annual report **2011**

edp renováveis

a better energy, a better future, a better world

about this report

This integrated report describes EDP Renováveis' (hereinafter "EDPR") performance with respect to the three pillars of sustainability: economic, environmental and social.

EDPR is focused on continuously improving its performance in Sustainability, and this is highlighted in its Vision and Mission, as a way to create value for our shareholders and for society. As a leader in the renewable energy sector, EDPR plays a key role in EDP Group, as leader among Utilities in the Dow Jones Sustainability Index in 2011.

EDPR is committed once again to follow the G3.1 guidelines of the Global Reporting Initiative (GRI) for Sustainability Reporting.

Global reporting initiative and United Nations global compact

The GRI directives define a set of indicators and recommendations to create a global standard for disclosing information concerning the three sustainability pillars: economic, environmental and social performance. A company's adherence to these directives means that it concurs with the concept and practices of sustainability.

The whole report, including environmental and social indicators contemplated by the GRI, was audited by KPMG.

A full GRI index for the report can be found in the 'GRI evaluation' chapter.

The GRI framework defines a list of principles to help organizations ensure that the content of the report is balanced and accurate. EDPR applied these principles as the basis for the 2011 Annual Report.

To learn more about the GRI guidelines, please visit www.globalreporting.org.

Global Compact is an initiative of the United Nations launched in 2000 that defines guideline directives for businesses that opt to contribute to sustainable development.

EDPR has aligned itself with this initiative and is committed to put these principles into practice, informing society of the progress it has achieved.

Gri application level

Following the GRI Guidelines, this report has been externally assured by KPMG, certifying the A+ application level self-declared by EDPR. Additionally, GRI has also verified that the report addresses GRI's standard disclosure, confirming the A+ application level assured by KPMG.

International Financial Reporting Standards

The economic and financial indicators of this report are based on IFRS. The overall objective of IFRS is to create principles-based, internally consistent and internationally converged standards for financial and economic reporting.

Corporate governance

Enclosed within the Annual Report, is a corporate governance chapter which describes the adoption by EDPR of the recommendations contained in the Portuguese Corporate Governance Code ("Código de Governo das Sociedades") approved by the CMVM (Portuguese Securities Market Commission).

EDPR reports on the corporate governance structure, business between the company and Members of the Company's governing bodies or Related Parties, internal control systems and risk management, shareholder structure, exercise of shareholder's rights, remuneration policy, shares and the company's market relations.

Scope of report

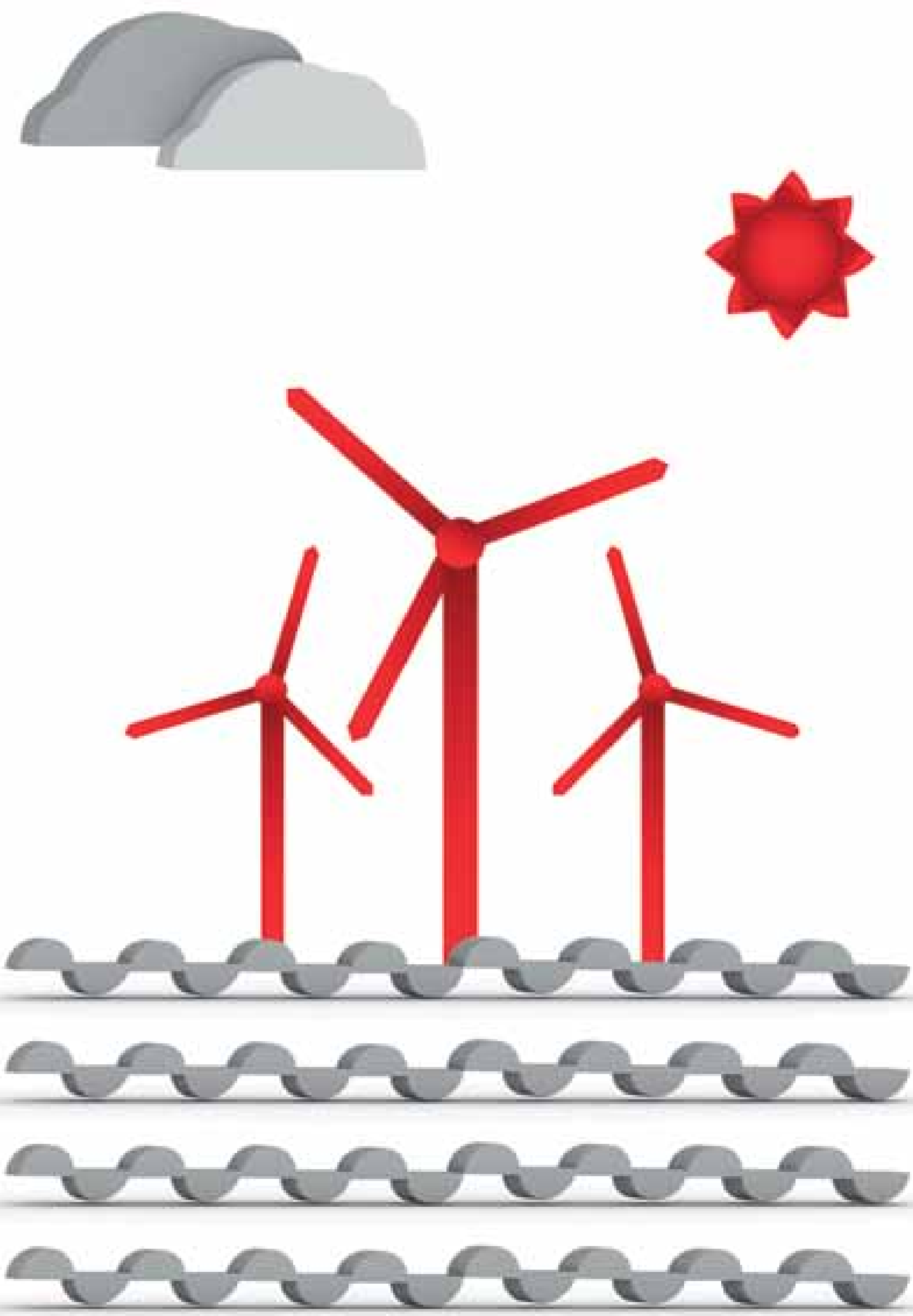
This report relates to the 2011 fiscal year, beginning January 1st, 2011 and ending December 31st, 2011, and also includes some key events from the first months of 2012. It contains information from EDP Renováveis, S.A., as well as all subsidiaries in the reporting period.

