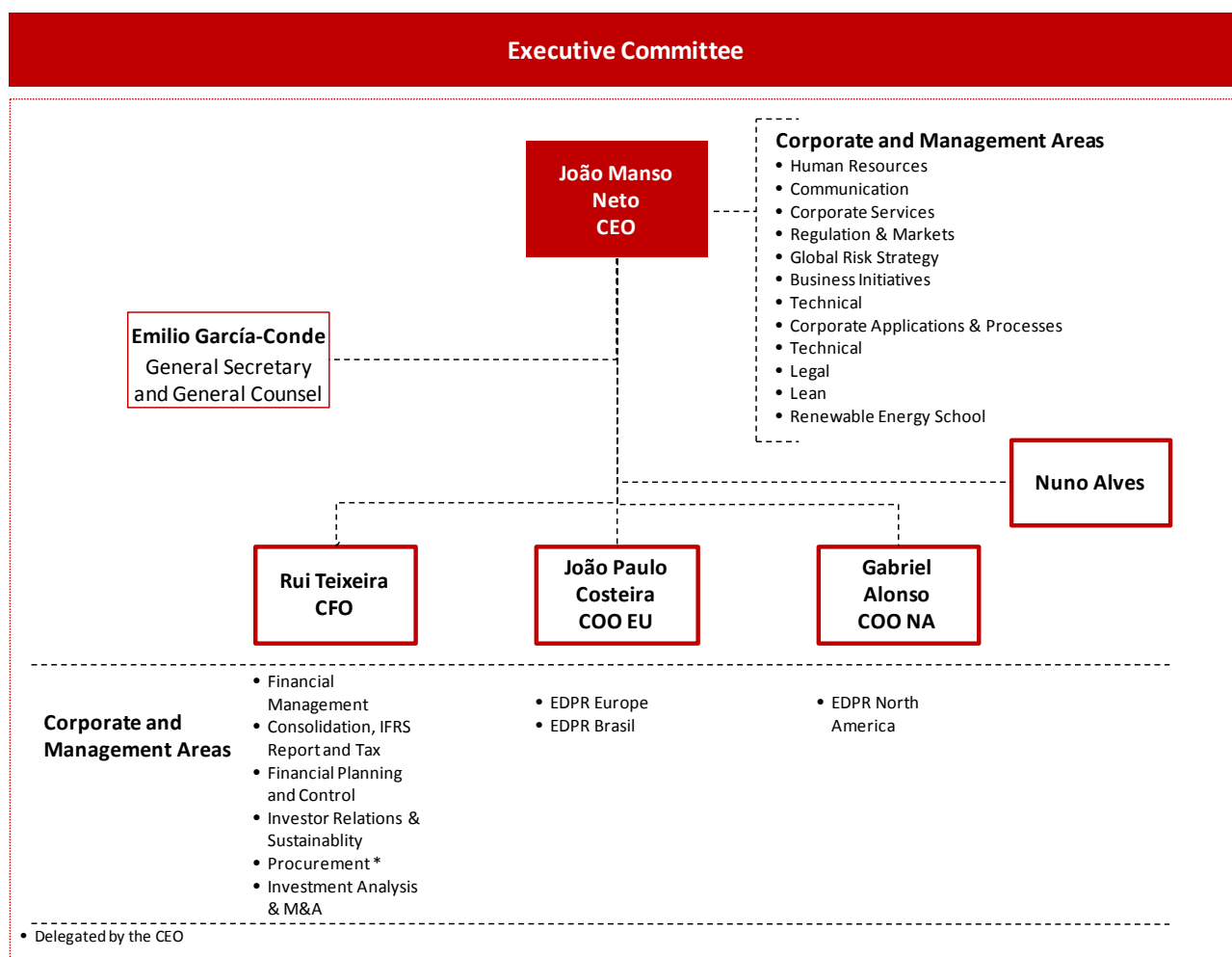
* Until the next Shareholder's meeting

On 2012, Mrs. Ana Maria Fernandes, Mr. António Nogueira Leite, Mr. Francisco Queiroz de Barros de Lacerda and Mr. Luis Adão da Fonseca resigned as Board members.

The above table reflects the composition of the Board of Directors as of December 31st, 2012. However, pursuant to the Nominations and Remunerations Committee proposal dated February 22nd, 2013, three (3) new independent Directors have been appointed by co-optation by the Board of Directors' meeting on February 26th, 2013. Additionally, in such meeting, the Board of Directors summon a General Shareholders' Meeting, which includes, in its agenda, the ratification of such appointments.

With the mechanisms set forth in the regulations of the Board of Directors and its Committees, the, non-executive Directors have encountered no difficulties in performing their duties. In 2012, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, on the Related-Party Transactions Committee and the Audit and Control Committee, where all the members are non-executive, with the exception of the Related-Party Transactions Committee, which has one executive Director, Mr. Nuno Maria Pestana de Almeida Alves.

11.3 Summarized Organization Chart



12. SHAREHOLDERS STRUCTURE

CAPITAL STRUCTURE

The share capital of EDPR is, as from the initial public offering (IPO) in June 2008, EUR 4,361,540,810, represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid

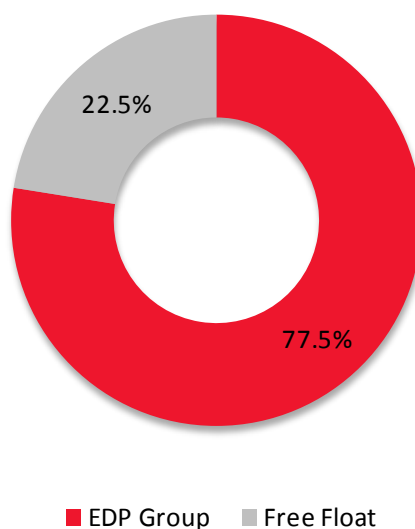
Pursuant to the Article 8 of the Company's Articles of Association there are no restrictions on the transfer of EDPR shares.

As far as the EDPR Board of Directors is aware there are currently no shareholders' agreements that might lead to restrictions in the transfer of securities or voting rights.

SHAREHOLDER STRUCTURE

The EDPR shareholder structure has remained unchanged since the IPO in 2008 with the EDP Group Holding 77.5% of the Company's share capital and the remaining 22.5% being freely traded on the NYSE Euronext Lisbon stock market.

Shareholder Structure – 31 December 2012

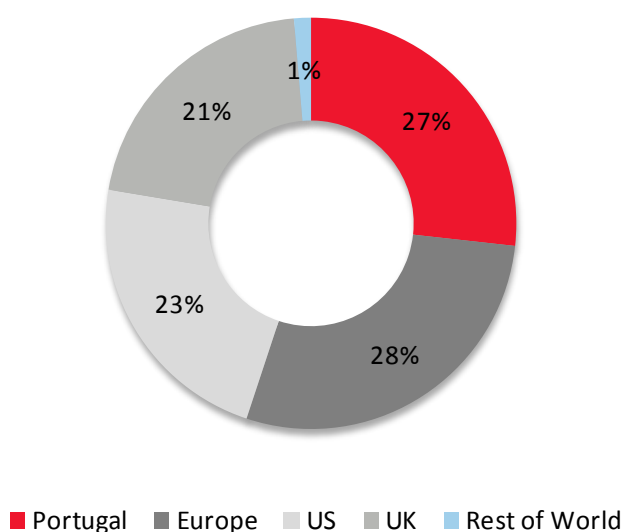
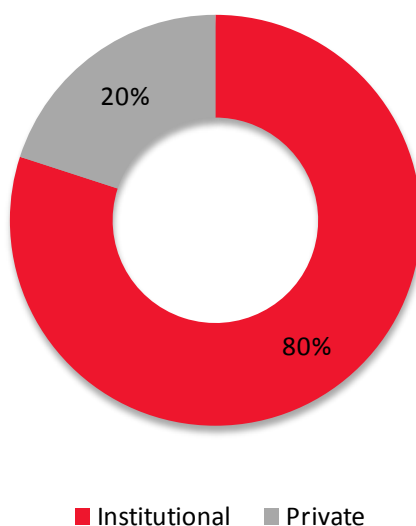


Free-float Description

The free-float level is unchanged since the IPO at 22.5%. By Dec. 31st, 2012, EDPR's free float comprised about 100,000 institutional and private investors spread across more than 45 different countries with special focus on Portugal, United States and United Kingdom. Rest of Europe more representative countries are Norway, France and Switzerland.

Institutional Investors represented 80% of the EDPR's free-float, while private investors, mostly Portuguese, stand for the remaining 20%.

Free-float by Investor Type & Free-float by Geography



QUALIFYING HOLDING

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders' holdings.

As of Dec. 31st , 2012, no qualifying holdings in EDPR were identified with the exception of EDP – Energias de Portugal, S.A.

Qualifying Shareholder	Number of Shares	%	% Capital	% Voting Rights
EDP - Energias de Portugal, S.A.				
EDP - Energias de Portugal, S.A. - Sucursal en España	541,027,156		62.0%	62.0%
Hidroeléctrica del Cantábrico, S.A.	135,256,700		15.5%	15.5%
Total	676,283,856		77.5%	77.5%

13. CAPITAL MARKETS

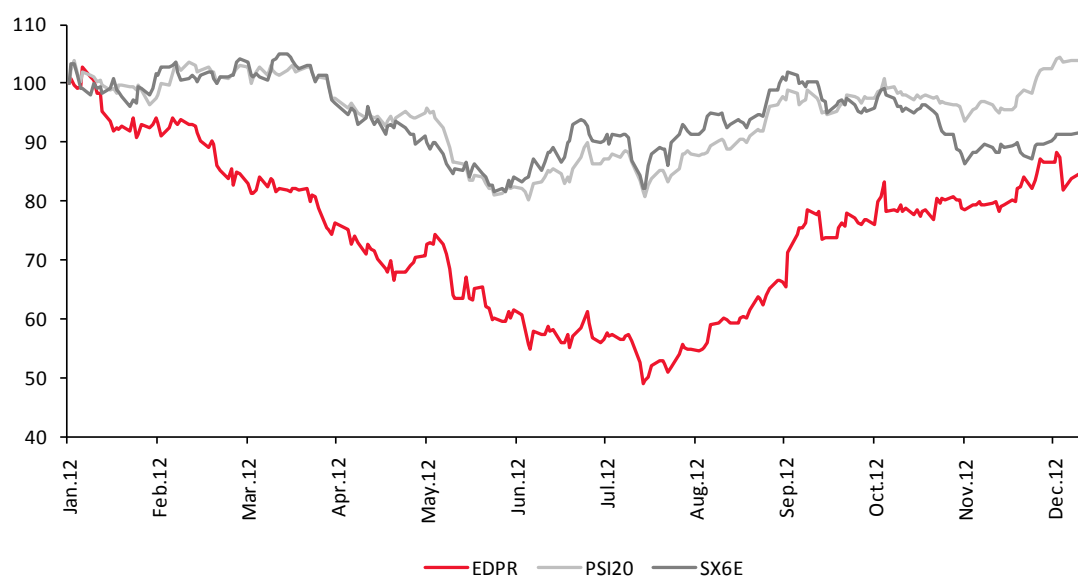
The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008.

EDP Renováveis, S.A	
Share Capital	EUR 4,361,540,810
Nominal Share	EUR 5.00
Number of Shares	872,308,162
Date of IPO	June 4th, 2008
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

EDP Renováveis share price

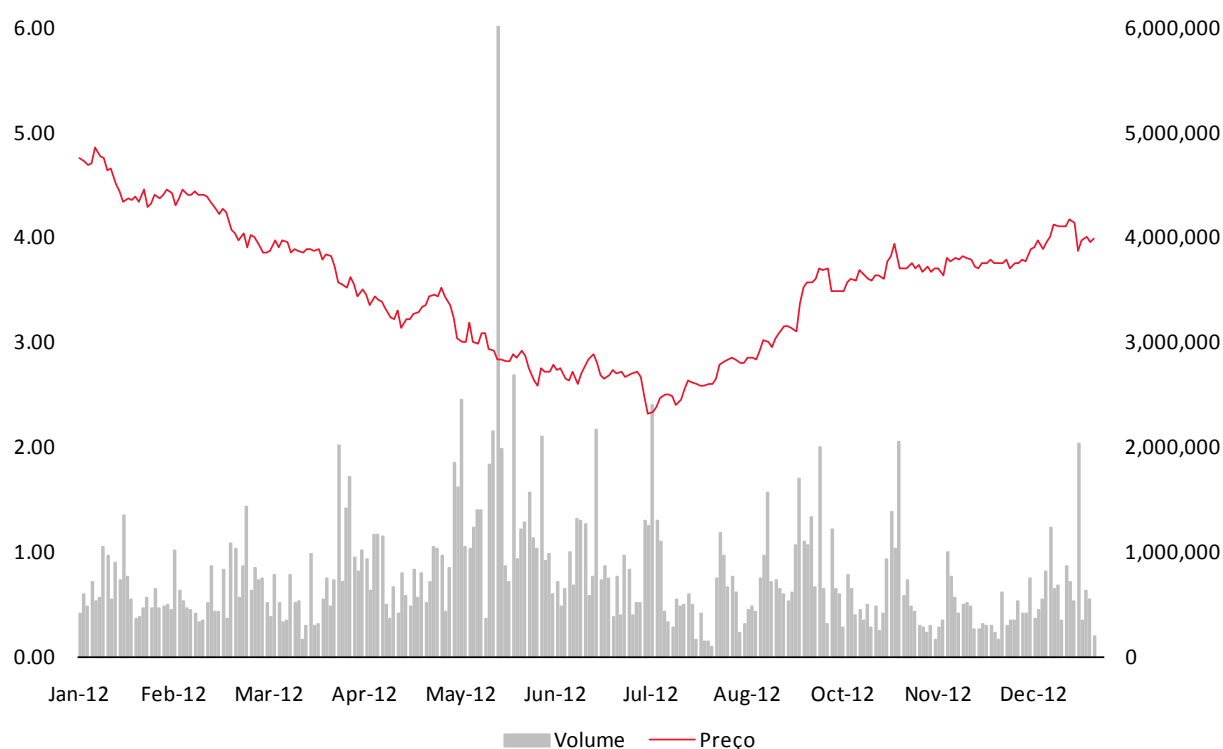
EDPR had by Dec. 31st, 2012 a market capitalization of EUR 3.5 billion, down 15.5% from the EUR 4.1 billion of Dec. 31st, 2011, equivalent to EUR 3.99 per share. The EDPR share price underperformed the NYSE Euronext Lisbon benchmark index - PSI20 (3%) and the Dow Jones Eurostoxx Utilities – SX6E (-9%). The year's low was recorded on July 24th (EUR 2.31) and the year's high was reached on January 6th (EUR 4.86).

EDPR share price performance vs. PSI20 & SX6E



In 2012 there were 207 million EDPR shares traded, representing an 11% year-on-year decrease on the liquidity and corresponding to a turnover of approximately EUR 0.7 billion. On average, 0.8 million shares were traded per day. The total number of shares traded represented 24% of the total shares admitted to trading and to 106% of the company's free float.

EDPR share price and transactions



DIVIDEND POLICY

The distribution of dividends must be proposed by EDPR's Board of Directors and authorized by a resolution approved in the Company's Shareholders Meeting. In keeping with the legal provisions in force, namely the Spanish Companies Law, the EDPR Articles of Association require that profits for a business year consider:

- The amount required to serve legal reserves;
- The amount agreed by the same General Shareholders' Meeting to allocate to dividends of the outstanding shares;
- The amount agreed by the General Shareholders' Meeting to constitute or increase reserve funds or free reserves;
- The remaining amount shall be booked as surplus.

The expected dividend policy of EDPR, as announced in the EDPR Investor Day of May 22nd, 2012, is to propose dividend distribution each year from 2013-15, representing 25% to 35% of EDPR's distributable profit. Accordingly, for 2013, EDPR's Board of Directors proposes a dividend of EUR 34,892,326.48, or €4 cents, which corresponds to a pay-out ratio of 28% on EDPR 2012 consolidated net profit of €126m (for equity holders of EDPR).

14. SUBSEQUENT EVENTS

JANUARY

January 3rd – Extension of key energy-related tax incentives applicable to EDPR in the US

The President of the United States of America has signed last night the American Taxpayer Relief Act of 2012, which includes the extension of energy-related tax incentives benefiting the development of wind energy in the country.

As a result of this Act, the wind projects that have begun construction until January 1, 2014, will qualify for 10 years of Production Tax Credits (“PTC”) on the electricity output (\$22/MWh) – PTC are one of the components of the wind energy remuneration scheme, which were scheduled to expire on December 31, 2012, for projects placed into service.

The owners of the wind projects would also have the option to choose a 30% Investment Tax Credit (“ITC”) on the project cost in lieu of the PTC through the duration of the extension.

Following the Law signed yesterday, EDPR maintains the investment plan presented at the May-12 Investor Day, which included no wind additions in the US for 2013 and 400 MW of new wind capacity to be added in the 2014-15 period that were subject to the PTC extension and/or attractive long-term Power Purchase Agreements (“PPA”) with off-takers.

January 16th – EDP Renováveis is granted 20-year tariff for 40 MW to be developed in Italy

EDPR”), through its subsidiary EDP Renewables Italy, SRL (“EDPR Italy”), has secured a 20-year feed-in-tariff for 40 MW of wind capacity at the new renewable energy auction in Italy, which results were announced yesterday by the Gestore Servizi Energetici (“GSE”). EDPR projects are located in the Puglia and Basilicata regions and have an expected average load factor of 29%.

FEBRUARY

February 4th – Spanish Government publishes Royal Decree-Law with regulatory modifications for the electricity sector

Last Saturday, the Spanish Government published in the Official State Gazette the Royal Decree-Law 2/2013 (“RDL 2/2013”) that encompasses a set of regulatory modifications applicable to the Spanish electricity sector and affecting the wind energy assets.

The main regulatory modifications that the RDL 2/2013 envisages vis-à-vis the Royal Decree 661/2007 with an impact on EDP Renováveis S.A. (“EDPR”) effective from January 1st 2013, are as follows:

- All the energy production facilities operating under the special regime are to be remunerated according with the current feed-in tariff schemes for the remaining useful life of the asset.
- The operators of the facilities under the special regime currently operating under the market option have the option to select, until February 15th 2013 and permanent for the remaining useful life of the asset, a remuneration based on the electricity wholesale market price without the renewable energy premium, the cap or the floor.
- The index used to annually update all the regulated activities in the electricity sector will be the annual inflation excluding energy products and food prices, and any impact of tax changes.

February 4th – EDP Renováveis disclosed 2012 provisional data

In 2012, EDPR produced 18.4 TWh of clean energy, a 10% growth from 2011. EDPR continues to present a well balanced portfolio delivering growth in every region.

In the year, EDPR delivered a solid 29% load factor (+0.4pp YoY), maintaining its leading position within the wind industry and reflecting its wind farms intrinsic quality. By the end of 2012, EDPR managed a global portfolio of 8.0 GW spread over 9 different countries, of which 7.6 GW fully consolidated plus 390 MW through its interest in the Eólicas de Portugal consortium. In 2012, EDPR entered the Solar PV technology by commissioning 39 MW in Romania and completed its first wind farms (40MW) in Italy.

15. FINAL REMARKS

As a final note, the Board of Directors of EDPR would like to thank Shareholders for their continuous support, employees for their effort and all other stakeholders for their partnership during 2012.

16. DISCLAIMER

This report has been prepared by EDP Renováveis, S.A. (the “Company”) to support the presentation 2012 financial and operational performances. EDP Renováveis does not assume any responsibility for this report if it is used for different purposes.

Neither the Company - including any of its subsidiaries, any company of EDP Renováveis Group and any of the companies in which they have a shareholding -, nor their advisors or representatives assume any responsibility whatsoever, including negligence or any other concept, in relation with the damages or losses that may be derived from the use of the present document and its attachments.

Any information regarding the performance of EDP Renováveis share price cannot be used as a guide for future performance.

Neither this document nor any of its parts have a contractual nature, and it cannot be used to complement or interpret any contract or any other kind of commitment.

The present document does not constitute an offer or invitation to acquire, subscribe, sell or exchange shares or securities.

The 2012 management report contains forward-looking information and statements about the Company. Although EDP Renováveis is confident these expectations are reasonable, they are subject to several risks and uncertainties that are not predictable or quantifiable in advance. Therefore, future results and developments may differ from these forward-looking statements. Given this, forward-looking statements are not guarantees of future performance.

The forward-looking information and statements herein contained are based on the information available at the date of the present document. Except when required by applicable law, the Company does not assume any obligation to publicly update or revise said forward-looking information or statements.



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CORPORATE GOVERNANCE REPORT 2012

**Draft – Presentation to the Board of Directors
26th February, 2013**

corporate governance

Chapter separator page

corporate governance

0. STATEMENT OF COMPLIANCE

0.1 CORPORATE GOVERNANCE CODE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) is a Spanish company listed in a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to its personal law and to the extend applicable to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM) (Portuguese Securities Market Commission) in January 2010. This governance code is available to the public at CMVM website (www.cmvm.pt).

The organization and functioning of EDPR corporate governance model is designed to achieve the highest

standards of corporate governance, business conduct and ethics referenced on the best national and international practices in corporate governance.

In this context, EDPR states that it has adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exceptions indicated below.

The following table shows the CMVM recommendations set forth in the code and indicates whether or not they have been fully adopted by EDPR and the place in this report in which they are described in more detail.

0.2 STATEMENT OF COMPLIANCE (CMVM RECOMMENDATIONS)

Recommendation	Adoption information	Description in Report
I. GENERAL SHAREHOLDERS' MEETING		
I.1 GENERAL SHAREHOLDERS' MEETING BOARD		
I.1.1 The Presiding of the Board of the General Shareholders' Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Adopted	Chapter I.1
I.1.2 The remuneration of the Presiding Board of the General Shareholders' Meeting shall be disclosed in the Annual Report on Corporate Governance.	Adopted	Chapter I.3
I.2 PARTICIPATION AT THE MEETING		
I.2.1 The requirement for the Board to receive statements for share deposit or blocking for participation at the General Shareholders' Meeting shall not exceed 5 working days.	Adopted	Chapter I.4
I.2.2 Should the General Shareholders' Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then prepare itself in advance as required for the first session.	Adopted	Chapter I.5
I.3 Voting and Exercising Voting rights		
I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Adopted	Chapter I.9
I.3.2 The statutory deadline for receiving early voting ballots by mail, may not exceed three working days.	Adopted	Chapter I.11
I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	Adopted	Chapter I.6
I.4 Resolution Fixing-Quorum		
I.4.1 Companies shall not set a resolution-fixing quorum that outnumbers what is prescribed by law.	Adopted	Chapter I.8
I.5 Minutes and Information on Resolutions Passed		
I.5.1 Extracts from the minutes of the General Shareholders' Meetings or documents with corresponding content must be made available to shareholders on the company's website within five days period after the General Shareholders' Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than 3 year period.	Adopted	Chapter I.13 and I.14

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
I.6 Measures on Corporate Control		
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both company's and the shareholders' interests. The company's articles of association that by complying with said principal provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	Chapter I.7 and I.19
I.6.2 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors.	Adopted	Chapter I.20
II. BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1 General Chapters		
II.1.1 Structure and Duties		
II.1.1.1 The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-chapter possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	Chapter 0.1 and II.3-A.
II.1.1.2 Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyze and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk warning; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary.	Adopted	Chapter II.5
II.1.1.3 The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Adopted	Chapter II.6
II.1.1.4 The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Adopted	Chapter II.9
II.1.1.5 The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website.	Adopted	Chapter II.7
II.1.2 Governance Incompatibility and Independence		
II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Adopted	Chapter II.14
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board of Directors.	Adopted	Chapter II.15

corporate governance

STATEMENT OF COMPLIANCE		
Recommendation	Adoption information	Description in Report
II.1.2.3 The independence assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independence requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Adopted	Chapter II.15
II.1.3 Eligibility and Nominations Criteria		
II.1.3.1 Depending on the applicable model, the Chair of the Supervisory Board and of the Auditing and Financial Matters Committees shall be independent and adequately competent to carry out his/her duties.	Adopted	Chapter II.1 and II.3-C.
II.1.3.2 The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	Adopted	Chapter II.16
II.1.4 Policy on the Reporting of Irregularities		
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: i) the means by which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.	Adopted	Chapter II.35
II.1.4.2 The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance.	Adopted	Chapter II.35
II.1.5 Remuneration		
II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows: i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity. ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period; iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company; v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares; vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance; viii) The remuneration of Non-Executive Directors shall not include any component the value of which is subject to the performance or the value of the company.	Adopted	Chapter II.30, II.31, II.32 and II.33

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.1.5.2 A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of June 19 th , shall contain, in addition to the content therein stated, adequate information on: <ul style="list-style-type: none"> i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration; ii) the payments for the dismissal or termination by agreement of the Director's duties. 	Adopted	Chapter II.30 and II.32
II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the Director's remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.	Adopted	Chapter II.29 and II.30
II.1.5.4 A proposal shall be submitted at the General Shareholders' Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share process, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Shareholders' Meeting.	Adopted	Chapter II.32
II.1.5.5 Left in blank	-	
II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Shareholders' Meeting for Shareholders.	Adopted	Chapter I.15
II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.	Adopted	Chapter II.31 and II.32
II.2 Board of Directors		
II.2.1 Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report.	Adopted	Chapter II.3-A.
II.2.2 The Board of Directors must ensure that the company acts in accordance with its goals and shall not delegate its duties, namely in what concerns: <ul style="list-style-type: none"> i) the definition of the company's general strategy and policies; ii) the definition of the group's corporate structure; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved. 	Not Adopted ("Under Spanish Law, the matters referred to in this recommendation can be delegated by the Board of Directors on the Executive Committee. It is common practice in Spanish listed companies for the delegation of powers to be far-reaching, with the exception of matters related to the preparation of accounts. Nevertheless, the Executive Committee always informs the Board of Directors of all the strategic decisions or relevant structure changes").	-
II.2.3 Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the Corporate Governance Report.	Not Applicable	Chapter II.8
II.2.4 The annual management report shall include a description of the activity carried out by the Non-Executive Directors and shall mention any restraints encountered.	Adopted	Chapter II.17
II.2.5 The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.	Not Applicable	Chapter II.11

corporate governance

STATEMENT OF COMPLIANCE		
Recommendation	Adoption information	Description in Report
II.3 CEO, Executive Committee and Executive Board of Directors		
II.3.1 When managing Directors that carry out executive duties are requested by other Directors to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made.	Adopted	Chapter II.3-A.
II.3.2 The Chair of the Executive Committee shall send the convening notice and minutes of the meetings to the Chair of the Board of Directors and, as applicable, to the Chair of the Supervisory Board or the Auditing Committee, respectively.	Adopted	Chapter II.3-A
II.3.3 The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee.	Not applicable	-
II.4 General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board		
II.4.1 Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not applicable	-
II.4.2 The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing and Supervisory Committee must be disclosed on the company's website.	Adopted	Chapter II.4 and III.15
II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Supervisory Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	Chapter II.4 and III.15
II.4.4 The General and Supervisory Board, the Auditing Committee and the Supervisory Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being liaison offer between the company and the first recipient of the reports.	Adopted	Chapter II.24
II.4.5 According to the applicable model, the General and Supervisory Board, Audit Committee and Supervisory Board shall assess the external auditor on an annual basis and advise the General Shareholders' Meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	Chapter II.24
II.4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent Director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Adopted	Chapter II.5 and II.6
II.5 Special Committees		
II.5.1 Unless the company is of reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Director's performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of Director's duties.	Adopted	Chapter II.2 and II.3 D.

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
<p>II.5.2 Members of the Remuneration Committee or equivalent shall be independent from the members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.</p>	<p>Not applicable</p> <p>(“The members of the Nominations and Remunerations Committee are members of the Board of Directors. However, its members are considered independent members and do not therefore belong to the Executive Committee. In accordance with Articles 23 and 217 of the Spanish Companies Law, the remuneration scheme for Directors should be fixed in the articles of association. It is normal practice in Spanish companies for this remuneration to be decided upon by the General Shareholders’ Meeting and for its allocation to the different members of the Board of Directors to be decided on by the Board itself.”).</p>	<p>Chapter II.2 and II.38</p>
<p>II.5.3 Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.</p>	<p>Adopted</p>	<p>Chapter II.39</p>
<p>II.5.4 All the Committees shall draw up minutes of the meetings held.</p>	<p>Adopted</p>	<p>Chapter II.37</p>
<p>III. INFORMATION AND AUDITING</p>		
<p>III.1 General Disclosure Obligations</p>		
<p>III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.</p>	<p>Adopted</p>	<p>Chapter III.16</p>
<p>III.1.2 The following information that is made available on the company’s Internet website shall be disclosed in the English language:</p> <p>a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Portuguese Commercial Companies Code;</p> <p>b) Articles of Association;</p> <p>c) Credentials of the Members of the Board of Directors and the Market Liaison Officer;</p> <p>d) Investor Relations Office, its functions and contact information;</p> <p>e) Financial statements;</p> <p>f) Half-yearly calendar of company events;</p> <p>g) Proposals submitted for discussion and voting at General Shareholders’ Meetings;</p> <p>h) Invitation to General Shareholders’ Meetings.</p>	<p>Adopted</p>	<p>Chapter III.16</p>
<p>III.1.3. Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.</p>	<p>Adopted</p>	<p>Chapter III.18</p>
<p>III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company’s Supervisory Board.</p>	<p>Adopted</p>	<p>Chapter II.3-C and III.17</p>
<p>III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entity with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report.</p>	<p>Adopted</p>	<p>Chapter III.17</p>

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STATEMENT OF COMPLIANCE		
Recommendation	Adoption information	Description in Report
IV. CONFLICTS OF INTEREST		
IV.1 Shareholder Relationship		
IV.1.1 Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Adopted	Chapter III.12
IV.1.2 Where deals of significant importance are undertaken with holders of qualifying holdings, or entities, with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board.	Adopted (According to the Spanish law and the governance structure, these functions were delegated by the Board of Directors to the Related-Party Transactions Committee)	Chapter III.13

0.3 GLOBAL ASSESSMENT OF THE ADOPTION OF CMVM RECOMMENDATIONS'

During 2012, EDPR has continued its consolidation task as to the Company's governance principles and practices. This is in line with the principle regulatory developments that occurred in 2010, particularly the modifications to the Portuguese Companies Code and the Portuguese Securities Code aimed at transposing the so-called Shareholders' Rights Directive, as well as the entry into force of CMVM Regulation no. 1/2010 and the CMVM Recommendations on Listed Companies Governance in its version published in January 2010.

The high level of compliance with the best governance practices by EDPR was recognised by an independent study developed in 2012 by the *Universidade Católica Portuguesa* (Portuguese Catholic University) at the request of AEM – *Associação de Empresas Emitentes de Valores Cotados em Mercado* (Portuguese Listed Companies Association), within which the Company was given the maximum rating – AAA – based on the Company's 2011 Governance Report and compliance with the abovementioned CMVM Recommendations.

Also in order to comply with the Recommendation II.1.1.1 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Audit and Control Committee regarding the terms of the Recommendation II.5.1 part ii), the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the company's governance structure without any constraints to the performance of its *checks and balances* system adopted to justify the changes made in the Governance practices of EDPR.

0.4 ANALYSIS OF DEVIATIONS REGARDING CMVM RECOMMENDATIONS'

The explanation of CMVM's recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the previous table.

I. GENERAL SHAREHOLDERS' MEETING

I.1 MEMBERS OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are the Chairperson of the General Shareholders' Meeting, Rui Chancerelle de Machete, the Chairperson of the Board of Directors or his substitute, the other Directors, and the Secretary of the Board of Directors, Emilio García-Conde Noriega.

Apart from the Board of the General Shareholders' Meeting and according to Recommendation I.1.1, the Chairperson of the General Shareholders' Meeting of EDPR has the appropriate human and logistical resources for his needs. Therefore in addition to the resources from the Company Secretary and the legal support provided for that purpose, the Company hires a specialized entity to collect, process and count the votes.

I.2 BEGINNING AND END OF THE TERM OF THE CHAIRPERSON AND THE SECRETARY OF THE GENERAL SHAREHOLDERS' MEETING

The Chairperson of the General Shareholders meeting was elected on June 4th, 2008 and re-elected on April 11th, 2011 for a three-year term. The Secretary of the General Shareholders meeting was nominated as Secretary of the Board on December 4th, 2007. The Secretary of the Board mandate does not have a date for the end of the term according to the Spanish Companies Law since he is a non-member of the Board.

I.3 REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2012, the remuneration of the Chairperson of the General Shareholders' Meeting of EDPR was EUR 15,000.

I.4 PARTICIPATION IN THE GENERAL SHAREHOLDERS' MEETING

All shareholders, irrespective of the number of shares that they own, may attend a General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

In order to exercise their right to attend, the company informs in its Summon and shareholders guide of the General Shareholders' Meeting that the shareholders must have their shares registered in their name in the Book Entry Account at least five (5) working days in advance of the date of the General Shareholders' Meeting.

Any shareholder with the right to attend may send a representative to a General Shareholders' Meeting, even if this person is not a shareholder. Power of attorney is revocable. The Board of Directors may require shareholders' power of attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

Power of attorney shall be specific to each General Shareholders' Meeting, in writing or by remote means of communication, such as post.

I.5. SUSPENSION OF THE GENERAL SHAREHOLDERS' MEETING

There is no express provision on this matter in the Articles of Association of the company. In the event of the suspension of a General Shareholders' Meeting, EDPR plans to adopt Recommendation I.2.2 of the Portuguese Corporate Governance Code and not require the blocking of shares more than five days in advance.

I.6. VOTING RIGHTS

Each share entitles its holder to one vote.

I.7. RESTRICTIONS TO VOTING RIGHTS

EDPR's Articles of Association have no restrictions regarding voting rights.

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I.8 EXERCISE OF VOTING RIGHTS AND QUORUM FOR CONSTITUTING AND ADOPTING THE DECISIONS OF THE GENERAL SHAREHOLDERS' MEETING

Regarding the exercise of voting rights the information is available on chapter I.4..

According to EDPR's Articles of Association and as established on the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. On the second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present in order to comply with the minimum established under the Spanish Companies Law.

Nonetheless, to validly approve the issuance of bonds, the increase or reduction of capital, the transformation, merger or spin-off of the Company, and in general any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need: on the first call, that the Shareholders, either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital and, on the second call, that the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the resolutions will only be validly adopted with the favourable vote of two-thirds(2/3) of the present or represented capital in the General Shareholders' Meeting.

I.9 MAIL AND ELECTRONIC COMMUNICATION VOTES

Shareholders may vote on chapters on the agenda, relating to any matters of the Shareholder's competence, by mail or electronic communication. It is essential for their validity that they be received by the company by midnight of the day before the date scheduled for the first calling to order of the General Shareholders' Meeting.

Remote votes can be revoked subsequently by the same means used to cast them within the time limit established for the purpose or by personal attendance at the General Shareholders' Meeting by the shareholder who cast the vote or his/her representative.

I.10 FORM USED FOR MAIL VOTING

The Board of Directors approves a Shareholder's Guide for the first General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. It is at the shareholder's disposal at www.edprenovaveis.com.

I.11 DEADLINE TO RECEIVE THE BALLOT FOR THE MAIL VOTING

Votes by mail shall be sent in writing to the place indicated on the summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. Pursuant to the terms of article 15 of the Articles of Association, mail-in votes must be received by the Company before midnight (24.00 hours) on the day before the scheduled meeting date on first call.

I.12 ELECTRONIC VOTING

In order to vote by electronic communication, shareholders must express this intention to the Chairperson of the General Shareholders' Meeting in the form indicated in the invitation to the meeting, with sufficient time in advance to permit the vote within the established time limit. The shareholders will receive a password for voting by electronic communication within the time limit and in the form established in the call of the General Shareholders' Meeting. Pursuant to the terms of article 15 of the Articles of Association, electronic votes must be received by the Company before midnight of the day before the scheduled meeting date on first call.

I.13 MINUTES AND INFORMATION ON DECISIONS OF THE GENERAL SHAREHOLDERS' MEETING

Given that EDPR is a listed company on Eurolist by NYSE Euronext Lisbon, shareholders have access to corporate governance information at EDPR's website, www.edprenovaveis.com. Extracts of General Shareholders' Meeting minutes and the invitation, agenda, motions submitted to the General Shareholders' Meeting, and forms of participation shall be placed at the shareholder's disposal five (5) days after they are held.

Given the personal nature of the information involved, the record does not include the attendance lists at general Shareholders' Meetings. However, in accordance with CMVM Circular nr. 156/EMIT/DMEI/2009/515, when General Shareholders' Meetings are held, EDPR plans to replace them by statistical information indicating the number of shareholders present and represented.

EDPR therefore publishes on its website an extract of the minutes of General Shareholders' Meetings with all information on the constitution of the General Shareholders' Meeting and decisions taken on the meeting, including motions submitted and explanations of votes, if any.

The website also provides EDPR shareholders with information on: i) requirements for participating in the General Shareholders' Meeting, ii) mail and electronic communication votes iii) information available at the registered office.

GENERAL SHAREHOLDERS' MEETING IN 2012

On April 12th 2012, the Ordinary General Shareholders' Meeting of EDPR took place in Madrid.

The Meeting's validity was ascertained by the meeting's President, and the definitive quorum of members was:

- 154 shareholders were present, holding 25,999,436 shares making up for 2.98% of the share capital, and

- 344 shareholders were represented, holding 737,817,447 shares making up for 84.58% of the share capital.

A total of 498 shareholders attended the General Shareholders' Meeting, including those present and those represented, holding a total of 763,816,883 shares which constitutes a nominal amount of EUR 3,819,084,415,00 of the share capital, that is, 87.56% of the mentioned share capital.