This report and the ones from previous years are available at: www.edprenovaveis.com.

In an effort to adapt our future reporting to our stakeholders needs, a feedback survey is available on our website: www.edprenovaveis.com.

GRI PRINCIPLES

MATERIALITY	STAKEHOLDER INCLUSIVENESS	SUSTAINABILITY CONTEXT
This report includes the relevant information for the company's stakeholders, as derived from the materiality studies performed.	The concerns and the feedback received from our stakeholders were taken into account during the report's creation.	This report is placed in the context of the company strategy to contribute to the sustainable development of society, whenever possible.
COMPLETENESS AND BALANCE	**ACCURACY, CLARITY, COMPARABILITY AND RELIABILITY**	**TIMELINESS**
Unless otherwise stated, this report covers all the company's subsidiaries and is presented in a balanced and objective perspective.	The information presented follows the GRI directives aim to make information comparable, traceable, accurate and reliable.	The information presented in this report relates to FY2011. EDPR is committed to report sustainability information at least once a year.



message from the Chairman of the Board of Directors

"Being the world's third largest wind energy producer, we deliver sustainable development: economic, social and environmental. We combine operational and financial growth with investment in the society and respect for the environment."

Dear stakeholders,

I'm pleased to report that your company has delivered a resilient performance in a complex business environment. Against a backdrop of low energy prices, unstable financial markets combined with high currency volatility and increased regulatory uncertainty, EDPR executed and delivered on the highest expectations of the Board of Directors. This year's results were obtained in a highly unpredictable economic environment and reflect EDPR's solid and balanced portfolio. Our existing asset base of 7.5 GW of wind energy capacity delivered outstanding operating metrics evidencing our capabilities and core competences in developing and operating wind farms.

2011 contributed profoundly to the belief that renewable energies will play an undeniable role in the energy sector. On the one hand, the terrible nuclear tragedy caused by the earthquake in Japan brought light to the safety component of energy, something that was not considered by many as a primary goal in itself, and as a result many countries redefined their energy policies and started applying more demanding safety standards. Additionally, in the 2011 UN Climate Change Conference, several positive signs pointed to the commitment towards a single global agreement by 2015 and also to the extension of the Kyoto Protocol.

In line with this mindset shift, I strongly believe in the benefits of a well balanced generation mix, supported on mature technologies. Wind already provides this assurance and is also a proven solution for economic growth, job creation and safer and cleaner energy. The temporary moratorium in Spain and current discussion on tax benefits extension in the US creates a potential growth challenge for EDPR in 2013, albeit the long-term commitments remained unchanged. EDPR, diversified in 11 geographies, expects that positive visibility regarding wind energy will come sooner rather than later. We continued working on new growth options, balancing regulatory and technological risk, and signed a new partnership for the development of up to 2.4 GW of offshore wind in the UK.