The seven proposals submitted to approval at the General Shareholders' Meeting were all approved. Extracts of the 2012 General Shareholders' Meeting minutes, the summon, agenda, motions submitted to the General Shareholders' Meeting and forms of participation are available on the company's website, www.edprenovaveis.com

I.14 RECORD OF THE DECISIONS TAKEN BY THE GENERAL SHAREHOLDERS' MEETING

EDPR's website, www.edprenovaveis.com, contains all the information regarding the company's General Shareholders' meetings of the last three years.

I.15 ATTENDANCE AT THE GENERAL SHAREHOLDERS' MEETING OF A REPRESENTATIVE OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE

At least one of the members of the Nominations and Remunerations Committee was present or represented at the General Shareholders' Meeting of EDPR.

I.16 INTERVENTION OF THE GENERAL SHAREHOLDERS' MEETING REGARDING THE REMUNERATION POLICY

The General Shareholders' Meeting is responsible for approving the statement on remuneration policy for the Company's corporate bodies submitted by the Nominations and Remunerations Committee through the Board of Directors.

Pursuant to Article 164 of the Spanish Companies Law, the General Shareholders' Meeting evaluates the performance of the company's management and makes an annual decision on whether to maintain confidence, or not, in their members.

I.17 INTERVENTION OF THE GENERAL SHAREHOLDERS' MEETING REGARDING SHARES AND/OR STOCK OPTION PLANS

EDPR has not incorporated any share remuneration or share

purchase option plans for the members of the governing bodies.

I.18 INTERVENTION OF THE GENERAL SHAREHOLDERS' MEETING IN THE APPROVAL OF THE RETIREMENT BENEFIT SYSTEMS

The General Shareholders' Meeting has mentioned on chapter I.16 approval on the statement on the remuneration policy, in which it is also included the approval of the retirement benefits systems applicable to the officers included in this system.

I.19 STATUTORY RULE FOR THE LIMITATION OF THE NUMBER OF VOTES

EDPR's Articles of Association does not provide any limitation of the number of votes.

I.20 DEFENSIVE MEASURES

The Company has taken no defensive measures that might affect its assets in any of the cases of a change in control in its shareholder structure or the Board of Directors.

The Articles of Association contain no limitations on the transferability of shares or voting rights in any type of decision and no limitations on membership of the governing bodies of EDPR. Neither are there any decisions that come into effect as a result of a takeover bid.

The fact that the Company has not adopted any measures designed to prevent successful takeover bids is therefore in line with Recommendation I.6.1 of the Portuguese Code of Corporate Governance.

I.21 CHANGE OF THE CONTROL OF THE COMPANY

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice in case of financing of certain wind farm projects by some of its group companies and on the case of intra-group agreements.

I.22 AGREEMENTS WITH BOARD MEMBERS OR SENIOR MANAGERS

There are no agreements between the Company and members of its Board of Directors or managers providing for compensation in the event of resignation or discharge of Directors or in the event of resignation or dismissal without just cause or cessation of the working relationship following a change in control of the Company.

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SECTION I - GENERAL CHAPTERS
II. MANAGEMENT AND SUPERVISORY BODIES

II.1 IDENTIFICATION AND COMPOSITION OF
THE GOVERNING BODIES

BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company’s Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. Their term of office shall be of three (3) years, and they may be re-elected once or more times for equal periods.

The number of Board Members was fixed in seventeen (17) members according to the decision of the General Shareholders’ Meeting held on June 21st, 2011. *

Name	Position	Date of first Apchapterment	Date of Re-election	End of Term
António Mexia	Chairperson and Director	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Vice-Chairperson, CEO	18/03/2008	21/06/2011	21/06/2014
João Marques da Cruz	Director	16/05/2012	-	Until the next Shareholder’s meeting
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Gabriel Alonso	Director	21/06/2011	-	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
Gilles August	Director (Independent)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Manuel Menéndez Menéndez	Director	4/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Independent)	4/06/2008	21/06/2011	21/06/2014

*On 2012, Mrs. Ana Maria Fernandes, Mr. António Nogueira Leite, Mr. Francisco Queiroz de Barros de Lacerda, and Mr. Luis Adão da Fonseca resigned as Board members. On February 28th, 2012, Mr. João Manso Neto was elected Vice-Chairperson of the Board of Directors and Chief Executive Officer of the Company. Also, on May 2012, Mr. João Marques da Cruz was nominated by co-optation as Member of the Board until the first General Shareholders’ Meeting is gathered. The co-option proposal was made according to Article 23, nº 2, of EDPR’s Articles of Association.

The above table reflects the composition of the Board of Directors as of December 31st, 2012. However, pursuant to the Nominations and Remunerations Committee proposal dated February 22nd, 2013, three (3) new independent Directors are appointed by cooptation by the Board of Director’s meeting on February 26th, 2013. Additionally, in such meeting, the Board of Directors summons a General Shareholders’ Meeting which includes, in its agenda, the ratification of such appointments.

EXECUTIVE COMMITTEE

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than six (6) and no more than nine (9) Directors. On the Board of Directors of April 12th, 2012, the number of members of the Executive Committee was fixed in six (6).

Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two-thirds (2/3) of the members of the Board of Directors.

The Executive Committee consists of six (6) members, plus the Secretary. The current members are:

- João Manuel Manso Neto, who is the current Chairperson pursuant to his appointment by the Board of Directors of April 12th, 2012, following Mr. António Mexia resignation as Chairperson and member of the Executive Committee.
- Gabriel Alonso Imaz.
- João Paulo Nogueira de Sousa Costeira.
- Nuno Maria Pestana de Almeida Alves.
- Rui Manuel Rodrigues Lopes Teixeira.

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Executive Committee.

Mr. Luis Adão da Fonseca resigned as member of the Executive Committee on September 21st, 2012, as a consequence of his resignation as member of the Board of Directors. Due to his resignation, the Board of Directors proposes for the next General Shareholders' Meeting to reduce the number of members of the Executive Committee to a minimum of four (4) members and a maximum of seven (7), and it will be fixed in five (5) members by the Board of Directors.

AUDIT AND CONTROL COMMITTEE

Pursuant to Article 28 of the Company's Articles of Association, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

The Audit and Control committee consists of three (3) independent members, plus the Secretary. The current members are:

- João Manuel de Mello Franco, who is the Chairperson.
- João Lopes Raimundo.
- Jorge Santos.

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit and Control Committee.

II.2 SPECIAL COMMITTEES FOR MANAGEMENT AND SUPERVISORY MATTERS

NOMINATIONS AND REMUNERATIONS COMMITTEE

Pursuant to Article 29 of the Company's Articles of Association, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6)

members. At least one of its members must be independent and shall be the Chairperson of the committee.

The members of the committee shall not be members of the Executive Committee. The Nominations and Remunerations Committee is constituted by independent members of the Board of Directors, in compliance with Recommendation 44 of the Unified Code of Good Governance approved by decision of the Board of the Spanish Securities Committee (hereinafter the Comisión Nacional del Mercado de Valores - CNMV), as amended by CNMV Circular 4/2007 of December 27th, which lays down that the Nominations and Remunerations Committee must be entirely made up of external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors), it complies to the extent possible with the recommendation indicated in chapter II.5.2 of the Portuguese Code of Corporate Governance.

The Nominations and Remunerations Committee consists of three (3) independent members, plus the Secretary.

The current members are:

- Jorge Santos, who is the Chairperson.
- Rafael Caldeira Valverde.

Given the resignation of Mr. Francisco José Queiroz de Barros de Lacerda as member of the Nominations and Remunerations Committee as a consequence of his resignation as member of the Board of Directors on August 24th, 2012, the Board of Directors appoints on its meeting of February 26th 2013 a new member for this Committee.

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the committee members are spouses or up to third-degree relatives in direct line of the other members of the Board of Directors.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

RELATED PARTY TRANSACTIONS COMMITTEE

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related Party Transactions Committee. This committee shall consist of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be independent, although in the case of this committee it has one non-independent member, Nuno Maria Pestana de Almeida Alves.

Members of the Related Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by relations with EDPR, its majority shareholders or its Directors and, if this is the case, meet the other requirements of the applicable legislation.

The Related-Party Transactions committee consists of three (3) independent members, plus the Secretary.

The current members are:

- João Manuel de Mello Franco.
- Nuno Maria Pestana de Almeida Alves.

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Given the resignation of Mr. António do Pranto Nogueira Leite as member of the Related Party Transactions Committee as a consequence of his resignation as member of the Board of Directors on April 18th, 2012, the Board of Directors appoints on its meeting of February 26th 2013 a new member for this Committee.

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Related Party Transactions Committee.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

II.3 ALLOCATION OF POWERS AMONG THE GOVERNING BODIES, COMMITTEES, AND/OR DEPARTMENTS OF THE COMPANY

A. MANAGEMENT BODIES

BOARD OF DIRECTORS

Pursuant to Article 19 of the Company's Articles of Association, the Board of Directors has the broadest powers for the administration, management, and governance of the Company, with no limitations other than the responsibilities expressly and exclusively invested in the General Shareholders' Meeting in the Company's Articles of Association or in the applicable law.

Regarding the decisions to increase the share capital, the Board of Directors does not have this power but, subject to prior delegation from the General Shareholders' Meeting, would be able to decide the increase of the share capital. This delegation must comply with the law and the By-Laws.

On the other hand, the General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that have not been specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or in part and may also decide not to perform it in consideration to the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

According to Article 146 of the Spanish Companies Law, the Board of Directors was authorized by the General Shareholders' Meeting to acquire its own shares issued by the parent company and/or the affiliate companies through their management bodies for a term of five years since the General Shareholders' Meeting held on April 13th, 2010. The terms for this acquisition are available to the public at the company's website, www.edprenovaveis.com.

FUNCTIONING OF THE BOARD OF DIRECTORS

In addition to the Articles of Association and the law, the Board of Directors is governed by its regulations approved on May 3rd, 2008.

The Board of Directors must meet at least four (4) times a

year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of three (3) Directors, may convene a Board meeting whenever he deems it necessary for the Company's interests. Meetings are convened by the Chairperson, who may order the Secretary to send the invitations. Invitations shall be sent at least five (5) days prior to the date of the meeting. Only when the circumstances so require, the Chairperson may call a meeting of the Board without respecting the required advance notice.

The meetings of the Board are valid if half of the Directors plus one are present or represented. Directors shall attend Board meetings personally and, on exception, if they are unable to do so, they may delegate their representation through a written Declaration to another Director. Without prejudice to the above, the Board of Directors shall be deemed to have been validly convened, with no need for an invitation, if all the Directors present or represented agree unanimously to hold the meeting as universal and accept the agenda to be dealt with at it.

Decisions are adopted by absolute majority among those present. Each Director present or represented has one vote and the Chairperson has the casting vote in the event of a tie.

In order for the non-executive Directors to be able to decide independently and be informed, Articles 22, 24, and 25 of the Board regulations establishes the following mechanisms:

- Invitations to meetings shall include the agenda, although provisional, of the meeting and be accompanied by relevant available information or documentation;
- The Directors have the broadest powers to obtain information on any aspect of the Company, to examine its books, records, documents, and other registers of the Company's operations. In order to prevent distortions in the Company management, the exercise of the powers to obtain information shall be channeled through the Chairperson or Secretary of the Board of Directors;
- Any Director may request the hiring, on the Company's account, of legal advisers, accountants, financial, or commercial specialists or other experts. The performance of the job must necessarily relate to concrete problems of a certain importance and complexity. Requests to hire experts shall be channeled through the Chairperson or Secretary of the Board of Directors, who shall be subject to the approval of the Board of Directors.

Additionally, the Executive Committee informs the Board of Directors of its decisions at the first Board meeting held after each committee meeting and delivers the minutes of the meetings held to the members of the Board.

EXECUTIVE COMMITTEE

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be delegated, with the exception of the following:

- election of the Chairperson of the Board of Directors,
- nomination of Directors by cooption,
- requests to convene or convening of General Shareholders' Meetings,
- preparation and drafting of the Annual Management Report and Accounts and submission to the General Shareholders' Meeting,

- change of registered office, and
- drafting and approval of the proposal for mergers, spin-off, or transformation of the company.

The Executive Committee members have been delegated by the Board of Directors with all the powers of representation of the Company so that any two of its members can act jointly in the name and on behalf of the Company.

FUNCTIONING OF THE EXECUTIVE COMMITTEE

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th, 2008 and also by the Board of Directors Regulations. The committee regulations are available to the public at www.edprenovaveis.com.

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairperson, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

The Chairperson of the Executive Committee, who is currently also the Vice-Chairperson of the Board of Directors, shall send to the Chairperson of the Audit and Control Committee invitations to the Executive Committee meetings and the minutes of those meetings. The Chairperson of the Board of Directors also receives the minutes of the meetings of the Executive Committee.

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by simple majority. In the event of a tie, the Chairperson shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

B. POWERS OF THE CHAIRPERSON AND VICE-CHAIRPERSON OF THE BOARD OF DIRECTORS, OF THE CHAIRPERSON OF THE EXECUTIVE COMMITTEE, AND THE SECRETARY OF THE BOARD

CHAIRPERSON AND VICE-CHAIRPERSON OF THE BOARD OF DIRECTORS

Chairperson of the Board of Directors

António Mexia

The Chairperson of the Board of Directors is the Chairperson of the Company and fully represents it.

Without prejudice to the powers of the Chairperson under the law and Articles of Association, he also has the following powers:

- Convening and presiding over the meetings of the Board of Directors, establishing their agenda, and directing discussions and decisions;
- Acting as the Company's highest representative dealing with public bodies and any sectorial or employees bodies.

The Chairperson of the Board is nominated by the members of the Board of Directors, unless this is done by the General Shareholders' Meeting. The current Chairperson was elected

on March 18th, 2008 and re-elected on June 21st, 2011 by the Board of Directors.

Vice-Chairperson of the Board of Directors

João Manso Neto

The Vice-Chairperson replaces the Chairperson when he is unable to attend the meetings. The Board may also delegate executive powers to the Vice-Chairperson.

The Vice-Chairperson is nominated by the Board of Directors by proposal of the Chairperson. The current Vice-Chairperson was elected on February 28th, 2012.

CHIEF EXECUTIVE OFFICER

CEO

João Manso Neto

The Board of Directors may nominate one or more Chief Executive Officers. Chief Executive Officers are nominated by proposal of the Chairperson or two-thirds of the Directors. Chief Executive Officers are nominated with a vote in favour of two-thirds of the Directors and must be chosen from among the Directors.

The competences of each Chief Executive Officer are those deemed appropriate in each case by the Board of Directors, with the only requirement being that they are delegable under the law and the Articles of Association.

The Chief Executive Officer was elected on February 28th, 2012 with the competences including coordination of the implementation of Board of Directors and Executive Committee decisions, representing the company in dealings with third parties, and other related duties.

COMPANY SECRETARY

Company Secretary

Emilio García-Conde Noriega

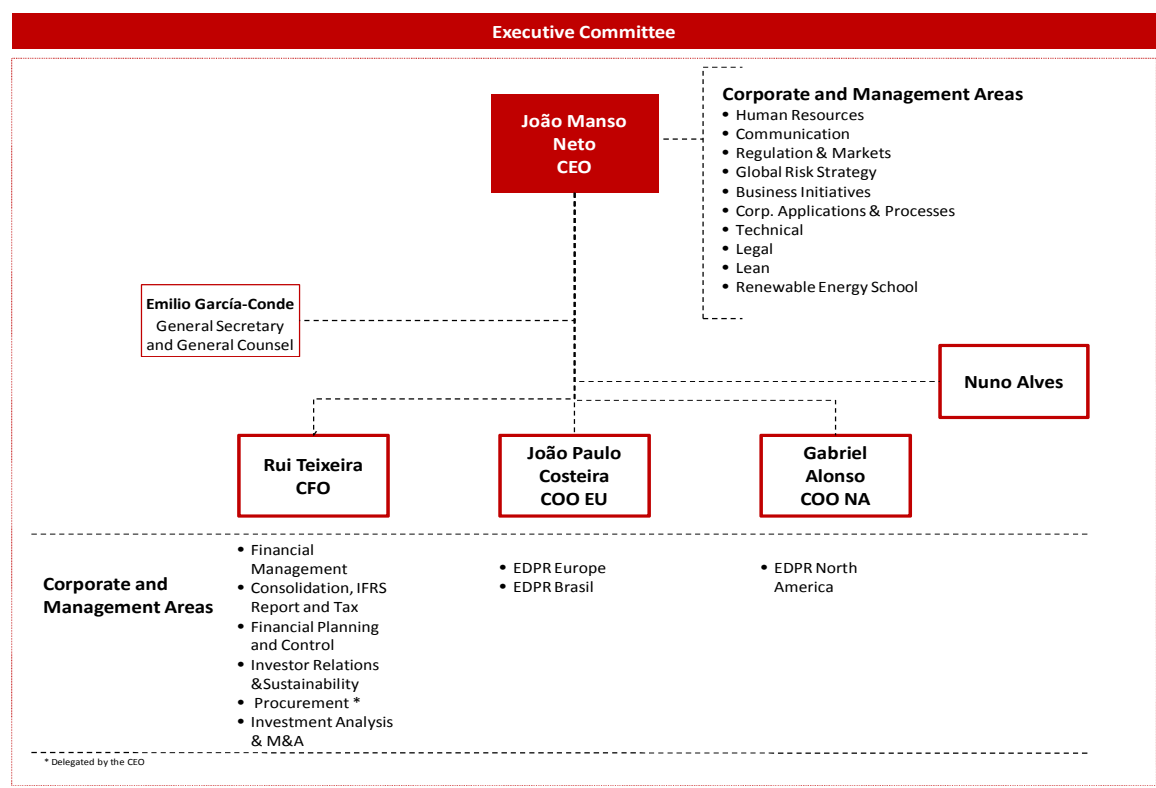
The duties of the Company Secretary are those set forth in current laws, the Articles of Association and Board of Directors Regulations. In particular, in accordance with the Board of Directors Regulations and in addition to those set forth in the Articles of Association, his competences are:

- Assisting the Chairperson in his duties;
- Ensuring the smooth operation of the Board, assisting and informing it and its members;
- Safeguarding company documents;
- Describing in the minutes books the proceedings of Board meetings and bearing witness to its decisions;
- Ensuring at all times the formal and material legality of the Board of Directors actions so that they comply with the Articles of Association and Board Regulations;
- Monitoring and guaranteeing compliance with provisions imposed by regulatory bodies and consideration of their recommendations;
- Acting as secretary to the committees.

The Company Secretary, who is also the General Secretary and Director of the Legal Department at EDPR, was nominated on December 4th, 2007.

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MANAGEMENT STRUCTURE



C. SUPERVISORY BODIES

AUDIT AND CONTROL COMMITTEE

Pursuant to Article 28 of the Articles of Association, the members of the Audit and Control Committee are nominated by the Board of Directors. The term of office of the Chairperson of the Audit and Control Committee is three (3) years, after which he may only be re-elected for a new term of three (3) years. Nonetheless, chairpersons leaving the committee may continue as members of the Audit and Control Committee.