In the end of 2011, EDP signed a strategic partnership agreement with China Three Gorges – the biggest clean energy company in China – with a strong focus on renewable projects. The partnership, in what EDPR is concerned, comprises a direct investment from CTG in minority stakes in some of EDPR's wind farms and the joint development of selected renewable projects. The partnership is designed to maximize the value creation from a worldwide growth platform in renewable energy development and will shape the growth prospects of EDPR. Soon, we will announce the 2015 business plan, with the full scope of the new strategic partnership.

EDPR Board of Directors is committed to achieve the highest standards of corporate governance and ethical business conduct and also to align its structure with the company's business profile. In 2011, the Board concluded its first mandate and there was a deeper integration between the Board and EDPR's management team with the full incorporation of its members in the Board. In February 2012, Mr. João Manso Neto succeeded Mrs. Ana Maria Fernandes as EDPR's CEO. João Manso Neto has been an Executive Director of EDPR since 2008 and member of EDP Executive Board of Directors since 2006. He has a deep knowledge of the Company and I wish him all the success in this new journey. I would also like to thank Ana Maria Fernandes for her commitment to the interests of EDPR's shareholders during the last three years and wish her good luck in her new responsibilities in EDP Brasil.

I would like also to thank the effort of our employees for their contribution and commitment. The Company continues to invest in human resources and in the development of our people, making sure it is motivated to transform new challenges into new opportunities while engaging with all our stakeholders in the different activities of EDPR. The way the Company develops and operates its wind farms and its 16.8 TWh of clean, CO_2-free electricity generated are decisive contributors for EDP Group worldwide leadership position in sustainability.

Being the world's third largest wind energy producer, we deliver sustainable development: economic, social and environmental. We combine operational and financial growth with investment in the society and respect for the environment. With these principles, EDPR will continue to lead the way.

António Mexia
Chairman of the Board of Directors

interview with the CEO

Ana Maria Fernandes | Chief Executive Officer

2011 FISCAL-YEAR

Ana, can you walk us throughout 2011 – what were the highlights and what didn't go according to plan?

We started the year strongly committed to our strategy which has resulted in increased shareholder value for 2011. On growth, we installed more than 800 MW. On profitability, we selected the best projects with an above average remuneration and quality load factors. And, we were able to improve our risk profile by increasing to 90% the assets under stable regulatory regimes and long-term contracts.

In more detail I would like to highlight the following three achievements that marked EDPR in 2011.

Firstly, the company continued to expand geographically and find new market opportunities that are attractive for our shareholders. As an example, we have clearly established ourselves as a long-term player in the Brazilian wind market and are today clear market leaders in Romania and Poland, regions strongly committed to develop wind energy.

Secondly, EDPR was able to secure more than 700 million euros through alternative funding sources at competitive rates, like the project finances with multilaterals in Portugal, Brazil and Romania, or the funding through institutional partnerships in the US. Amidst the current turmoil in the financial markets this was a big success and a clear demonstration of the quality of the projects executed by our teams.

Thirdly, we keep looking ahead, to our future and planning our long-term growth options. This year we were able to expand our offshore wind projects under development in the UK up to 2.4 GW through a partnership with a first class company in the energy sector. A clear commitment to innovation and technological diversification.

I have to say that we also faced challenges and setbacks. Regulatory uncertainty for future investments in some of the main renewable markets, as the US and Spain, has clouded our visibility and is putting our growth rates into question. To face this, the company will clearly keep working throughout 2012 to find alternative attractive growth solutions that would be valuable to our shareholders.

How has EDPR performed in 2011?

In 2011 we accomplished our capacity growth targets by delivering 806 MW, increased our electricity production by 17% to 16.8 TWh and generated a record 1 billion euros in revenues.

We continue to demonstrate the qualitative attributes of our portfolio and geographical diversification. We have top-class projects delivering superior load factors. Once again the average load factor of our wind farms reached the 29% mark, a clear signal of our recurrent excellence on this indicator.

On the pricing side, our low risk strategy continues to bear its fruits, resulting in price stability on the back of a 90% exposure to stable regulations and long-term contracts. This year we kept improving our risk profile by signing more PPAs for 146 MW and by installing 608 MW in regulated markets.

The results are clearly good. EBITDA went up 12% in 2011 while cash-flow from operations reached 643 million euros, representing a 13% increase in comparison with previous year.

We also continue to present a strong balance sheet discipline. 92% of our Financial Debt is at fixed rates and approximately 80% of it only matures post-2018, reflecting that long-term funding agreements closed by the company during the last years.

Such performance is a credit to the commitment, focus and hard work of all our employees.

EDPR FUTURE

Is EDPR set to deliver long-term sustainable growth?

I think it is fair to say that the company is very well equipped to exploit the opportunities and master the challenges of the future. We have strong core competences in developing and operating wind farms, we exceed our peers and our partners recognize it.

Over the last four years the company did a remarkable job by installing more than 4.5 GW and increasing the installed capacity to the 7.5 GW that we have today. We will keep on adapting our growth in response to the changes to the business environment, and will keep applying our successful formula based on our robust portfolio of options under development giving us optionality on future investments, a continuous quest to find valuable opportunities in new markets and a constant analysis of a wide range of early-stage renewable technologies as a way to move forward.

Our knowledge, experience and competences are the key for us to keep on delivering sustainable growth.

What can EDPR stakeholders expect from the Company in 2012?

As we begin our journey in 2012, I truly believe EDPR will keep on delivering on its three strategic pillars. We are adding more capacity to our installed base, having selected the projects with superior quality and exposed to stable remuneration frameworks. We are pursuing a selective growth. We want the right combination between superior returns and risk control. Our asset base in our mature markets along with the recent and future investments in Central and Eastern Europe, as well as in Brazil are expected to produce interesting results in 2012.

Also during this year we expect to revise our medium-term strategic plan and present it to our stakeholders, in light of the recently established partnership for renewable generation projects between EDP, our principal shareholder, and China Three Gorges, China's biggest clean energy group.

Exciting times lie ahead.

CORPORATE RESPONSABILITY

How are EDPR employees prepared to embrace the new opportunities ahead of them?

I have the greatest confidence in all of the EDPR team around the world. They are young and dynamic professionals with a significant track record, which has been fully demonstrated by EDPR`s growth over the last years. The accumulated experience and continuous training and education programs serve to ensure that the team is ready to make the best use of the opportunities that lie ahead.

How has the new EDP Group brand/ logo helped EDPR in its business development?

The new Group brand identity is very compelling and transmits EDP Group's values with an intensity we did not have before. As a consequence, EDPR is now visually much more integrated with the EDP Group. Additionally, the new multi-faceted brand toolbox allows us to transmit the most appropriate values for every circumstance. All of this has been and will continue to be of great use in our business going forward.

In 2011, how did the general population, clients and legislators perceive renewable energies change?

I think that the concept of sustainable, renewable energy is almost universally accepted and supported among all audiences. This sentiment did not decreased during 2011. However, in times of crisis, the subsidy model for renewable energies is subject to more critical headlines. Societies have to decide regarding the investment for a sustainable future.

LEADERSHIP TRANSITION

How do you feel about leaving a Company you have been involved with since the beginning and which you have seen evolve from an Iberian to a Global Company?

Change is always positive and globalization is an integral part of how business will be done in the future. All of us, the company and our professionals, have evolved and matured together. The foundation of EDPR, the IPO in 2008 and our expansion into international markets were successful landmarks for us all. I have confidence in the team and I remain assured that I leave behind a legacy to be proud of.

And finally, can you comment on the transfer of leadership to João Manso Neto: how do you think he will fit into the next phase in EDPR's development?

I have known and admired João for years as a most capable colleague within the EDP Group. His extensive experience of the Group and his previous fifteen year' career in global finance make him the ideal candidate to lead EDPR through the challenges and opportunities ahead.

index

wind farm lifecycle

site identification
Search for sites with top-class wind conditions and analyse grid connection feasibility.

obtain consents and permits
Engage with local and public authorities to secure environmental, administrative, construction and other licenses.

market analysis
Study market dynamics in terms of electricity prices, regulation and financing to support the go ahead decision.

wind farm operation
Complete grid connection and start to generate renewable electricity.

data analysis
Monitor real-time wind data, analyse performance and identify improvement opportunities.

landowner agreement

Contact local landowners and negotiate leasing agreement.

wind analysis

Install meteorological towers to collect and study wind profile.

layout design and construction

Optimise wind farm layout and select the best fit wind turbine model to maximise expected electricity output.
Build access roads, prepare foundations, erect towers, assemble wind turbine generators and construct substation.

opening ceremony

Share results and benefits of wind energy with local inhabitants, industrials, authorities and other stakeholders.

ongoing maintenance service

Keep availability figures at the highest level possible and minimise failure rates.

delivery of secure, reliable and CO_2-free energy to the population

A better energy, a better future, a better world.