The powers of the Audit and Control Committee are as follows:

- Reporting, through the Chairperson, at General Shareholders' Meetings on questions falling under its jurisdiction,
- Proposing the nomination of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non audit" – annual activity evaluation and revocation or renovation of the auditor nomination (to comply with Recommendation III.1.5 of the Portuguese Corporate Governance Code of 2010),
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluate those systems and propose the adequate adjustments according to the Company necessities (to comply with Recommendation II.1.1.3 of

the Portuguese Corporate Governance Code of 2010),

- Supervising internal audits and compliance (to comply with Recommendation II.4.6 of the Portuguese Corporate Governance Code of 2010),
- Establish a permanent contact with the external auditors to assure the conditions, including the independence, adequate to the services provided by them, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects (to comply with Recommendation II.4.4 of the Portuguese Corporate Governance Code of 2010),
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the Accounts and the proposals presented by the Board of Directors (to comply with Recommendation II.4.3 of the Portuguese Corporate Governance Code of 2010),
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entity that has a direct interest and judicially protected, related with the Company social activity (to comply with Recommendation II.1.4.1 of the Portuguese Corporate Governance Code of 2010),
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, the importance of the matters entrusted to them and the economic situation of the company must be taken into account,

- Drafting reports at the request of the Board and its committees,
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement,
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

FUNCTIONING OF THE AUDIT AND CONTROL COMMITTEE

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th, 2008, amended on May 4th, 2010 and also by the Board of Directors regulations.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit.

Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

D. OTHER COMMITTEES AND SUPPORTING STRUCTURES

NOMINATIONS AND REMUNERATIONS COMMITTEE

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature and its recommendations and reports are not binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel. The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration policy and incentives to them and the senior management. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and nominations of its members.
- Proposing the nominations and re-election of Directors in cases of nominations by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors.
- Proposing to the Board of Directors the candidates for the different committees.
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors.
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors.
- Informing and making proposals to the Board of Directors regarding the nominations and/or removal of executives and the conditions of their contracts and

generally defining the hiring and remuneration policies of executive staff.

- Reviewing and reporting on incentive plans, pension plans, and compensation packages.
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4th, 2008 and also by the Board regulations. The committee's regulations are available at www.edprenovaveis.com.

This committee shall meet at least once every quarter and also whenever its Chairperson sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting held after each committee meeting. Decisions shall be adopted by simple majority. The Chairperson shall have the deciding vote in the event of a tie.

RELATED-PARTY TRANSACTIONS COMMITTEE

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities.
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question.
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds EUR 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the fiscal year before.
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th, 2008.
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities.
- Asking EDP for access to the information needed to perform its duties.

Should the Related-Party Transactions Committee not ratify transactions or legal relations between EDPR or its related parties and EDP and its related parties, said relations shall require the approval of two-thirds (2/3) of the members of the Board of Directors, whenever at least half of the members proposed by entities other than EDP, including independent Directors, vote in favour, unless before submission for ratification by the Related Party Transactions Committee, this majority of members has voiced its approval.

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The previous paragraphs shall not apply to operations between EDPR or its related parties and EDP or its related parties that have standard conditions and these conditions are applied in the same way in transactions with parties not related to EDPR and EDP or their respective related parties.

FUNCTIONING OF THE RELATED-PARTY TRANSACTIONS COMMITTEE

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th, 2008 and by the Board of Directors Regulations. The committee’s regulations are available at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit.

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting.

Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

II.4. ANNUAL REPORT ON THE ACTIVITY CARRIED OUT BY THE AUDIT AND CONTROL COMMITTEE

The annual report on the activities of the Audit and Control Committee for the 2012 financial year is available to Shareholders on the Company’s website, together with the financial statements, in compliance with CMVM Recommendations II.4.2 and II.4.3. The Audit and Control Committee found no constraints in performing its duties.

II.5. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

A. INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

General Description

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of internal control.

This system covers the main aspects of COSO (Committee of Sponsoring Organizations of the Treadway Commission): maintaining a control environment for the preparation of qualified financial information, assessment of the risks of financial reporting, existence of control activities to mitigate risks of error, information, and communication and evaluation mechanisms.

EDPR, in order to implement and maintain the SCIRF in operational terms, has developed a Responsibilities Model and a SCIRF Manual.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organization including: monitoring activities related to the annual cycle, the implementation of controls, and documentation of evidence and supervision activities.

EDPR has also a SCIRF Manual where the general principles of the Internal Control System over Financial Reporting are established, as well as the methodology used, the procedures for ensuring the effectiveness of internal control, and design of models, documentation, evaluation, and reporting.

Code of Ethics and Ethics Channel

EDPR has a Code of Ethics published on its intranet, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing.

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, which performs a first analysis, forwarding its conclusion to the Ethics Committee of EDPR, which receives, records, processes, and reports to the Board of Directors.

In 2012 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

Communication Channel to the Audit and Control Committee

In addition to the Code of Ethics and the Ethics Channel, EDPR has implemented a Communication Channel to the Audit and Control Committee that allows direct communication with the Audit and Control Committee of any inappropriate practices in accounting and finance.

The operation of this Communication Channel is regulated by the Regulation on procedures to be adopted in communication matters to the Audit and Control Committee. Submissions can be made by email or letter, being handled by the Secretary of the Audit and Control Committee. To ensure confidentiality, access to information submitted is restricted and limited.

Scope Revision and Update

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas, and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes different types of risk (operational, economic, financial, technological, or legal) and control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure, comparability, and rights, and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organization involved in the SCIRF and supervised by the Audit and Control Committee.

Preparation, review and approval of financial information

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation). The steps and controls that are carried out for the preparation of the financial information that will be part of consolidated financial statements are specified.

The procedures for review and approval of financial information are provided by the areas of Planning and Control, Administration, and Finance. Financial information is monitored in the scope of its competences by the Audit and Control Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls, and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts, and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of their main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or by unauthorized people, analysis of deviations from the budget, the analysis in the meetings of the Executive Committee of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation, and disclosure of transactions in financial reporting.

Control activities of EDPR’s SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that the information systems are the tools with which financial information is prepared, and is therefore, relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and evolutive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents), and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF’s scope update, there is a periodic analysis of the existence of service providers that perform relevant activities in relation to the processes of preparing financial information.

Evaluation of the efficiency of SCIRF

EDPR Group decided to have its SCIRF audited by the external auditor as of December 31st, 2012. The external auditor has included in the scope of their audit work, an opinion on the SCIRF of the EDPR Group, specific jobs regarding EDPR’s SCIRF.

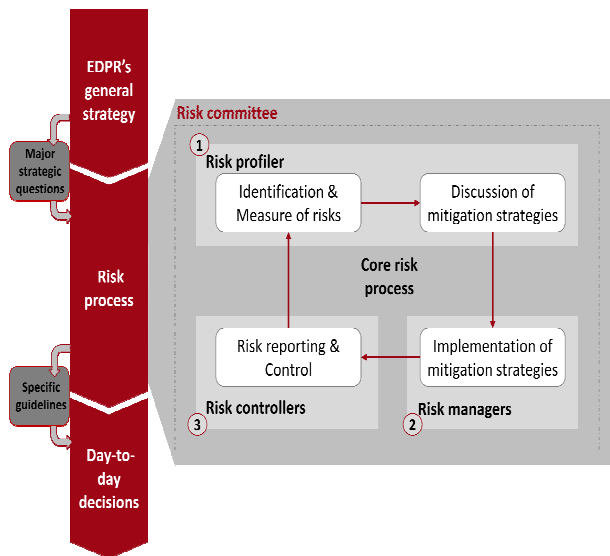
B. RISK MANAGEMENT

EDPR’s risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

RISK FRAMEWORK AND PROCESS

In EDPR’s risk framework, risk process aims to link the company’s overall strategy to manager’s day-to-day decisions, enabling the company to increase the likelihood of achieving its strategic objectives.

EDPR’s general strategy is translated into major strategic questions that are grouped by risk area and then subject to EDPR’s risk process. The outcome of the risk process is a set of specific guidelines per risk area that will guide managers in their decisions according to the company’s risk profile.



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II.6 RESPONSIBILITY OF THE MANAGEMENT AND SUPERVISORY BODIES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

A. INTERNAL CONTROL SYSTEMS

General Description

The administration, governance, and management of the company lies in the governing bodies of the Company (General Shareholders’ Meeting, Board of Directors, and Executive Committee) and corresponds to the Board of Directors to establish the organization of the Company.

The Board of Directors sets limits regarding the allocation of powers of the Executive Committee, the CEO, and the Audit and Control Committee. It is also defined by the Board of Directors the guide lines to conduct transactions with third parties.

EDPR's Articles of Association in its Article 28 mentions that the Audit and Control Committee has, among other powers, the obligation to meet the internal control systems of the Company.

The Audit and Control Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF’s implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. For this purpose, the Audit and Control Committee is assisted by the Internal Audit Department.

EDPR has an Internal Audit Department that reports to the President of the Board of Directors and is overseen by the Audit and Control Committee as provided in the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act which includes, among others, the evaluation activities of internal control systems including the internal control system over financial reporting.

The annual work plans of the Internal Audit Department are subject to the approval of the Audit and Control Committee.

Among these activities, Internal Audit supports the Audit and Control Committee in monitoring the implementation and maintenance of SCIRF and reports the results of the evaluation, the improvement actions identified, and their evolution.

The entity has action plans for the improvement actions identified in SCIRF’s assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2012, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

Performance evaluation of SCIRF and relevance to the needs of society

The auditor may communicate relevant issues arising from its financial audit work and any single internal control weaknesses identified in the course of their work. For this purpose, the auditor has summoned meetings with the Audit and Control Committee accompanying the results of their work usually once a year.

The reporting mechanism of the Internal Audit Department to senior management and the Audit and Control Committee is specified in the Basic Internal Audit Act, including the reporting of the results of their work.

B. RISK MANAGEMENT SYSTEMS

RISK FUNCTIONS AND RISK COMMITTEE

Risk management in EDPR is supported by three distinct organizational functions:

Risk functions		Description
1	Strategy / Profile	General risk policy & strategy
		• Responsible for setting guidelines and limits for risk management within the company
		• Attempts to clarify and support proposals related to general strategic issues
2	Management	Risk manag. & risk business decisions
		• Responsible for day to day operational decisions and for related risk – taking, risk – mitigating positions
3	Controlling	Risk control
		• Responsible for follow up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the executive committee

EDPR’s risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

RISK FRAMEWORK AND PROCESS

In EDPR’s risk framework, risk process aims to link the company’s overall strategy to manager’s day-to-day decisions, enabling the company to increase the likelihood of achieving its strategic objectives.

EDPR’s general strategy is translated into major strategic questions that are grouped by risk area and then subject to EDPR’s risk process. The outcome of the risk process is a set of specific guidelines per risk area that will guide managers in their decisions according to the company’s risk profile.

II.7 REGULATIONS ON THE FUNCTIONING OF THE GOVERNING BODIES

All EDPR governing bodies and special committees have internal Regulations which are available to the public on the company's website at www.edprenovaveis.com.

SECTION II – BOARD OF DIRECTORS

II.8 EXECUTIVE POWERS OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairperson of EDPR's Board of Directors does not have executive duties.

II.9 MAIN ECONOMIC, FINANCIAL, AND LEGAL RISKS

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

The following list summarizes the main risk areas and descriptions of EDPR's business:

1. **Countries & regulations** - Changes in regulations may impact EDPR's business in a given country
2. **Revenues** - Revenues received by EDPR's projects may diverge from what is expected
3. **Financing** - EDPR may not be able to raise enough cash to finance its planned Capex; EDPR may not be able to fulfill its financial obligations
4. **Wind turbine contracts** - Changes in turbine prices may impact projects' profitability; Contracts should take into account the pipeline development risk
5. **Pipeline development** - EDPR may deliver an installed capacity different from its targets or suffer delays and/or anticipations in its installation
6. **Operations** - Projects may deliver a volume different from expected

II.9.1 Countries and regulations

II.9.1.1. Regulatory risks

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide numerous types of incentives that support the energy generated from renewable sources.

The European Union and various US federal and state bodies have regularly reaffirmed their desire to continue and strengthen support for renewable energy sources, although due to the financial difficulties that Governments are experiencing, remuneration schemes have become less competitive in some countries.

Therefore, it cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources.

Regulation promoting green energy has been revised or is being under study in a large number of regions.

Management of regulatory risks

EDPR is managing its exposure to regulatory risks through diversification (being present in several countries) and by being an active member in several wind associations. Sensitivity analyses to updated regulatory scenarios are also performed.

II.9.2 Revenues

II.9.2.1 Exposure to market electricity prices

EDPR faces limited market price risk as it pursues a strategy of being present in countries or regions with long term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In the markets where there is expected short term volatility in market prices, EDPR uses various financial and commodity hedging instruments in order to optimize the exposure to fluctuating electricity prices. However, it may not be possible to successfully hedge the exposures or there may be other difficulties in executing the hedging strategy.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Spain, Portugal and France) or in markets where on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland, and Romania). Additionally, EDPR is developing activity in Italy and UK where current incentive system is based on green certificates. Recently Italy changed to a feed in tariff from green certificates and UK is in process.

In North America, EDPR is focus on developing in states which have an RPS program in place, providing higher revenues visibility through the REC (Renewable Energy Credit) market and non-compliance penalties. The North American market does not provide a regulated framework system for the electricity price although it may exist for the RECs in some states. Most of EDPR's capacity in the US has predefined prices determined by long-term contracts with local utilities in line with the Company's policy of signing long-term contracts for the output of its wind farms.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract.

Management of risks related to exposure to market electricity prices

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits (measured through EBITDA at risk), assessing in which markets financial hedges may be more effective to correct it. In 2012, in order to manage such exposure, EDPR financially hedged a significant part of its generation in Spain while in the US it closed a significant portion of its exposure through several power purchase agreements, long term hedges and financial swaps. Additionally, EDPR hedged part of the merchant generation in Poland and Romania.

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II.9.2.2 Risk related to volatility of energy production

The amount of electricity generated by EDPR from its wind farms, and therefore EDPR's profitability, is dependent on climatic conditions, which vary across the locations of the wind farms, and from season to season and year to year. Energy output at wind farms may decline if wind speed falls outside specific ranges, as turbines will only operate when wind speeds are within those ranges.

Variations and fluctuations in wind conditions at wind farms may result in seasonal and other fluctuations in the amount of electricity that is generated and, consequently, in the operating results and efficiency.

Management of risks related to volatility of energy production

EDPR mitigates wind resource volatility and seasonality by having a strong knowledge in the design of its wind farms and through geographical diversification – in each country and in different countries – of its asset base. This “portfolio effect” enables EDPR to offset wind variations in each area and to keep the total energy generation relatively steady. Currently, EDPR is present in 11 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil.

There exist financial products to hedge weather risk. EDPR is currently exploring the interest of contracting those products in specific cases.

II.9.3. Financing

II.9.3.1 Risks related to financial market exposure

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated by contracting fixed rates and financial instruments such as hedges and interest rate swaps.

Additionally, because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial results. EDPR hedges against currency fluctuations by employing natural hedging strategies, and using hedging instruments such as forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR's hedging efforts minimize but don't eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

The evolution of the financial markets is analyzed on an ongoing basis in accordance to EDP Group's risk management policy approved by the EDPR's Board of Directors.

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits based on the recommendation of the Risk Committee.

Taking into account the risk management policy and approved exposure limits, the Finance team identifies evaluates, and submits the financial strategy appropriate to each project/location for the Board's approval.

II.9.3.1.1. Interest rate risk

The purpose of the interest rate risk management policies is to reduce the exposure of long term debt cash flows from market fluctuations, mainly by contracting long term debt with a fixed rate, but also through the settlement of derivative financial instruments to swap from floating rate to fixed rate when long term debt is issued with floating rates.

EDPR has a portfolio of interest-rate derivatives with maturities ranging from 2 to 14 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are performed.

Given the policies adopted by EDPR Group, its financial cash flows are substantially independent from the fluctuation in interest rates.

II.9.3.1.2. Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, the main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from our operations in the US. With the ongoing increasing capacity in others non-euro regions, EDPR is also exposed to different currencies in Poland, Romania, Brazil, United Kingdom and Canada.

EDPR's general policy is the Natural Hedging in order to match currency cash flows, minimizing the impact of changes in the exchange rate and preserving value. The essence of this approach is to create financial foreign currency outflows to match equivalent foreign currency inflows.

II.9.3.2 Counterparty credit risk

Counterparty risk is the default risk of third-parties in an agreement with EDPR either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

EDPR's policy in terms of the counterparty credit risk on financial transactions is managed by an analysis of the technical capacity, competitiveness, credit notation and exposure to each counterparty. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions, therefore, there cannot be considered any significant risk of counterparty non-compliance and no collateral is demanded for these transactions.

II.9.3.3 Liquidity risk

Liquidity risk is the risk that EDPR will not be able to meet its financial obligations.

Management of liquidity risk

EDPR's strategy to manage liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to EDPR's

reputation.

EDPR has a diversified financial structure composed of corporate debt and project finance, which considers among other factors, financing cost, project ownership and project currency liquidity.

Finally, EDPR uses a financial model to forecast liquidity risk in the medium and long term to meet strategic targets previously set (EBITDA, debt ratio and others).

II.9.4 Wind turbine contracts

II.9.4.1 Wind turbine supply risk

The wind turbine generator (WTG) is a key element in the development of EDPR's wind-related energy projects, as the shortfall or an unexpected sharp increase in WTG prices can create a question mark on new project's development and profitability. WTG represents on average 70 to 80% of a wind farm's capital expenditure.

Management of wind turbine supply risk

EDPR faces limited risk to the availability and price increase of WTG's due to the framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify the wind turbine supply risk.

II.9.5 Pipeline development

II.9.5.1 Permitting risks

Wind farms are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, we acknowledge a trend for legislations to align towards the most restrictive rules and development risks concentrating on the consenting (namely environmental and urbanistic aspects) and connection side.

In this context, the experience EDPR is able to gather in a certain country will be useful to anticipate and deal with future similar changes in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables under our control, such as choice of locations, optimal layout, we intend to make our projects more resilient to an adverse external environment

Management of permitting risk

EDPR mitigates this risk by generating optionality, by having development activities in 11 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil) with a portfolio of projects in several stages of maturity. EDPR has a large pipeline located in the most attractive regions providing a "buffer" to overcome

potential delays in the development of new projects, ensuring growth targets and being able to compensate permitting delays in some geographies with development efforts in others.

II.9.6 Operations

II.9.6.1 Wind turbine performance risk

Wind farm output depends upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore, the risk is that the performance of the turbine does not reach its optimum thus leading to lower than expected value.

Management of wind turbine performance risk

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, by signing a medium-term full-scope maintenance agreement with the turbine supplier and by an adequate preventive and scheduled maintenance program.

Most recently, EDPR is externalizing non core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

II.10 POWERS GRANTED TO THE BOARD OF DIRECTORS, NAMELY REGARDING SHARE CAPITAL INCREASE

The Board of Directors is vested with broad-ranging powers of administration, management, and governance of the Company without limitation, except for the powers specifically assigned to General Shareholders' Meeting in the Articles of Association or other applicable law.

A. In this regard, the Board is specifically empowered to:

- Acquire personal property, real estate, rights, actions, and participations for the Company under any onerous or lucrative title.
- Dispose of, mortgage or encumber the Company's property, real estate, rights, shares, and participations and cancel mortgages and other in rem rights.
- Negotiate and enter into loans and credit operations as deemed necessary.
- Negotiate and formalise acts and contracts with private individuals and public entities.
- Take civil and criminal actions involving the Company, representing the Company before functionaries, authorities, corporations; governmental, administrative, economic-administrative, contentious-administrative, and judicial tribunals; labour courts and labour sections of the supreme courts and of the high court of

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justice of autonomous communities, without limitation, including the Court of Justice of the European Communities and in general before the public administration at all levels; intervening in, promoting, monitoring and concluding cases, trials and proceedings; consenting to rulings; filing appeals, including cassation appeals and other extraordinary appeals; desisting and agreeing, reaching settlement, compromising in arbitration proceedings, issuing notices and summonses and granting powers of attorney to solicitors and other proxies with the powers deemed necessary in each case, including general powers for legal proceedings and special powers as necessary; revoking such powers.

- Convening the General Shareholders' Meeting and submitting the proposals to the shareholders for their consideration.
- Directing the Company's operations and the organisation of its work and operations, staying abreast of the Company's business and operations, investing funds, making extraordinary amortisations of its obligations, and doing all that is deemed necessary for the best achievement of the Company's objectives.
- Nomination and removal of directors and other technical and administrative personnel; stipulating their responsibilities and remuneration.
- Agree to change the Company's location within the same municipal area.
- Create legal entities as stipulated under the law, assigning and investing in them all kinds of goods and rights and entering into concentration and cooperation agreements, associations, groups, joint ventures, community property and agree to their modification, transformation, and dissolution.
- All other powers specifically attributed to the Board in the Articles of Association or by law, this enumeration being merely indicative but in no way restrictive.

In order to guarantee that the common interests of the Company and those of its subsidiaries and group companies are properly served, the Board of Directors shall act at all times in coordination with those companies

B. Regarding the decisions to increase the share capital, the Board of Directors does not have this power but, subject to prior delegation from the General Shareholders' Meeting, would be able to decide the increase of the share capital. This delegation must comply with the law and the By-Laws. On the other hand, the General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that have not been specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or in part and

may also decide not to perform it in consideration of the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

II.11 RULES REGARDING THE NOMINATION AND DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE POLICY OF PORTFOLIO ROTATION

The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the candidates that the Committee considers having the best qualities to fulfill the role of Board Member. The Board of Directors presents the proposal at the General Shareholders' Meeting that will approve the proposal by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders wishing so, may group their shares until they constitute an amount of capital equal or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders' Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

According to the Spanish Law and the Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the company. This type of organization is different from what occurs on the Portuguese companies in which a "*conselho de administração executivo*" takes the assignment of areas of business and each executive director is responsible to and for an area of business.

II.12 NUMBER OF MEETINGS OF THE MANAGEMENT AND SUPERVISORY BODIES

The Board of Directors held six (6) meetings during the year ending on December 31st, 2012. Minutes of all meetings were drawn up.

In 2012, the Audit and Control Committee held fourteen (14) meetings, six of those meetings were plenary and the other eight were with the different departments whose activity development were discussed with the Committee.

This committee drafted minutes of every meeting held and informed the Board of Directors of its decisions at the first Board meeting held after each committee meeting.

II.13 NUMBER OF MEETINGS OF THE EXECUTIVE COMMITTEE

The Executive Committee held forty-nine (49) meetings during the year ending on December 31st 2012.

The Executive Committee drafted minutes for each of the meetings held and informed the Board of Directors of its decisions at the first Board meeting held after each committee meeting. The minutes are also sent to the Chairperson of the Audit and Control.

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II.14 EXECUTIVE AND NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

Name	Position	Date of first Election	Date of Re-election	End of Term
António Mexia	Chairperson and Non-Executive Director	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Vice- Chairperson and Executive Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Executive Director	18/03/2008	21/06/2011	21/06/2014
Gabriel Alonso	Executive Director	21/06/2011	-	21/06/2014
João Paulo Costeira	Executive Director	21/06/2011	-	21/06/2014
Rui Teixeira	Executive Director	11/04/2011	21/06/2011	21/06/2014
Gilles August	Non-Executive Director	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
João Marques da Cruz	Non-Executive Director	16/05/2012	-	Until the next General Shareholders' Meeting
Jorge Santos	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
Manuel Menéndez Menéndez	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Non-Executive Director	4/06/2008	21/06/2011	21/06/2014

EDPR’s Articles of Association, which are available for consultation on the company’s website (www.edprenovaveis.com) contain the rules on independence for the fulfillment of duties in any body of the Company. The information regarding the legal and regulatory rules for Independent Assessment is available in chapter II.15.

The Board of Directors of EDPR considers that the following Directors meet the independence and incompatibility criterias required by law and the Articles of Association:

Name	Position	Date of Re- election	End of Term
Gilles August	Director (Independent)	21-06-2011	21-06-2014
João Lopes Raimundo	Director (Independent) Member of the Audit and Control Committee	21-06-2011	21-06-2014
João Mello Franco	Director (Independent) Chairperson of Audit and Control Committee And Member of the Related-Party Transactions Committee	21-06-2011	21-06-2014
Jorge Santos	Director (Independent) Chairperson of the Nominations and Remunerations Committee and Member of the Audit and Control Committee	21-06-2011	21-06-2014
José Araújo e Silva	Director (Independent)	21-06-2011	21-06-2014
Rafael Caldeira Valverde	Director (Independent) Member of the Nominations and Remunerations Committee	21-06-2011	21-06-2014

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II.15 LEGAL AND REGULATORY RULES FOR INDEPENDENT ASSESSMENT AND INCOMPATIBILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations require that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those that are able to perform their duties without being limited by relations with the company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are i) aged under eighteen (18) years, (ii) disqualified, (iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions are not allowed to be Directors.

II.16 SELECTION PROCESS OF CANDIDATES FOR NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the potential candidates that the Committee considers having the best qualities to fulfill the role of Board Member. The Board of Directors presents the proposal at the General Shareholders' Meeting where it will be approved by the majority, for an initial period of three (3) years, and may re-elect them once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders wishing so, may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the

Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders' Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

II.17 ACTIVITY OF THE NON-EXECUTIVE DIRECTORS

EDPR's Annual Management Report of 2012 includes a description of the activity taken out by the non-executive directors and possible constraints detected. With the mechanisms set forth in the regulations, non-executive Directors have encountered no difficulties in performing their duties. In 2012, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit, and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, on the Related-Party Transactions Committee, and the Audit and Control Committee, where all the members are non-executive with the exception of the Related-Party Transactions Committee, which has one executive Director, Mr. Nuno Maria Pestana de Almeida Alves.

II.18 BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Annex IV of the Report gives a brief description of the Directors' professional and academic careers.

II.19 ROLES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES

The positions held by the members of the Board in the last five (5) years, those that they currently hold, and positions in Group and non-Group companies are listed in Annexes I, II and III, respectively.

Also, the shares of EDPR owned by each Director are described in the table in Annex V.

SECTION III – GENERAL AND SUPERVISORY BOARD, COMMITTEE FOR FINANCIAL MATTERS, AUDIT COMMITTEE, AND FISCAL COUNCIL

Information as provided for in Chapters II.20. to II.23. of CMVM Regulation no. 1/2010 does not apply to EDPR. The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

II.24 EVALUATION OF THE EXTERNAL AUDITOR

The Audit and Control Committee is responsible for proposing to the Board of Directors for submission to the General Shareholders' Meeting the nomination of the Company auditors, the terms of their contracts, scope of their duties, and revocation and renewal of their contracts.

In order to protect the External Auditor independence, the following competences of the Audit and Control Committee were exercised during 2011:

- Direct and exclusive supervision from the Audit and Control Committee;
- Evaluation of the qualifications, independence, and performance of the External Auditor and the annual report from the External Auditor regarding the information of all existing relations between the Company and the Auditors or people related to them, including all the services rendered and all the services in course. The Audit and Control Committee, in order to evaluate its independence, obtained from the External Auditor information regarding their independence according to Portuguese Decree-Law n.º 224/2008, November 20th, that changes the Articles of Association of the External Auditors Association;
- Revision of the transparency report signed by the External Auditor and published on their website. This report is about a group of subjects regulated on article 62º-A from the Portuguese Decree-Law n.º 224/2008, mainly related to the Internal Control System and to the process of quality control realized by the competent entities;
- Analysis with the External Auditor of the scope, planning, and resources to use on the services provided.

In 2012, according to the Audit and Control Committee's competences and in line with Recommendations II.4.4 and II.4.5, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time.

The Audit and Control Committee assessed the performance of the external auditor in providing the services hired by the Company and made a positive evaluation of their quality, considering that they meet applicable standards and that it is advisable to maintain the same auditor.

The work of the external auditor, including reports and audits of its accounts, was supervised and evaluated in accordance with applicable rules and standards, in particular international auditing standards. The external auditor in coordination with the Audit and Control Committee verifies the implementation of remuneration policies and the efficiency and functioning of internal control mechanisms. The external auditor reports to the Audit and Control Committee all the shortcomings.

Information as provided for in Chapters II.25. to II.28. of CMVM Regulation no. 1/2010 does not apply to EDPR. The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

II.29 REMUNERATION POLICY OF THE SENIOR MANAGERS

This information is available on chapter II.30.

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SECTION IV - REMUNERATION

II.30 REMUNERATION POLICY FOR THE MANAGEMENT AND SUPERVISORY BODIES

Pursuant to Article 26 of the Company’s Articles of Association, the remuneration of the members of the Board of Directors shall consist of a fixed amount to be determined by the General Shareholders Meeting for all the Directors and expenses for attending Board meetings.

The above mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders’ Meeting and comply with current legal provisions.

The maximum remuneration approved by the General Shareholders Meeting in the previous fiscal year, for all the members of the Board of Directors was EUR 2,500,000.

Pursuant to Article 26.4 of the Company’s Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders’ Meeting.

The maximum remuneration approved by the General Shareholders Meeting for the variable remuneration for all the members of the Board of Directors was EUR 600,000 per year.

The Nominations and Remunerations Committee is responsible for proposing to the Board of Directors, although not bindingly, the system, distribution, and amount of remuneration of the Directors on the basis of the overall amount of remuneration authorized by the General Shareholders Meeting. The Committee can also propose to the Board of Directors the terms of the contracts with the Directors. The distribution and exact amount paid to each Director, the frequency and other details of the remuneration shall be determined by the Board of Directors based on the proposal presented by the Nominations and Remunerations Committee.

Additionally, this Committee defines the variable remuneration to be attributed to the Directors, with the purpose that it reflects the performance of each of the members in each year of their term of office (variable annual remuneration), and also their performance during their term of office establishing a variable component which is consistent with the maximization of the Company's long term performance (variable multi-annual remuneration for a three-year period), thereby guaranteeing the alignment of the performance of the governing bodies with the interests of the shareholders.

The remuneration policy proposed by the Nominations and approved by the General Shareholders’ Meeting on April 11th, 2011 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors

and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

For the period 2011-2013, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2009-2010 period, revising the KPI’s (Key Performance Indicators) for variable multi-annual and annual components.

II.31 INDIVIDUAL ANNUAL REMUNERATION OF THE MANAGEMENT AND SUPERVISORY BODIES

The remuneration of the members of the Board of Directors for the year ended on December 31st 2012 was as follows:

Remuneration	Euros			Total
	Fixed	Variable		
		Annual	Multi-annual	
Executive Directors				
Ana Maria Fernandes ^{A)}	54,857	147,942	364,022	566,821
João Manso Neto (CEO) ^{B)}	-	-	-	-
Nuno Alves ^{B)}	-	-	-	-
Gabriel Alonso ^{C)}	-	-	-	-
João Paulo Costeira ^{C)}	-	-	-	-
Luis Adão da Fonseca ^{C)}	-	-	-	-
Rui Teixeira ^{C)}	-	-	-	-
Non-Executive Directors				
António Mexia ^{D)}	--	--	--	--
António Nogueira Leite ^{E)}	-	-	-	-
Francisco José Queiroz de Barros de Lacerda ^{E)}	36,666	-	-	36,666
Gilles August	45,000	-	-	45,000
João Lopes Raimundo	60,000	-	-	60,000
João Manuel de Mello Franco	80,000	-	-	80,000
João Marques da Cruz ^{F)}	-	-	-	-
Jorge Santos	60,000	-	-	60,000
José Araújo e Silva ^{G)}	15,000	-	-	15,000
Manuel Menéndez Menéndez	45,000	-	-	45,000
Rafael Caldeira Valverde	55,000	-	-	55,000
Total	451,523	147,942	364,022	963,487

A) Mrs. Ana Maria Fernandes resigned as Chief Executive Officer of EDPR on February 28th, 2012. The fixed remuneration mentioned above refers only to the months when the prior CEO was still on duty paid in 2012 and adjustments on the variable remuneration paid on February 2013.

B) With the exception of the Executive Committee Directors that are also Officers, the members of the Executive Committee have not received any remuneration from EDPR. On February 28th, 2012 Mr. João Manso Neto, was nominated Chief Executive Officer (CEO) and Vice-Chairperson of the Board of Directors of EDPR. In order to increase transparency and healthy corporate governance practices, and also to treat Mr. João Manso Neto consistently with the other Managers, the Nominations and Remunerations Committee proposed to the Board of Directors (which approved it) a modification of the Remuneration Policy in order to include the CEO compensation in the management fee of the Executive Management Services Agreement.

C) Mr. Gabriel Alonso, Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Rui Teixeira, as Officers and members of the Executive Committee receive their remuneration as EDPR employees, as described on the table below.

D) In 2012, Mr. António Mexia resigned as Chairperson and member of the Executive Committee. He received his remuneration according to the Executive Management Services Agreement, as executive Manager during the performance of his duties as Chairperson of the Executive Committee, and as non-executive Manager after the above mentioned resignation; therefore he has not received any remuneration from EDPR.

E) In 2012, Mr. António Nogueira Leite and Mr. Francisco José Queiroz de Barros de Lacerda resigned as members of the Board of Directors. The remuneration mentioned above refers only to the months when these Board members were still on duty.

F) On May 2012, Mr. João Marques da Cruz was nominated by co-optation as Member of the Board of Directors until the first General Shareholders’ Meeting is gathered. Mr. João Marques da Cruz receives his remuneration through the Executive Management Services Agreement. The executive management fee paid by the Company to EDP was adjusted and an additional management fee for non-executive services was included, therefore he has not received any remuneration directly from EDPR.

G) Mr. José Araújo e Silva remuneration reflects only some months of the year, as he renounced to the remuneration during the time he served in a State-owned Company.

According to the Executive Management Services Agreement signed with EDP as amended, EDPR is due to pay to EDP, for the services rendered by the *Executive Managers* and the *Non-executive Managers*; the amount due under said Agreement for the management services rendered by EDP in 2012 are: i) EUR 480,000, corresponding to the fixed remuneration of the Executive Managers, , plus the variable component according to the Remuneration Policy, plus the PPR percentage, and ii) EUR 90,000, corresponding to the fixed remuneration of the *Non-Executive Managers*. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a director, taking into consideration the duties carried out.

In 2012, the remuneration of the Officers, as EDPR employees, excluding the Chief Executive Officer, was the following:

Remuneration	Euros			Total
	Fixed	Variable*		
		Annual	Multi-annual	
Gabriel Alonso	250.000	75.000	0	325.000
João Paulo Costeira	250.000	75.000	0	325.000
Luis Adão da Fonseca ^{A)}	181.270	75.000	0	256.270
Rui Teixeira	250.000	75.000	0	325.000
TOTAL	931.270	300.000	0	1.231.270

*Corresponds to the 2011 annual variable.

A) Mr. Luis Adão da Fonseca resigned as member of the Board of Directors and consequently as member of the Executive Committee on September 21st, 2012. The remuneration mentioned above corresponds to the months when he was still on duty.

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country.

Additionally, the Officers, with the exception of the CEO, also receive the following non-monetary benefits: company car, and those who are expatriated, have as benefits: housing allowance and education allowance for the children if applied, that together corresponds to EUR256,828.

The Directors do not receive any relevant non-monetary benefits as remuneration.

II.32 REMUNERATION STRUCTURE

The remuneration of the Executive Committee is built in three blocks: fixed remuneration (40% of the total remuneration), annual (27% of the total remuneration) and multi-annual bonus (33% of the total remuneration).

The annual bonus is defined as a maximum of 68% of the annual salary, the multi-annual bonus is defined as a maximum of 102% of the annual salary and, both of them, are calculated based on the following indicators in each year of their term:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs Benchmark, (TSR vs. Wind peers & Psi 20);
- EDP Renováveis growth (Incremental MW and profitable ready to build pipeline)
- The risk – result of EDP Renováveis (ROIC Cash; EBITDA and net result)
- Efficiency (technical availability, OPEX/MW, CAPEX/MW).
- Environmental and social perspectives (i- the performance of the Sustainability Index applied to EDPR (DJSI method), ii- Employee satisfaction survey, iii- Appreciation of the Remuneration Committee).

According to the Remuneration Policy approved by the General Shareholders’ Meeting , the maximum variable remuneration (annual and multi-annual) is applicable if all the

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above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

The remuneration of the Executive Committee Directors that are also Officers, with the exception of the CEO, was paid directly by EDPR while for the other members of the Executive Committee there hasn't been any direct payment to its members.

This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Nonetheless, in line with the above corporate governance practice, EDPR has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for the render of those services corresponding to the remuneration defined for some of the members of the Board of Directors.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or cumulatively with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

II.33 REMUNERATION OF THE EXECUTIVE DIRECTORS

- A) This information is available on chapter II.32.
- B) This information is available on chapter II.30.
- C) This information is available on chapter II.32.
- D) This information is available on chapter II.32.
- E) This information is available on chapter II.30 and chapter II.31.
- F) If any member of EDPR's Executive Committee leaves this body during the term, for some reason other than a significant change in the control of EDPR or due to factors that are not attributable to them, namely illness or death, disability, or a request to occupy a public position,..., the accumulated amount of Multi-annual variable remuneration will revert to EDPR. On the other hand, if EDPR undergoes a process of takeover, a fusion or a significant change in the shareholder control before finalizing the Multi-annual period, the EC members will be able to perform their rights and charge all the accumulated amounts to date in their Multi-annual variable remuneration account.
- G) Not applicable to EDPR.