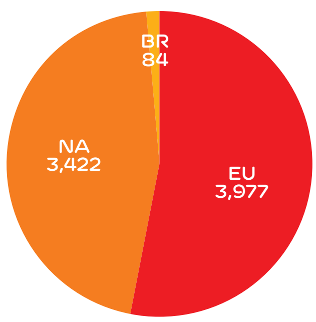
Key indicators

OPERATIONAL

INSTALLED CAPACITY

2011	7,483	↑ 12%
2010	6,676	

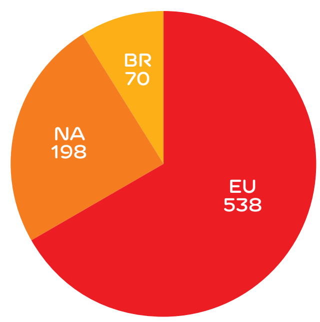
MW



NEW CAPACITY 2011

+ 806 MW

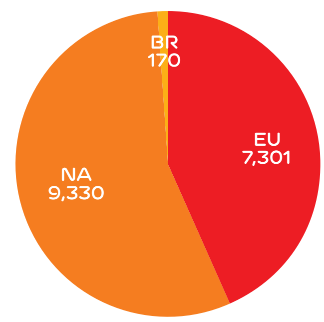
MW



GENERATION

2011	16,800	↑ 17%
2010	14,352	

GWh

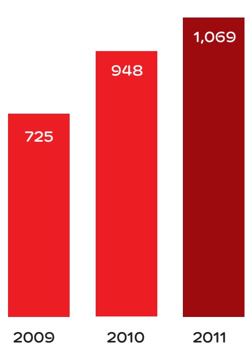


PROFIT AND LOSS

REVENUES

2011	1,069	↑ 13%
2010	948	

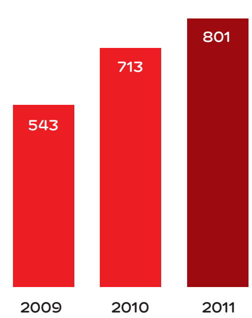
€m



EBITDA

2011	801	↑ 12%
2010	713	

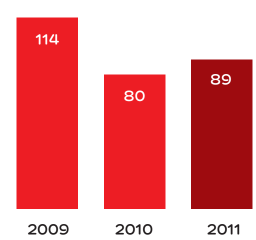
€m



NET INCOME (1)

2011	89	↑ 10%
2010	80	

€m



FINANCIAL POSITION

TOTAL ASSETS

2011	13.1	↑ 2%
2010	12.8	

13.1 €bn

NET DEBT/EBITDA

2011	4.2x	↑ 9%
2010	3.9x	

4.2x

OPERATING CASH-FLOW

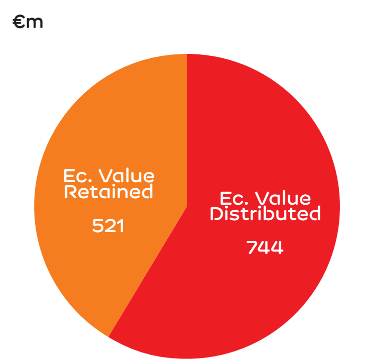
2011	643	↑ 13%
2010	567	

643 €m

ECONOMIC

VALUE GENERATED [1]

2011	**1,265**	↑ **18%**
2010	1,073	



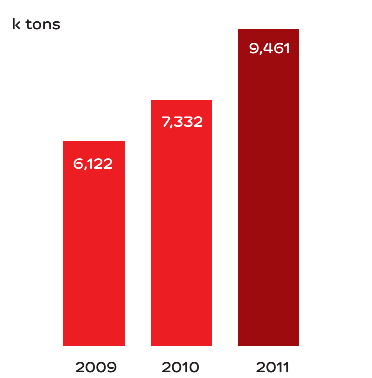
"I'm especially proud of the way we have grown into a leading renewable energy company, providing solid profitability at controlled risk. Our skilful teams are experts in generating a better, CO_2 free energy, contributing to a better world."