- H) Not applicable to EDPR.
- I) This information is available on chapter II.31.
- J) Not applicable to EDPR.
- L) Not applicable to EDPR.
- M) Not applicable to EDPR.
- N) This information is available on chapter II.31 and II.32
- O) Not applicable to EDPR.
- P) Not applicable to EDPR.
- Q) Not applicable to EDPR.

II.34 REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

This information is available on chapter II.32.

II.35 WHISTLEBLOWING POLICY

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their company, in compliance with the provisions of CMVM Regulation no. 1/2010.

With this channel for reporting irregular accounting and financial practices, EDPR aims:

- Guaranteeing conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitating the early detection of irregular situations which, if practised, might cause serious damage to the EDPR Group, its workers, customers, and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2012 there were no communications regarding any irregularity with material impact at EDPR.

SECTION V – SPECIAL COMMITTEES

II.36 PERFORMANCE EVALUATION, GOVERNANCE PRACTICES AND NOMINATIONS COMMITTEES

The composition and functioning of the Nominations and Remunerations Committee is described on chapter II.3 C). As explained on chapter II.11, The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the candidates that the Committee considers having the best qualities to fulfill the role of Board Member. The Board of Directors presents the proposal to the General Shareholders’ Meeting that will approve it by majority for an initial period of three (3) years and may re-elect them once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders so wishing may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders’ Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

Regarding the Governance structure of the Company, in order to comply with the Recommendation II.1.1.1, the governance model adopted has been ensuring an effective performance and articulation of EDPR Social Bodies, and proved to be adequate to the company’s governance structure without any constraints to the performance of its *checks and balances* system.

II.37 NUMBER OF MEETING OF THE COMMITTEES AND MINUTES

During 2012 the Nominations and Remunerations Committees held 4 (four) meetings and the Related-Party Transactions Committee held 3 (three) meetings. Minutes were prepared for all these meetings.

II.38 REFERENCE TO THE FACT THAT A MEMBER OF THE NOMINATIONS AND REMUNERATION COMMITTEE HAS KNOWLEDGE AND EXPERIENCE IN REMUNERATION POLICY

EDPR’s Nominations and Remunerations Committee has at least one member with knowledge and experience in remuneration policy.

II.39 INDEPENDENCE OF THE PEOPLE HIRED BY THE NOMINATIONS AND REMUNERATIONS COMMITTEE

The Nominations and Remunerations Committee has not entered into any employment or supply contracts with any natural or legal person.

III. INFORMATION AND AUDITING

III.1 CAPITAL STRUCTURE

The share capital of EDPR is, as from the initial public offering (IPO) in June 2008, EUR 4,361,540,810, represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid.

The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008.

EDP Renováveis, S.A.	
Share Capital	EUR 4,361,540,810
Nominal Share Value	EUR 5.00
Number of Shares	872,308,162
Date of IPO	June 4 th , 2008
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

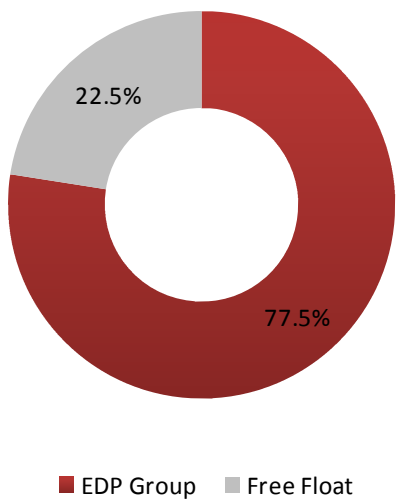
III.2 QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders’ holdings.

As of Dec. 31st, 2012, no qualifying holdings in EDPR were identified with the exception of EDP – Energias de Portugal, S.A.

Shareholder	Number of Shares	% Capital	% Voting Rights
EDP – Energias de Portugal			
EDP – Energias de Portugal, S.A. – Sucursal en España	541,027,156	62.0%	62.0%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.5%	15.5%
Total	676,283,856	77.5%	77.5%

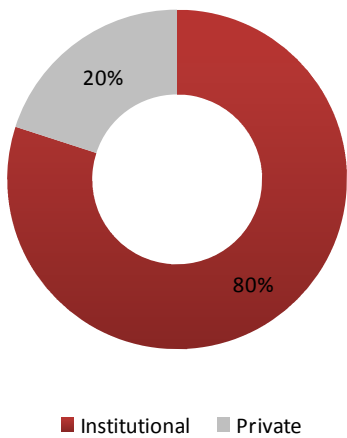
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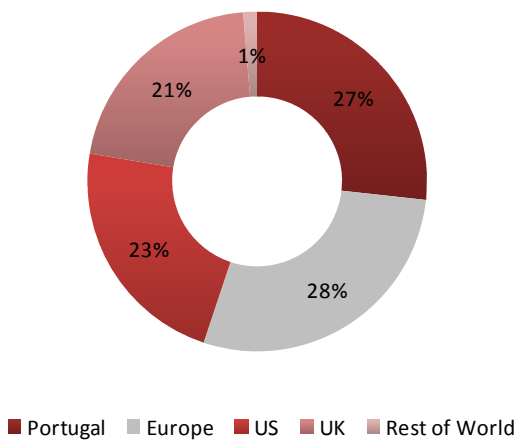
The free-float level is unchanged since the IPO at 22.5%. By Dec. 31st, 2012, EDPR’s free float comprised about 100,000 institutional and private investors spread across more than 45 different countries with special focus on Portugal, United States and United Kingdom. Rest of Europe more representative countries are Norway, France and Switzerland.

Institutional Investors represented 80% of the EDPR’s free-float, while private investors, mostly Portuguese, stand for the remaining 20%.

FREE-FLOAT BY INVESTOR TYPE



FREE-FLOAT BY GEOGRAPHY



III.3 SHAREHOLDERS WITH SPECIAL RIGHTS

There are no holders of special rights.

III.4 RESTRICTIONS TO SHARE TRANSFERABILITY

Pursuant to the Article 8 of the Company’s Articles of Association there are no restrictions on the transfer of EDPR shares.

III.5 SHAREHOLDERS AGREEMENT

As far as the EDPR Board of Directors is aware there are currently no shareholders’ agreements that might lead to restrictions in the transfer of securities or voting rights.

III.6 RULES APPLICABLE TO THE AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Amendment of the Articles of Association of the company is of the responsibility of the General Shareholders’ Meeting who has the power to decide on this matter. According to Article 17 of the company’s Articles of Association (“Constitution of the General Shareholders’ Meeting, Adoption of resolutions”), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders’ Meeting will need:

- On the first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital.
- On the second call, that the Shareholders either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the

resolutions referred to in the present paragraph will only be validly adopted with the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders’ Meeting.

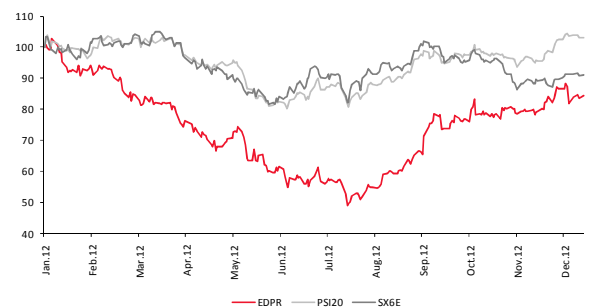
III.7 CONTROL MECHANISMS PLANNED FOR ANY EMPLOYEE CAPITAL HOLDING SYSTEM TO THE EXTENT THAT VOTING RIGHTS ARE NOT EXERCISED BY SUCH EMPLOYEES

There is no system specifically providing for any share capital holding by employees in the Company as a result of which the relevant voting rights are not directly exercised by such employees.

III.8 PERFORMANCE OF EDPR SHARE PRICE

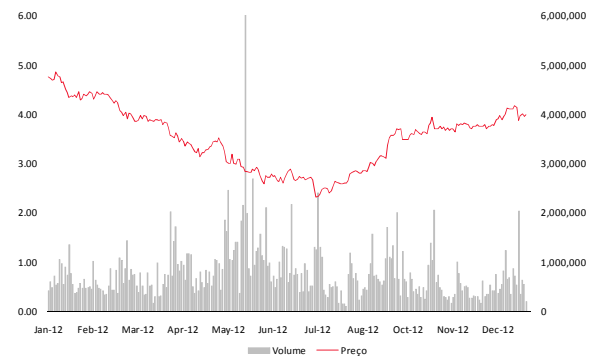
EDPR had by Dec. 31st, 2012 a market capitalization of EUR 3.5 billion, down 15.5% from the EUR 4.1 billion of Dec. 31st, 2011, equivalent to EUR 3.99 per share. The EDPR share price underperformed the NYSE Euronext Lisbon benchmark index - PSI20 (3%) and the Dow Jones Eurostoxx Utilities – SX6E (-9%). The year’s low was recorded on July 24th (EUR 2.31) and the year’s high was reached on January 6th (EUR 4.86).

EDPR SHARE PRICE PERFORMANCE vs. PSI20 & SX6E



In 2012 there were 207 million EDPR shares traded, representing an 11% year-on-year decrease on the liquidity and corresponding to a turnover of approximately EUR 0.7 billion. On average, 0.8 million shares were traded per day. The total number of shares traded represented 24% of the total shares admitted to trading and to 106% of the company’s free float.

EDPR SHARE PRICE PERFORMANCE



CAPITAL MARKET INDICATORS

Capital Market Indicators	2012	2011	2010	2009	2008
EDPR Shares in NYSE Euronext Lisbon (EUR)					
Opening price	4.73	4.34	6.63	5.00	8.00
Closing price	3.99	4.73	4.34	6.63	5.00
Peak price	4.86	5.25	7.01	7.75	8.00
Minimum price	2.31	3.89	3.72	5.00	3.45

Variation in Share Price and Reference Indices					
EDP Renováveis	-16%	9%	-35%	33%	-37%
PSI20	3%	-28%	-10%	33%	-51%
Dow Jones Eurostoxx Utilities	-9%	-25%	-15%	-1%	-38%

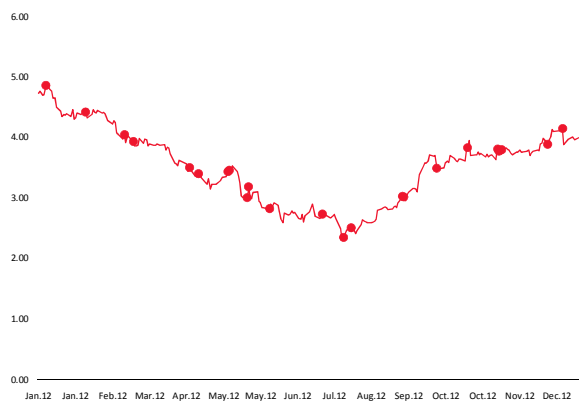
Liquidity of EDPR Shares in the Market					
Volume in NYSE Euronext (EUR million)	697.9	1,060.3	1,539.2	1,676.0	1,646.0
Daily average volume (EUR million)	2.7	4.1	6.0	6.4	11.0
Number of shares traded (million)	207.5	232.3	311.2	257.0	216.0
Daily Average traded shares (million)	0.8	0.9	1.2	1.0	1.5
Total shares issued (million)	872.3	872.3	872.3	872.3	872.3
Number of own shares (million)	-	-	-	-	-
Free-float shares (million)	196.3	196.3	196.3	196.3	196.3
Annual rotation of capital (% of total)	24%	27%	36%	29%	25%
Annual rotation of capital (% of free-float)	106%	118%	159%	131%	110%

EDPR Market Value (€ million)					
Market capitalisation at end of period	€ 3,484	€ 4,124	€ 3,783	€ 5,783	€ 4,364

The graph below shows the evolution in EDPR share price over the year and the announcements and relevant events that may have impacted them.

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MAIN EVENTS IN 2012



#	Date	Description	Share Price
1	6/Jan	EDP announces its intention to propose Mr. João Manso Neto as EDPR CEO	4.86
2	2/Feb	EDPR discloses 2011 provisional operating data	4.42
3	28/Feb	EDPR announces Mr. João Manso Neto as new CEO	4.04
4	28/Feb	EDPR discloses its 2011 annual results	4.04
5	5/Mar	EDPR executes project finance for 125 MW in Spain	3.93
6	12/Apr	EDPR holds its Annual Shareholders' Meeting	3.50
7	12/Apr	EDPR announces the new Executive Committee headed by Mr. João Manso Neto	3.50
8	18/Apr	EDPR discloses 1Q2012 provisional operating data	3.40
9	8/May	EDPR informs that Mrs. Ana Maria Fernandes resigned from member of EDPR Board of Directors and appoints by cooption Mr. João Marques da Cruz as member of such Board	3.43
10	9/May	EDPR discloses 1Q2012 financial results	3.45
11	22/May	EDPR holds its Investor Day in Oporto	3.18
12	5/Jun	EDPR informs on management transactions	2.82
13	21/May	EDPR informs on management transactions	3.00
14	11/Jul	EDPR discloses 1H2012 provisional operating data	2.73
15	25/Jul	EDPR discloses 1H2012 financial results	2.34
16	30/Jul	EDPR executes project finance for 57 MW in Belgium	2.51
17	3/Sep	Wind sector and Portuguese Government reached agreement for the extension of the remuneration framework	3.02
18	4/Sep	EDPR informs that Mr. Nogueira Leite and Mr. Francisco Lacerda have presented their resignation from members of the Board of Directors	3.01
19	24/Sep	EDPR informs that Mr. Luís Adão da Fonseca has presented his resignation from member of the Board of Directors	3.99
20	26/Sep	EDPR starts the construction of its first Solar PV projects	3.48
21	17/Oct	EDPR discloses 9M2012 provisional operating data	3.82
22	6/Nov	EDPR reached an agreement with Borealis to sell a 49% equity shareholding in a portfolio of wind farm assets in the US for \$230m	3.80
23	7/Nov	EDPR clarifies yesterday announcement	3.77
24	9/Nov	EDPR agreed with Vestas Wind Systems A/S to extend until 2015 the delivery period of the turbines covered by the 1,500 MW master supply agreement	3.79
25	9/Nov	EDPR discloses 9M2012 financial results	3.79
26	10/Dec	EDPR executes project finance for 57 MW in Romania	3.89
27	20/Dec	EDPR agrees with CTG on the first investment in minority stakes in wind farms	4.14

III.9 DIVIDEND POLICY

The distribution of dividends must be proposed by EDPR 's Board of Directors and authorized by a resolution approved in the Company's Shareholders Meeting. In keeping with the legal provisions in force, namely the Spanish Companies Law, the EDPR Articles of Association require that profits for a business year consider:

- The amount required to serve legal reserves;
- The amount agreed by the same General Shareholders' Meeting to allocate to dividends of the outstanding shares;
- The amount agreed by the General Shareholders' Meeting to constitute or increase reserve funds or free reserves;
- The remaining amount shall be booked as surplus.

The expected dividend policy of EDPR, as announced in the EDPR Investor Day of May 22nd, 2012, is to propose dividend distribution each year from 2013-15, representing 25% to 35% of EDPR's distributable profit. Accordingly, for 2013, EDPR's Board of Directors proposes a dividend of EUR 34,892,326.48, or €0.04 per share, which corresponds to a pay-out ratio of 28% on the consolidated results of EDPR net profit of 2012.

III.10 SHARE GRANTS OR STOCK OPTION PLANS

EDPR currently has no share grant or stock option plans. Therefore, this chapter it is not applicable.

III.11 TRANSACTIONS BETWEEN THE COMPANY AND MEMBERS OF THE COMPANY'S GOVERNING BODIES OR GROUP COMPANIES

During 2012, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

Regarding related-party transactions, EDPR and/or its subsidiaries have signed the contracts detailed below with EDP – Energias de Portugal, S.A. (hereinafter, EDP) or other members of its group not belonging to the EDPR subgroup.

The contracts signed between EDPR and its related parties are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter II.3 C) of the report.

FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7th, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable

energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP – Energias do Brasil, S.A., for the development, construction, operation, and maintenance of facilities or activities related to wind, solar, wave and/or tidal power, and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration, and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfill its legal obligations and prepare the EDP Group's consolidated accounts.

The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or apchapters more than 50% of its Directors.

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4th, 2011 and effective from March 18th, 2011 and renewed again on May 10th, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two *Executive Managers* which are members of the EDPR Executive Committee and (ii) two *Non-Executive Managers*, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting.

Under this contract, EDPR is due to pay an amount of EUR1,295,000,00, corresponding to the fixed and variable remuneration, for the management services rendered in 2012.

The term of the contract is on June 21st 2014.

FINANCE AGREEMENTS AND GUARANTEES

The finance agreements between EDP Group companies and EDPR Group companies were established under the above described Framework Agreement and currently include the following:

LOAN AGREEMENTS

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a company 100% owned by EDP – Energias de Portugal, S.A.. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set at an arm's length basis. As at December 31st, 2012, such loan agreements totalled EUR 1,451,042,386 and USD 1,986,641,541.

COUNTER-GUARANTEE AGREEMENT

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU

(hereinafter EDPR EU), and EDPR North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st, 2012, such counter-guarantee agreements totalled EUR 155,169,622 and USD 573,208,391.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertakes on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR executive board. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31st 2012, such counter-guarantee agreements totaled in terms of fees from EDPR to EDP – Energias do Brasil of BRL 291,105,540.

CURRENT ACCOUNT AGREEMENT

EDP Sucursal and EDPR signed an agreement through which EDP Sucursal manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31st 2012, there are three different current accounts with the following balance and counterparties:

- in USD, with EDP Sucursal for a total amount of USD 137,229,686,66 in favor of EDPR;
- in EUR, with EDP Sucursal for a total amount of EUR 49,884,584,07 in favor of EDPR;
- in EUR, with EDP Servicios Financieros España for a total amount of EUR 62,137,593,97 in favor of EDPR;

The agreements in place are valid for one year as of date of signing and are automatically renewable for equal periods.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD and EUR, with EDP Sucursal for a total amount of USD 2,632,613,000,00;
- in BRL and EUR, with EDP Energias de Portugal, S.A.I for a total amount of BRL 118,000,000,00;
- in PLN and EUR, with EDP Energias de Portugal, S.A. for a total amount of PLN 544,376,188,00.

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HEDGE AGREEMENTS – EXCHANGE RATE

EDP Sucursal and EDPR entered into several hedge agreements with the purpose of managing the transaction exposure related with the short term positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31st 2012, the following amounts remained outstanding.

- EUR/USD, with EDP Servicios Financieros España for a total amount of USD 329,000,000,00;
- EUR/RON, with EDP SA for a total amount of RON 297,813,400,20;
- EUR/PLN, with EDP SA for a total amount of PLN 533,594,285,30.

HEDGE AGREEMENTS – COMMODITIES

EDP and EDP EU entered into hedge agreements for a total volume of 1,599 MWh for 2012 at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

TRADEMARK LICENSING AGREEMENT

On May 14th 2008, EDP and EDPR signed an agreement under which the former granted to the latter a non-exclusive license for the trademark “EDP Renováveis” for use in the renewable energy market and related activities.

In return for the granting of the trademark license, EDPR will pay to EDP fees calculated on the basis of the proportion of the costs pertaining to the former in the Group’s annual budget for image and trademark services, which are subject to annual review. The fee established for 2012 was EUR 1,500,000.

The license is granted indefinitely and shall remain in effect until the expiry of EDP’s legal ownership of the trademark or until EDP ceases to hold the majority of the capital or does not nominate the majority of Directors of EDPR. EDP may also terminate the agreement in case of non-payment or breach of contract.

The licensing agreement is restricted by the terms of the framework agreement.

CONSULTANCY SERVICE AGREEMENT

On June 4th, 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2012 the estimated cost of these services is EUR 6,658,273,00. This was the total cost of services provided for EDPR, EDP EU, and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

RESEARCH AND DEVELOPMENT AGREEMENT

On May 13th, 2008, EDP Inovação, S.A. (hereinafter EDP Inovação), an EDP Group company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or nominate the majority of the members of the Board and Executive Committee of the parties to the agreement.

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS, S.A.

On January 1st, 2003, EDP Renováveis Portugal, S.A., holding company of the EDPR subgroup in Portugal, and EDP Valor – Gestão Integrada de Recursos, S.A. (hereinafter EDP Valor), an EDP Group company, signed a management support service agreement.

The object of the agreement is the provision to EDP Renováveis Portugal by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration paid to EDP Valor by EDP Renováveis Portugal and its subsidiaries for the services provided in 2012 totalled EUR 952,127,36.

The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st, 2008.

Either party may renounce the contract with one (1) year’s notice.

INFORMATION TECHNOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP – ENERGIAS DE PORTUGAL, S.A.

On January 1st, 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount to be paid to EDP for the services provided in 2012 totalled EUR 479,476,21.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

REPRESENTATION AGREEMENT WITH HIDROELÉTRICA DEL CANTÁBRICO S.A. FOR THE EDP RENOVÁVEIS, S.A. PORTFOLIO IN SPAIN

On October 27th, 2011 EDPR and Hidroeletrica del Cantábrico S.A. signed an Agreement for Representation services.

The object of this agreement was to provide EDPR representation services in the market and risk management for a fix tariff based in volume (0,12€/MWh) in the electricity market.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount to be paid to EDP Brasil for the services provided in 2012 totalled BRL 246,330,09.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

SUPPLY SERVICES AND INFRA-STRUCTURES AGREEMENT BETWEEN EDP RENEWABLES EUROPE S.L.U, HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA S.A.U AND HIDROCANTÁBRICO EXPLOTACIÓN DE REDES S.A.U

On January 10th, 2012 EDPR Europe S.L.U, Hidrocantábrico Distribución Eléctrica S.A.U (HCDE) and Hidrocantábrico Explotación de Redes S.A.U signed a supply services and infra-structures agreement.

The object of this agreement is the provision to EDPR Europe S.L.U of communication services and technical assistance related to the infra-structures of energy production.

The amount to be paid to HCDE for the services provided in 2012 totalled EUR51,560,26.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

III.12 TRANSACTIONS WITH QUALIFIED SHAREHOLDERS

During 2012, EDPR has not signed any contracts with other holders of qualifying holdings other than EDP, as mentioned above. However, there was a contract signed between EDPR and China Three Gorges (CTG), qualified shareholder of EDP, but not of EDPR, for the acquisition of 49% of the share capital of EDP Renewables Portugal (EDPR subsidiary). Transaction closing is pending on regulatory approval. For this transaction EDPR's Audit and Control Committee issued a favorable opinion as referred on Recommendation IV.1.2 of CMVM.

III.13 INTERVENTION OF THE SUPERVISORY BODY IN THE PREVIOUS ASSESSMENT OF TRANSACTIONS BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The contracts signed between EDPR and its Shareholders are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter II.3 C) of the report and the Audit and Control Committee. According with Article 9º nº 1 c) of the Related-Party Transactions Committee Regulation, the committee ratifies, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to 1.000.000€. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is the President of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

III.14 DESCRIPTION OF STATISTICAL DATA (NUMBER, AVERAGE, AND MAXIMUM VALUE) FOR TRANSACTIONS SUBJECT TO PRIOR INTERVENTION BY THE SUPERVISORY BODY

The Related Party Transactions Committee and the Audit and Control Committee were informed that in 2012 the average value and the maximum value regarding the transactions analyzed by the Committee was EUR 1,837,724,50 and EUR 6,658,273, respectively.

The total value of the operations with the EDP Group in 2012 was EUR21 million which corresponds to a 8.1% of the total value of S&S, and EUR 262 million for total operational costs.

III.15 ANNUAL REPORT OF THE AUDIT AND CONTROL COMMITTEE

Information available on chapter II.4.

corporate governance

III.16 INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the company’s strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with information that can support them in making informed, clear, and concrete investment decisions.

An Investor Relations Office was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow the Company’s activity, all investors, and the financial market agents in general. The main purpose of the department is to guarantee the principle of equality among shareholders, prevent asymmetries in access to information, and reduce the market perception gap of the company’s strategy and intrinsic value. The department responsibility encompasses developing and implementing EDPR’s communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade, and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

The company representative for relations with the market is the Executive Board of Directors member, Mr. Rui Teixeira. The Investor Relation Department is coordinated by Mr. Rui Antunes and is located at the company’s head offices in Madrid, Spain. The department contacts are as follows:

IR Contacts
Calle Serrano Galvache 56
Centro Empresarial Parque Norte
Edificio Olmo – 7 th Floor
www.edprenovaveis.com
Phone: +34 902 830 700
Fax: +34 914 238 429
E-mail: ir@edpr.com

During 2012, the EDPR management and the IR team held more than 200 meetings in the Company’s Offices and in 19 of the major financial cities of Europe and of the US.

EDPR is clearly aware of the importance of delivering clear and detailed information to the market on time. Consequently, EDPR publishes the company’s price sensitive information before the opening of the NYSE Euronext Lisbon stock exchange through CMVM’s information system, and simultaneously, we make that same information available on the website investors’ section and through the IR department’s mailing list.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company’s management updates the market on EDPR’s activities. On each of these events shareholders, investors, and analysts had the opportunity to directly submit their questions and to discuss EDPR’s results as well as the company’s outlook.

The IR Department of EDPR was in permanent contact with the financial analysts who evaluated the Company and with all shareholders and investors by e-mail, phone, or face-to-face meetings. In 2012, as far we are aware, the sell-side analysts issued more than 200 reports evaluating EDPR’s performance.

ANALYSTS

At the end of the 2012, as far as the company is aware of, there were 24 institutions elaborating research reports and following actively the Company’s activity. As of December 31st, 2012, the average price target of those analysts was of €4.66 per share with most of them reporting “Buy” recommendations on EDPR’s share: 17 Buys, 5 Neutrals and only 1 analyst with rating suspended.

ONLINE INFORMATION: WEBSITE AND E-MAIL

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, the Company website also carries financial and operational updates of EDPR’s activities ensuring all an easy access to information.

	Portuguese	English	Spanish
Identification of the company	✓	✓	✓
Financial statements	✓	✓	✓
Regulations of the management and supervisory bodies	✓	✓	✓
Audit Committee Annual report	✓	✓	✓
Investor Relations Department - functions and contact details	✓	✓	✓
Articles of association	✓	✓	✓
Calendar of company events	✓	✓	✓
Invitation to General Meeting	✓	✓	✓
Proposal submitted for discussion and voting at General Meetings	✓	✓	✓
Minutes of the General Shareholders' Meeting	✓	✓	✓

Company	Analyst	Price Target	Recommendation
Banesto	António Cruz-Guzmán	6.75	Overweight
Bank of America Merrill Lynch	Julie Dollé	5.00	Buy
Barclays Capital	Monica Girardi	4.00	Equalweight
BBVA	Daniel Ortea	4.15	Market Perform
Millenium BCP	Vanda Mesquita	5.30	Buy
Espirito Santo	Fernando Garcia	4.95	Buy
BPI	Flora Trindade	5.15	Buy
Caixa BI	Helena Barbosa	-	Suspended
Cheuvreux	Jose Porta	4.52	Outperform
Citigroup	Andrew Smith	4.60	Buy
Deutsche Bank	Virginia Sanz de Madrid	4.80	Buy
Fidentiis	Daniel Rodríguez	4.93	Buy
Goldman Sachs	Fred Barasi	4.30	Neutral
HSBC	Sean Mccloughlin	3.75	Overweight
JP Morgan	Sarah Laitung	4.70	Overweight
Macquarie	Shai Hill	4.40	Outperform
Morgan Stanley	Carolina Does	4.80	Overweight
Natixis	Philippe Ourpatian	3.83	Neutral
Nomura	Javier Suarez	3.90	Buy
Redburn Partners	Archie Fraser	5.00	Buy
Sabadell	Jorge González	5.02	Buy
Santander	Joaquin Ferrer	4.90	Buy
Société Générale	Jorge Alonso	3.86	Hold
UBS	Alberto Gandolfi	4.50	Buy

corporate governance

III.17 REMUNERATION OF THE EXTERNAL AUDITOR

Values in €s	Portugal	Spain	Brazil	USA	Other	Total	%
Audit and statutory audit of accounts and financial statements	177,000	633,974	68,170	790,791	411,581	2,081,517	83%
Other assurance and reliability services (*)	40,000	54,440	-	30,677	11,730	136,847	5%
Sub-total audit related services	217,000	688,414	68,170	821,469	423,311	2,218,364	89%
Tax consultancy services	-	164,111	-	31,627	-	195,738	8%
Other services unrelated to statutory auditing	10,500	29,510	-	-	40,000	80,010	3%
Sub-total non-audit related services	10,500	193,621	-	31,627	40,000	275,748	11%
Total	227,500	882,035	68,170	853,095	463,311	2,494,112	100%

(*) The fees of Portugal regarding the inspection of the Internal Control System (SCIRF) includes the Spanish subsidiaries in Spain (EUR20,000) and of EDPR NA (EUR 20,000) , as their invoices were issued in this country.

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation III.1.5 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2012.

The services, other than auditing services, provided to the Company by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit Committee, upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor’s experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In this way, as referred to above, in 2012 such services reached only around 5% of the total amount of services provided to the Company.

In order to safeguard the independence of the External Auditors, the following powers of the Audit Committee were exercised during the 2012 financial year and should be highlighted:

- Nominate and hire the External Auditors and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditors;
- Direct and exclusive supervision by the Audit Committee;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 of 20 November 2008, which amends the articles of

association of the Chartered Accountant Professional Association;

- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company’s hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information.

Within this context, it should be particularly stressed that External Auditor independence was safeguarded by the implementation of the Company’s policy on pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than “audit and audit related” services.

III.18 REFERENCE TO THE ROTATION PERIOD OF THE EXTERNAL AUDITOR

EDPR’s External Auditor is, since the year 2007, KPMG Auditores S.L.. The external auditor is currently in its second mandate of three years, therefore there is still no need to rotate the auditor according to Recommendation III.1.3 of the Portuguese Corporate Governance Code.

ANNEX I

MAIN POSITIONS HELD BY MEMBERS OF BOARD OF DIRECTORS IN THE LAST FIVE YEARS

Name	Position
ANTÓNIO MEXIA	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CEO) Member of the General Supervisory Board of Banco Comercial Portugues S.A.
JOÃO MANSO NETO	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL) Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
NUNO ALVES	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CFO)
JOÃO MARQUES DA CRUZ	Member of the Board of EDP Internacional, S.A. Chairperson of the Board of Directors of CEM – Macao Electrical Company Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
RUI TEIXEIRA	Chief Financial Officer of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
JOÃO PAULO COSTEIRA	Chief Operating Officer for Europe and Brazil of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
GABRIEL ALONSO IMAZ	Chief Operating Officer for North America of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
GILLES AUGUST	Co-founder of August & Debouzy. Manages the firm’s corporate department.
JOÃO LOPES RAIMUNDO	Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS) Chairperson of the Board of Directors of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Member of the Board of Directors of Banque Privée BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millennium Angola Member of the Board of Directors of Banco Millennium BCP de Investimento Vice-Chairperson of the Board of Directors of Millennium Bank, NA (USA) Member of the Board of Directors of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of Directors of BCP Holdings USA, Inc
JOÃO MANUEL DE MELLO FRANCO	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A Member of the Remunerations Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
JORGE SANTOS	Full Professor of Economics at Instituto Superior de Economia e Gestão (ISEG), da Universidade Técnica de Lisboa President of the Economics Department (ISEG)

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Name	Position
	Member of the Scientific Council of ISEG Coordinator of the MSc course in Economics at ISEG
JOSÉ ARAÚJO E SILVA	Director of Corticeira Amorim, SGPS, SA Member of the Executive Committee of Corticeira, SGPS, SA Director of Caixa Geral de Depósitos Member of the Board of RTP, Rádio Televisão de Portugal, S.A.
MANUEL MENÉNDEZ MENÉNDEZ	Chairperson and CEO of Liberbank S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Chairperson of Hidroeléctrica del Cantábrico, S.A. Chairperson of Naturgas Energía, S.A. Member of the Board of EDP Renewables Europe, SL Member of the Board of Directors of EDP Renováveis, S.A. Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of CECABANK Member of the Board of UNESA
RAFAEL CALDEIRA VALVERDE	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

ANNEX II

CURRENT MAIN POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

IN COMPANIES NOT BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS, S.A. OR EDP – ENERGIAS DE PORTUGAL, S.A.

Name	Position
ANTÓNIO MEXIA	Member of the General Supervisory Board of Banco Comercial Portugues S.A.
JOÃO MANSO NETO	Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español(OMEL) Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
NUNO ALVES	N/A
JOÃO MARQUES DA CRUZ	N/A
RUI TEIXEIRA	N/A
JOÃO PAULO COSTEIRA	N/A
GABRIEL ALONSO IMAZ	N/A
GILLES AUGUST	Co-founder of August & Debouzy. Manages the firm’s corporate department.
JOÃO LOPES RAIMUNDO	Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS) Director of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of Directors of BCP Holdings USA, Inc. Managing Director of Banco Comercial Português
JOÃO MANUEL DE MELLO FRANCO	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
JORGE SANTOS	Director of Fundação Económicas President of the General Assembly of IDEFE
JOSÉ ARAÚJO E SILVA	Consultant
MANUEL MENÉNDEZ MENÉNDEZ	Chairperson and CEO of Liberbank, S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of CECABANK Member of the Board of UNESA
RAFAEL CALDEIRA VALVERDE	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

corporate governance

ANNEX III
CURRENT POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS
IN COMPANIES BELONGING TO THE SAME GROUP AS EDP - ENERGIAS DE PORTUGAL S.A.

	António Mexia	João Manso Neto	João Marques da Cruz	Manuel Ménéndez Menéndez	Nuno Alves	Gabriel Alonso	João Paulo Costeira	Rui Teixeira
Balwerk - Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.	-	-	-	-	M	-	-	-
Companhia de Electricidade de Macau – CEM, S.A.			CBD					
EDP – Ásia Investimentos e Consultoria, Lda.			CBD					
EDP – Ásia Soluções Energéticas Lda.	-	-	CBD	-	-	-	-	-
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	-	PR	-	-	-
EDP Energia Ibérica S.A.		D	-	-		-	-	-
EDP Finance BV	R	R	-	-	R	-	-	-
EDP Gás.com - Comércio de Gás Natural, S.A.		CBD	-	-		-	-	-
EDP Inovação, S.A.	-	-		-	-	-	-	-
EDP Valor—Gestão Integrada de Serviços, S.A.	-	-	CBD	-		-	-	-
EDP—Energias de Portugal, S.A.	CEBD	D	-	-	D	-	-	-
EDP—Energias do Brasil, S.A.	CBD	-	-	-	D	-	-	-
EDP—Estudos e Consultoria, S.A.	-	-	-	-	CBD	-	-	-
EDP—Imobiliária e Participações, S.A.	-		-	-	CBD	-	-	-
Eléctrica de la Ribera de Ebro, SL		CBD						
Energia RE, S.A.	-		-	-	CBD	-	-	-
Hidrocantábrico Energía, SAU		CBD						
Hidroeléctrica del Cantábrico, S.A.	-	VCBD	-	CBD	D	-	-	-
Naturgás Energia Grupo, S.A.	-	D		CBD	-	-	-	-
Sávida—Medicina Apoiada, S.A.	-	-	-	-	CBD	-	-	-
SCS—Serviços Complementares de Saúde, S.A.	-	-	-	-	CBD	-	-	-

CEBD – Chairperson Executive Board of Directors
CBD – Chairperson of the Board of Directors/ CEO – Chief Executive Officer
D - Director
M - Manager
R – Representative
PR - Permanent Representative

CURRENT MAIN POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS
IN COMPANIES BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS S.A.

	António Mexia	João Manso Neto	João Marques da Cruz	Manuel Ménéndez Menéndez	Nuno Alves	Gabriel Alonso	João Paulo Costeira	Rui Teixeira
EDP Renewables Italia, SRL	-	-	-	-	-	-	D	-
EDP Renewables Canada, Ltd	-	-	-	-	-	CEO		D
EDP Renewables Europe, S.L.	-	CBD	-	D	-	-	D	D
EDP Renewables France SA	-	-	-	-	-		CBD	-
EDP Renewables North America LLC	-	-	-	-	-	CEO	-	-
EDP Renewables Polska, SP, z.o.o.	-	-	-	-	-	-	D	D
EDP Renewables Romania SRL	-	-	-	-	-	-	CBD	-
EDP Renewables SGPS, S.A.							CBD	D
EDP Renewables UK Ltd	-	-	-	-	-	-	D	D
EDP Renováveis Brasil, S.A.	-	CBD	-	-	-		D	D
EDP Renováveis Portugal, SA	-	-	-	-	-	-	CBD	D
ENEOP – Eólicas de Portugal, S.A.	-	CBD	-	-	-	-	-	-
ENEOP 2 S.A	-	-	-	-	-	-	CBD	-
Greenwind, S.A.	-	-	-	-	-	-	CBD	-
Operação e Manutenção Industrial, S.A.	-	-	-	-	-	-	D	-

CBD – Chairperson of the Board of Directors
CEO – Chief Executive Officer
D - Director
MSB – Member of the Supervisory Board
PGMS – President of the General Shareholders’ Meeting
M – Manager

NOTE: This Annex contains information regarding all the main companies of the EDPR Group. The information regarding all other affiliate companies where the members of the Board of Directors hold a position is available in the Annual Accounts on Note 38.