Ana Maria Fernandes
Chief Executive Officer

ENVIRONMENTAL

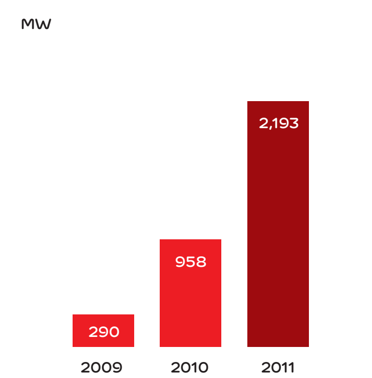
CO_2 EQ AVOIDED [2]

2011	**9,461**	↑ **29%**
2010	7,332	



MW CERTIFIED ISO14001 [3]

2011	**2,193**	↑ **1.3x**
2010	958	



1) Net income attributable to equity holders of EDPR
2) Greenhouse gases avoided, converted to CO_2 equivalent emissions
3) Environmental Certification
4) Includes four member of the Management Team
5) OHSAS 18001 – Health and Safety Certification (see page 92)

SOCIAL

HEADCOUNT [4]

2011	**796**	↓ **3%**
2010	822	

796

HOURS OF TRAINING

2011	**37,996**	↑ **42%**
2010	26,734	

38 k

MW CERTIFIED OHSAS18001 [5]

2011	**2,194**	↑ **33%**
2010	1,647	

2,194

Highlights of 2011

11 Mar
Earthquake in Japan, damaging the Fukushima nuclear plant of 4.7 GW and causing a nuclear disaster

30 Mar
EDPR takes full control of Genesa, enabling a more efficient management and structure of EDPR's business in Spain

04 May
EDPR announces 1Q2011 results

24 Feb
EDPR announces 2010 annual results

07 Apr
EDPR sells its stake in SEASA, a company with 74 MW in Spain

11 Apr
EDPR holds its Annual General Shareholders Meeting

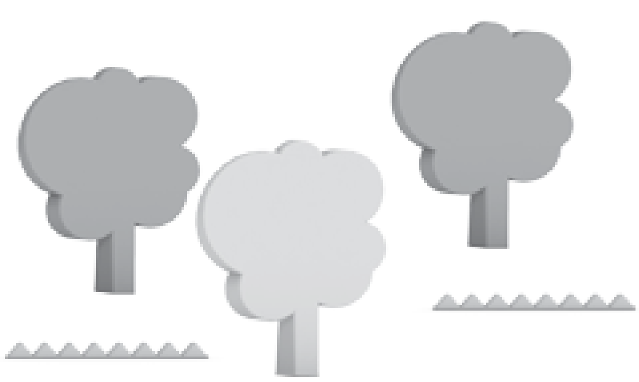
03 Jun
EDPR is awarded a 10-year contract by NYSERDA to sell renewable energy credits equivalent to 45 MW in the US

06 Jun
EDPR establishes a partnership with Repsol for the development of 2.4 GW of offshore wind capacity in the UK

21 Jun
EDPR holds an Extraordinary Shareholders Meeting

21 Jun
EDPR executes project finance for 138 MW in Romania

28 Jun
EDPR is granted 127 MW in Aragón, Spain under a tender to award electricity production licenses through wind energy



11 Jul
EDPR executes project finance for 90 MW in Romania

13 Jul
EDPR establishes a new institutional partnership structure for 99 MW in the US

25 Jul
EDPR executes project finance for 70 MW in Brazil

27 Jul
EDPR announces 1H2011 results

14 Sep
EDPR secures a new PPA for 101 MW in the US

17 Oct
2012 tariff proposal by the Portuguese Energy Services Regulatory Authority

26 Oct
EDPR announces 9M2011 results

20 Dec
EDPR is awarded long term contracts for 120 MW in Brazil

21 Dec
EDPR executes a project finance through ENEOP for 376 MW in Portugal

22 Dec
EDPR's principal shareholder (EDP) establishes a strategic partnership with China Three Gorges for renewable energy generation projects

22 Dec
EDPR establishes a new institutional partnership structure for 99 MW in the US

Recognition and awards

EDPR INCLUDED IN FTSE4GOOD INDEX

EDPR has been included in the FTSE4Good index following the benchmark's September 2011 review. The FTSE4Good is a financial index that aggregates top performing companies for sustainability and corporate social responsibility. Since its creation in 2001, the FTSE4Good Index Series has sought to help responsible investors identify and invest in companies that meet globally recognised corporate responsibility standards, to provide asset managers with a responsible investment benchmark and a tool for responsible investment products. It also aims to foster the development of responsible business practices around the world.
To qualify for inclusion in the FTSE4Good Index Series, companies must be in the FTSE All World Developed Index. Eligible companies must meet criteria requirements in five areas: working towards environmental sustainability, upholding and supporting universal human rights, ensuring good supply chain labour standards, countering bribery, and mitigating and adapting to climate change.

EDPR AWARDED IN "EXCELLENCE" FOR THE SECOND YEAR

EDPR was awarded the first of three prizes given in the second edition of Excellence Prizes in Spanish Companies with Portuguese Capital, an initiative held by the Círculo de Empresarios y Gestores Españoles y Portugueses (CEGEP).

After analyzing information related to every Portuguese company operating in the Spanish market, EDPR was distinguished as first in Excellence based on six quantitative criteria.

EDPR stands out in the creation of jobs and financial autonomy, as 77% of its assets are self-funded, and second best performer in terms of productivity.

EDPR RANKED AS THE MOST TRUSTED ENERGY COMPANY IN PORTUGAL

EDPR ranked the most trusted company among energy and utility firms in Portugal, according to the Reputation Institute's analysis of the Portuguese market for 2011.

The study showed that EDPR dominated in nearly all reputation categories measured, including products and services, innovation, workplace, governance, citizenship and performance.

Each year an international reputation consulting firm ranks companies on its global index, and provides individual reports by market and sector. The results for 2011 show that EDPR earned an index score of 68, the highest in the energy and utility sector in Portugal. Parent company EDP Group also received an above average score of 61.

EDPR IS ONE OF THE WINNERS OF THE 2011 MYBRAND REPUTATION INDEX

EDPR has been awarded second place in the 2011 MyBrand Reputation Index, an annual brand reputation ranking carried out in Portugal by the consultancy firm MyBrand. For the second year running, the company has achieved a top five position in the ranking, having received special recognition for three of the attributes assessed: innovation, citizenship and workplace.

The Index rates the company's reputation, assessing the way in which it is perceived by the general public and by private investors. In 2010, the ranking focused on companies listed on the PSI20, the blue chip index of the NYSE Euronext Lisbon Stock Exchange. For this second edition of the MyBrand Reputation Index, 44 of Portugal's largest companies were evaluated by 2,923 Portuguese participants.

The ranking is based on seven reputation-related attributes: economic and financial performance; quality of products and services; management leadership; workplace; ethics; social responsibility; and innovation.

RUI TEIXEIRA VOTED BEST CFO

Rui Teixeira was voted Best CFO of 2010 during the Investor Relations & Governance Awards for the Portuguese market, a ceremony that took place on July 7th, 2011, in Lisbon.

The prestigious award not only reflects the great work of Rui Teixeira, but the efforts and excellence of the teams that are involved in communicating with global financial markets. The criteria for the Best CFO award included knowledge of the business and industry, display of communication skills, strategic vision and contribution to the overall performance of the market.

The annual award ceremony is an initiative of Deloitte, the UK-based financial services firm, and the Portuguese economic newspaper, Diário Económico. The awards are promoted nationally, and recognize the best performance of investor relations professionals working at companies listed on NYSE Euronext Lisbon.

EDPR AWARDED THE FAMILY RESPONSIBLE EMPLOYER CERTIFICATION

EDPR was awarded the Family Responsible certification (EFR- Empresa Familiarmente Responsable) by the MásFamilia Foundation, in Spain. This certification reflects EDPR commitment to promote a healthy work-life balance for its employees.

The company stood out for its effectiveness in terms of scheduling flexibility, family support, equal opportunities and its ambitious policy of continuous improvement.

efr empresa

EDPR'S ANNUAL REPORT WEBSITE AWARDED

The online version of the 2010 Annual Report has been recognized with a Sapo Award – an annual Portuguese initiative to highlight the best work in advertising and communications.

The website was the best in the Institutional Website category, as judged by a jury made up of various advertising professionals. It is a result of an ambitious and time-record target of making a clear and efficient online version of the Annual Report available to everyone.

ANALYSTS RECOGNIZE EDPR AS BEST IN INDUSTRY

In 2011, a survey conducted by *Institutional Investors*, analysts recognized Rui Teixeira (CFO) and Rui Antunes (Head of IR) as the best in their categories. The Investor Relations work performed by EDPR was considered as the best among renewable energy companies.

The leading financial publishing group in Europe and America recognized EDPR after analyzing surveys answered by investment managers (buy-side) and securities houses (sell-side) when they were asked to vote on which entities offered the best investor relations services. A majority of those surveyed chose EDPR over other companies in the renewable energies sector. Company executive Rui Teixeira was voted best CFO in the sector, as per the analysts' responses.

Accordingly, the company's Head of IR, Rui Antunes, was recognized for a second consecutive year as the best at his job among renewable energy companies.

Institutional Investor

Our company

Our way

Our mission

Aim to be a long-term market leader in the renewable energy sector, pursuing credibility through safety, value creation, social responsibility, innovation, and respect for the environment.

Our vision

A global renewable energy company, leader in value creation, innovation and sustainability.

Our values

Initiative... ...demonstrated through behavior and attitude of our people.

Trust... ...of shareholders, customers, suppliers and other stakeholders.