ANNEX IV

BOARD OF DIRECTORS

António Luís Guerra Nunes Mexia (Chairperson)

Born in 1957, he received a degree in Economics from Université de Genève (Switzerland) in 1980, where he was also Assistant Lecturer in the Department of Economics. He was a postgraduate lecturer in European Studies at Universidade Católica. He was also a member of the governing boards of Universidade Nova de Lisboa and of Universidade Católica, where he was Director from 1982 to 1995. Served as Assistant to the Secretary of State for Foreign Trade from 1986 until 1988. From 1988 to 1990, Antonio served as Vice-Chairperson of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998, he was Director of Banco Espírito Santo de Investimentos and, in 1998 was nominated Chairperson of the Board of Directors of Gás de Portugal and Transgás. In 2000, he joined Galp Energia as Vice-Chairperson of the Board of Directors. From 2001 to 2004, he was the Executive Chairperson of Galp Energia and Chairperson of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, was nominated Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairperson of the Portuguese Energy Association (APE) from 1999 to 2002, member of the Trilateral Commission from 1992 to 1998, Vice-Chairperson of the Portuguese Industrial Association (AIP), and Chairperson of the General Supervisory Board of Ambelis. He was also a Government representative to the EU working group for the trans-European network development. In January 2008, he was nominated member of the General Supervisory Board of Banco Comercial Portugues, S.A. having before integrated the Superior Board of this Bank. On 30th March 2006, was nominated Chairperson of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was re-elected on 15th April 2009 and 20th February 2012.

João Manuel Manso Neto

Born in 1958, he graduated in Economics from Instituto Superior de Economia (1981) and received a post-graduate degree in European Economics from Universidade Católica Portuguesa (1982). He also completed a professional education course through the American Bankers Association (1982), the academic component of the Master's Degree programme in Economics at the Faculty of Economics, Universidade Nova de Lisboa and, in 1985, the "Advanced Management Program for Overseas Bankers" at the Wharton School in Philadelphia. From 1981 to 1995 he worked at Banco Português do Atlântico, occupying several positions, mainly as Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas. From 1995 to 2002 he worked at the Banco Comercial Português, where he held the posts of General Manager of Financial Management, General Manager of Large Corporates and Institutional Businesses, General Manager of the Treasury, member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk in

Poland. From 2002 to 2003, he was a member of the Board of Banco Português de Negócios. From 2003 to 2005 he worked at EDP as General Manager and Member of the Board of EDP Produção. In 2005 he was elected CEO at HC Energia, Chairman of Genesa and Member of the Board of Naturgas Energia and OMEL. He was appointed on 30th March 2006 as member of the Executive Board of Directors, which office began on 30th June 2006, and reappointed on 15th April 2009 and 20th February 2012. On February 28th, 2012, he was nominated Vice-Chairperson of the Board of Directors and CEO of EDP Renováveis, S.A.

João Marques da Cruz

Born in 1961, he holds a degree in Management (1984) from Lisbon's ISE at the Technical University of Lisbon - Instituto Superior de Economia da Universidade Técnica de Lisboa, an MBA (1989) from the Technical University of Lisbon - Universidade Técnica de Lisboa, and a Post Graduation in Marketing and Management of Airlines (1992) from the Bath University /International Air Travel Association, UK. He began his career at the TAP Group in 1984 (Transportes Aéreos de Portugal) having had several positions until becoming General Director. Between 1997 and 1999 he was a Board Member of TAPGER. Between 2000 and 2002, he was a member of the Board of several companies within CP – Portuguese Railways, namely EMEF. From 2002 and 2005, he became CEO of AirLuxor, an airline company, and from 2005 to 2007 he was chairman and CEO of ICEP - Instituto do Comércio Externo de Portugal, a Portuguese state owned agency for international trade and promotion. Since March 2007, he has been a board member of EDP Internacional S.A. and in 2009 he was nominated Chairman of the Board of Directors of CEM – Macao Electrical Company. He was nominated as a member of the Executive Board of Directors on 20th February 2012. On May 8th, 2012, he was nominated Member of the Board of EDP Renováveis, S.A. by cooption.

Nuno Maria Pestana de Almeida Alves

Born in 1958, he holds a degree in Naval Architecture and Marine Engineering (1980) and a Master in Business Administration (1985) by the University of Michigan. In 1988, he joins the Planning and Strategy Department of Millennium BCP and in 1990 becomes an associate director of the bank's Financial Investments Division. In 1991, Mr. Nuno Alves is appointed as the Investor Relations Officer for the group and in 1994 he joins the Retail network as Coordinating Manager. In 1996, he becomes Head of the Capital Markets Division of Banco CISF, currently Millennium BCP Investimento, and, in 1997, Co Head of the bank's Investment Banking Division. In 1999, Mr. Nuno Alves is appointed as Chairman and CEO of CISF Dealer, the brokerage arm of Banco CISF. Since 2000, before his appointment as EDP's Chief Financial Officer in March 2006, Mr. Nuno Alves acted as an Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets. He was appointed on 30th March 2006 as member of the Executive Board of Directors, which office began on 30th June 2006, and reappointed on 15th April 2009 and 20th February 2012.

corporate governance

Gabriel Alonso

Born in 1973, he has been working in the global wind energy industry for more than 15 years in several countries across Europe, North America, and North Africa. He joined EDP in early 2007 as Managing Director for North America, where he led EDP's entrance into the United States' renewables arena through EDP's acquisition of Horizon Wind Energy from Goldman Sachs, the largest renewable energy transaction to date. He was instrumental in the creation, launch, and implementation of the initial public offering (IPO) of EDPR in June of 2008. He served in EDPR NA as Chief Development Officer (CDO) and Chief Operating Officer (COO), responsible for overseeing development, engineering, construction, energy management, procurement, and operations and maintenance. He is currently Chief Executive Officer for EDP Renewables North America LLC (EDPR NA), member of the Executive Committee, and Member of the Board of Directors of EDP Renováveis S.A. (EDPR). He is also member of the Executive Committee and currently holds the role of Chair-Elect of the Board of Directors of the American Wind Energy Association (AWEA).

He holds a law degree and a Master of Science degree in economics, each from the University of Deusto in Spain, and has completed the Advanced Management Program at The University of Chicago Booth School of Business.

João Paulo Costeira

Born in 1965, he was the Commercial Director of Portgás from 1992 to 1998. In 1998 he entered Galpenergia Group (Portugal's National Oil & Gas Company), where he held several positions such as General Manager of LisboaGás (Lisbon's Natural gas LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC). He also was a member of the Management Team of GalpEmpresas and Galpgás. In 2006 he became an Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain). In 2007 he joined EDP Renováveis S.A., where he serves currently as Chief Operating Officer for Europe and Brazil, he's a member of the Executive Committee and member of the Board of Directors of EDP Renováveis S.A..

He holds a degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto, and a Master in Business Administration by IEP/ESADE (Oporto and Barcelona). He also studied the Executive Development Program at École des HEC (Université de Lausanne, 1997), the Strategic Leadership Development Program at INSEAD (Fontainebleau, 2002) and the Advanced Management Program of IESE (Barcelona, 2004).

Rui Teixeira

Born in 1972, he is a member of the Board of Directors of EDP Renováveis, S.A., a member of the Executive Committee, and is the Chief Financial Officer of the Company. From 1996 to 1997, he was assistant director of the commercial naval department of Gellweiler—Sociedade Equipamentos Marítimos e Industriais, Lda. From 1997 to 2001, he worked as a project manager and ship surveyor for Det Norske

Veritas, with responsibilities for offshore structures, shipbuilding, and ship repair. Between 2001 and 2004, he was a consultant at McKinsey & Company, focussing on energy, shipping, and retail banking. From 2004 to 2007, he headed the corporate planning and control division within the EDP Group. In 2007 also served as Chief Financial Officer of EDP Renewables Europe SL (former NEO). He was nominated Chief Financial Officer of the Company in 2008. He is also Member of the Board of Directors of several subsidiaries of the Company's Group.

He holds a Master of Science degree in naval architecture and marine engineering from the Instituto Superior Técnico de Lisboa and a master in business and administration from the Universidade Nova de Lisboa.

Gilles August

He was born in 1957. Between 1984 and 1986, he practiced law at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC. Between 1986 and 1991 he was an Associate and later became Partner at Baudel, Salès, Vincent & Georges Law Firm in Paris. In 1991 he became a Partner at Salès Vincent Georges, where he stayed until 1994. In 1995 he co-founded August & Debouzy Law firm where he is presently working as the manager of the firm's corporate department. He has been a Lecturer at École Supérieure des Sciences Economiques et Commerciales and at Collège de Polytechnique and is currently giving lectures at CNAM (Conservatoire National des Arts et Métiers). He is Knight of the Légion d'Honneur. Since 2009, he has been a Non-Executive Director of EDPR's Board of Directors.

He has a Master in Law from Georgetown University Law Center in Washington DC (1986); a Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984) and a Master in Private Law from the same University (1981). He graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC).

João José Belard da Fonseca Lopes Raimundo

he was born in 1960. Between 1982 to 1985, he was a senior auditor of BDO—Binder Dijkster Otte Co. Between 1987 to 1990, he was a director of Banco Manufacturas Hanover (Portugal), S.A., and between 1990 to 1993 he was a Member of the Boards of TOTTAfactor, S.A. (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS, S.A. In 1993, he held directorships with Nacional Factoring, da CISF—Imóveis and CISF Equipamentos. Between 1995 and 1997 he was a director of CISF—Banco de Investimento and a Member of the Board of Directors of Nacional Factoring. In 1998, he was nominated to the Board of Directors of several financial companies, including Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing, and Nacional Factoring. From 1999 to 2000, he was a Member of the Board of Directors of BCP Leasing, BCP Factoring, and Leasefactor SGPS. From 2000 to 2003, he was nominated Chairman of the Board of Directors of Banque BCP (Luxemburg) and Chairman of the Executive Committee of Banque BCP (France). Between 2003 and 2006 he was a Member of the Board of Banque

Privée BCP (Switzerland) and was General Manager of BCP's Private Banking Division. From 2006 to 2009, he was a Member of the Board of Directors of Banco Millennium BCP de Investimento, S.A. and General Manager of Banco Comercial Português, S.A. . He also held a position until 2010 as Vice-Chairman of the General Assembly Board of Millennium Angola. From 2009 to 2010 he was nominated Vice-Chairman and CEO of Millenniumbcpsbank, NA (USA). From 2009 to 2012 he was a Member of the Board of Directors of CIMPOR- Cimentos de Portugal, SGPS, S.A.

Currently, he is the Chairman of the Board of BCP Holdings (USA), Inc., General Manager of Banco Comercial Português, and Managing Director of its Investment Banking Division, Member of the Board of Directors of EDP Renováveis, S.A., and Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors, was member of the Nominations and Remunerations Committee from 2008 till 2011, and in 2011 was nominated member of the Audit and Control Committee.

He has an undergraduate degree in company management and administration from Universidade Católica Portuguesa de Lisboa and a master of business administration degree from INSEAD.

João Manuel de Mello Franco

He was born in 1946. Between 1986 and 1989, he was a member of the management council of Tecnologia das Comunicações, Lda. Between 1989 to 1994, he was chairperson of the board of directors of Telefones de Lisboa e Porto, S.A., and between 1993 to 1995 he was chairperson of Associação Portuguesa para o Desenvolvimento das Comunicações. From 1994 to 1995, he was chairperson of the board of directors of Companhia Portuguesa Rádio Marconi and additionally, was chairperson of the board of directors of Companhia Santomense de Telecomunicações e da Guiné Telecom. From 1995 to 1997, he was vice-chairperson of the board of directors and CEO of Lisnave (Estaleiros Navais) S.A. Between 1997 and 2001, he was CEO and in the last year chairperson of the board of directors of Soponata and was a director and member of the audit committee of International Shipowners Reinsurance, Co S.A. Between 2001 and 2004, he was vice-chairperson of José de Mello Imobiliária SGPS, S.A. Since 1998, he has been a director of Portugal Telecom SGPS, S.A., chairperson of the audit committee since 2007, member of the corporate governance committee since 2006, and member of the evaluation committee since 2008. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors, Chairperson of the Audit and Control Committee, and member of the Related-Party Transactions Committee.

He was member of the remuneration committee of Portugal telecom, SGPS, SA between 2003 and 2008.

Since 2011 he is also acting chairperson of the audit committee of Sporting Clube de Portugal S.A.D.

He has an undergraduate degree in mechanical engineering from Instituto Superior Técnico. He additionally holds a certificate in strategic management and company boards and is the holder of a grant of Junta de Energia Nuclear.

Jorge Santos

He was born in 1951. From 1997 to 1998, he coordinated the committee for evaluation of the EC Support Framework II and was a member of the committee for the elaboration of the ex-ante EC Support Framework III. From 1998 to 2000, he was Chairperson of the Unidade de Estudos sobre a Complexidade na Economia and from 1998 to 2002 was Chairperson of the scientific council of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa. From 2001 to 2002, he coordinated the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal. Since 2007, he has been coordinator of the masters program in economics. Since 2009, he has been President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa (ISEG). In December 2011 he was elected president of the general assembly of IDEFE and is now administrator of "Fundação Económicas". Since 2008 he has been a Non- Executive Directors of EDPR's Board of Directors, Chairperson of the Nominations and Remunerations Committee, and in 2011 was nominated member of the Audit and Control Committee

He has an undergraduate degree in economics from Instituto Superior de Economia e Gestão, a master degree in economics from the University of Bristol and a Ph.D. in economics from the University of Kent. He additionally has a doctorate degree in economics from the Instituto Superior de Economia e Gestão of Universidade Técnica de Lisboa, and has consequently held the positions of Professor Auxiliar and Professor Associado with Universidade Técnica de Lisboa. He has been nominated as university professor (catedrático) of Universidade Técnica de Lisboa and is the President of the Department of Economics at ISEG.

José Fernando Maia de Araújo e Silva

Born in 1951, he began his professional career as an assistant lecturer at Faculdade de Economia do Porto and in 1987 and 1988 he was responsible for the "Gestão Financeira Internacional" degree at the same University. From 1980 to 1983 he held a part-time position as technician for Comissão de Coordenação da Região Norte., and from 1991 he was invited to be a lecturer at Universidade Católica do Porto. He has since held the position of director of several companies, including of Banco Espírito Santo e Comercial de Lisboa and Soserfin— Sociedade Internacional de Serviços Financeiros— Oporto group. He has been involved in the finance and management coordination of Sonae Investimentos SGPS, was executive director of Sonae Participações Financeiras, SGPS, S.A. and was vice-Chairperson of Sonae Indústria, SGPS, S.A. He has additionally held directorships with Tafisa, S.A., Spread SGPS, S.A. and Corticeira Amorim, SGPS. He presently serves on the board of directors of Caixa Geral de Depósitos, S.A, and is President of Caixa Seguros e Saúde, Caixa Leasing and Factoring, and Locarent, as well as Non Executive Director in several other companies. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors.

He has an undergraduate degree in economics from the Faculdade de Economia do Porto and has obtained certificates from Universidade de Paris IX, Dauphine and the Midland Bank International banker's course in London.

corporate governance

Manuel Menéndez Menéndez

He was born in 1960. He is Chairperson and CEO of Liberbank S.A., a financial institution formed by the integration of the financial businesses of Caja de Ahorros de Asturias, Caja de Extremadura, and Caja Cantabria, as well as Chairperson of Cajastur and Chairperson of Banco de Castilla-La Mancha. He is a member of the board of directors of CECA and CECABANK, on behalf of Liberbank Group. He is also Chairperson of HC Energia and Naturgás Energía and member of the Board of Directors of EDP RENOVÁVEIS S.A. and EDP Renewables Europe SLU, and of UNESA (the Spanish association of the electricity industry). Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors.

He is a university professor in the Department of Business Administration and Accounting at the University of Oviedo; has a PhD in Economic Sciences and a degree in Economics and in Business Administration, both from the University of Oviedo. He has supervised several doctoral theses, developing research work, and has participated as a speaker in many courses and seminars. His main research areas are the efficiency in credit institutions, management control in decentralized companies, and those in sectors with regulated economies. He is also author of many books and technical articles about the aforementioned matters.

Rafael Caldeira Valverde

He was born in 1953. In 1987, he joined Banco Espírito Santo de Investimento, S.A. and was the Director responsible for financial services management, client management, structured financing management, capital markets management, and for the department for origination and information; between 1991 and 2005 he was also Director and Member of the Executive Committee. In March 2005, he was nominated as vice-chairperson of the board of Directors of Banco Espírito Santo de Investimento, S.A. and formed part of the executive committee of the company. He is Vice-Chairperson of the Board of Directors and Member of the Executive Committee of Banco Espírito Santo de Investimento, S.A. Director of BES Investimento do Brasil, S.A.; ESSI, SGPS, S.A.; ESSI COMUNICAÇÕES, SGPS, S.A.; ESSI INVESTIMENTOS, S.A. and Espírito Santo Investment Holdings Limited. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors and member of the Nominations and Remunerations Committee.

He has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

SECRETARY OF THE BOARD OF DIRECTORS

Emilio García-Conde Noriega

Born in 1955, he joined Soto de Ribera Power Plant, which was owned by a consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico, as legal counsel in 1981. In 1995, he was nominated general counsel of Soto de Ribera Power Plant and also chief of administration and human resources of the consortium. In 1999, he was nominated as legal counsel at Hidrocantábrico and in 2003 was nominated general counsel of Hidrocantábrico and also a member of its management committee. Presently serves as general counsel of the Company, as secretary of the Board, and is also Chairperson, Director and/or secretary on Boards of Directors of a number the Company's subsidiaries in Europe.

Holds a master in law from the University of Oviedo.

ANNEX V
SHARES OF EDP RENOVÁVEIS S.A. OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AS AT 31.12.2012

Board Member	Direct	Indirect	TOTAL
António Luis Guerra Nunes Mexia	3.880	320	4.200
João Manuel Manso Neto	0	0	0
Nuno Maria Pestana de Almeida Alves	5.000	0	5.000
João Manuel Veríssimo Marques da Cruz	1.200	0	1.200
Gabriel Alonso Imaz	26.503	0	26.503
João Paulo Nogueira de Sousa Costeira	3.000	0	3.000
Rui Manuel Rodrigues Lopes Teixeira	12.000	370	12.370
Gilles August	0	0	0
João José Belard da Fonseca Lopes Raimundo	170	670	840
João Manuel de Mello Franco	380	0	380
Jorge Manuel Azevedo Henriques dos Santos	200	0	200
José Fernando Maia de Araújo e Silva	80	0	80
Manuel Menéndez Menéndez	0	0	0
Rafael Caldeira de Castel-Branco Valverde	0	0	0



KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 4 June 2012, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2012, based on the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

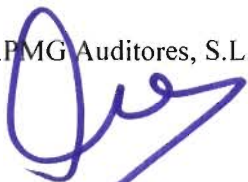
Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2012 is effective in all material aspects, according to the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 27 February 2013, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2012, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.



Ana Fernández Poderós

27 February 2013

Report from Management concerning responsibility for
the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2012 based on the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2012 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2012 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.


Chief Executive Officer
Chief Financial Officer

27 February 2013



Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, February 26, 2013.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Nuno Maria Pestana de Almeida Alves

João Manuel Veríssimo Marques da Cruz

Rui Manuel Rodrigues Lopes Teixeira

João Paulo Nogueira da Sousa Costeira

Gabriel Alonso Imaz

Manuel Menéndez Menéndez

José Fernando Maia de Araújo e Silva

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

Rafael Caldeira de Castel-Branco Valverde

Gilles August