Innovation... ...with the objective of creating value within the various areas in which we operate.

Excellence... ...in the way we perform.

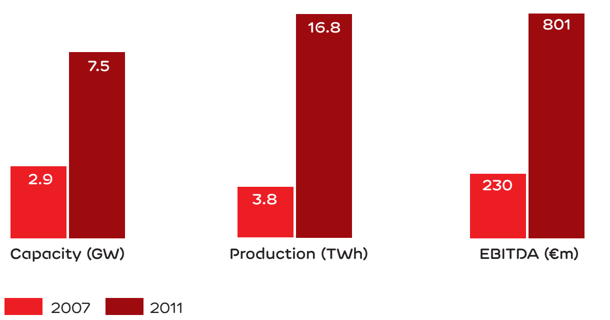
Sustainability... ...aimed at improving the quality of life for present and future generations.

Our business

EDPR is a leading renewable energy company that designs, develops, manages and operates wind farms that generate clean energy.

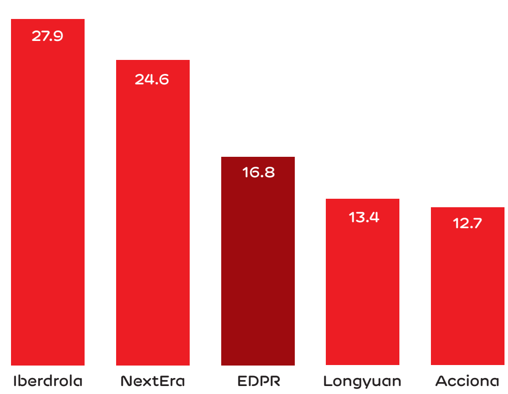
Since 2007, EDPR has undergone exceptional development from a regional utility company to a large scale global player.

GROWTH METRICS (2007-2011)



As the world's third largest wind energy company, generating 16.8 TWh, present in 11 geographies, and with circa 800 employees, we aim to be a long-term market leader in the renewable energy sector.

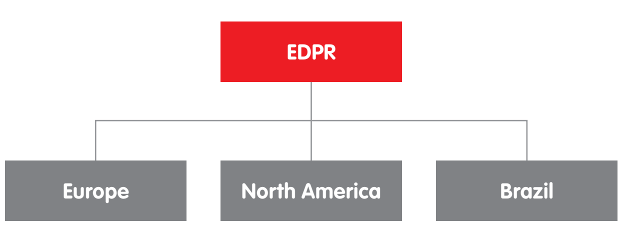
TOP 5 GLOBAL PRODUCERS OF WIND ENERGY (TWh)



Source: Respective company's FY2011 operating results

EDPR is organized according to three main market areas, Europe, North America, and Brazil, with head offices in Madrid, Houston and São Paulo.

EDPR ORGANIZATIONAL STRUCTURE



EDPR is a global company and has a global strategy but also conducts its business with local teams and strategies. This allows us to understand and take advantage of local market dynamics to maximize value creation.

Our relationship with landowners, municipalities, regulators, and key stakeholders is crucial and a cornerstone of our success. By acting locally, for example, it enables our teams to connect with authorities and conduct general meetings to engage in a dialogue of mutual benefit.

In addition to creating local companies and local teams to accomplish goals, we have internalized the three critical phases of project ownership into our business model in order to extract the most value from our assets.

Development phase

Our sustainable future is dependent on solid development efforts.

EDPR's teams of highly experienced and qualified developers start by locating a windy site with nearby electricity transmission lines. After partnering with landowners or municipalities, the critical process of measuring the wind begins, where data collection can last for several years. If the site continues to show promise, further studies are conducted and permits are secured until an investment decision is made.

EDPR's strong presence in 11 countries spanning over 3 continents will provide the necessary optionality in order to maintain long term sustainable growth.

Construction phase

EDPR's goal is to be a reference in the industry for building the most cost competitive, safe and efficient wind farms.

Our Procurement, Engineering and Construction teams are well equipped to select the best turbine based on each project's specifics, use in-house expertise to design the best wind farms, and assure top-class engineering and construction standards.

Construction typically lasts nine months to 12 months depending on the size of the project. We work to minimize disturbances to the land and return the land to its initial integrity. In most cases, wind turbines and access roads occupy less than one percent of the land in the entire project area, and the remaining land is still available for agricultural activities.

During 2011, EDPR added over 800 MW, securing its position as a leading player in the wind energy industry.

Operations phase

As an owner and operator, EDPR is committed to maintaining long term operations of our projects for the benefit of our shareholders and stakeholders while always keeping our environmental impact to a minimum.

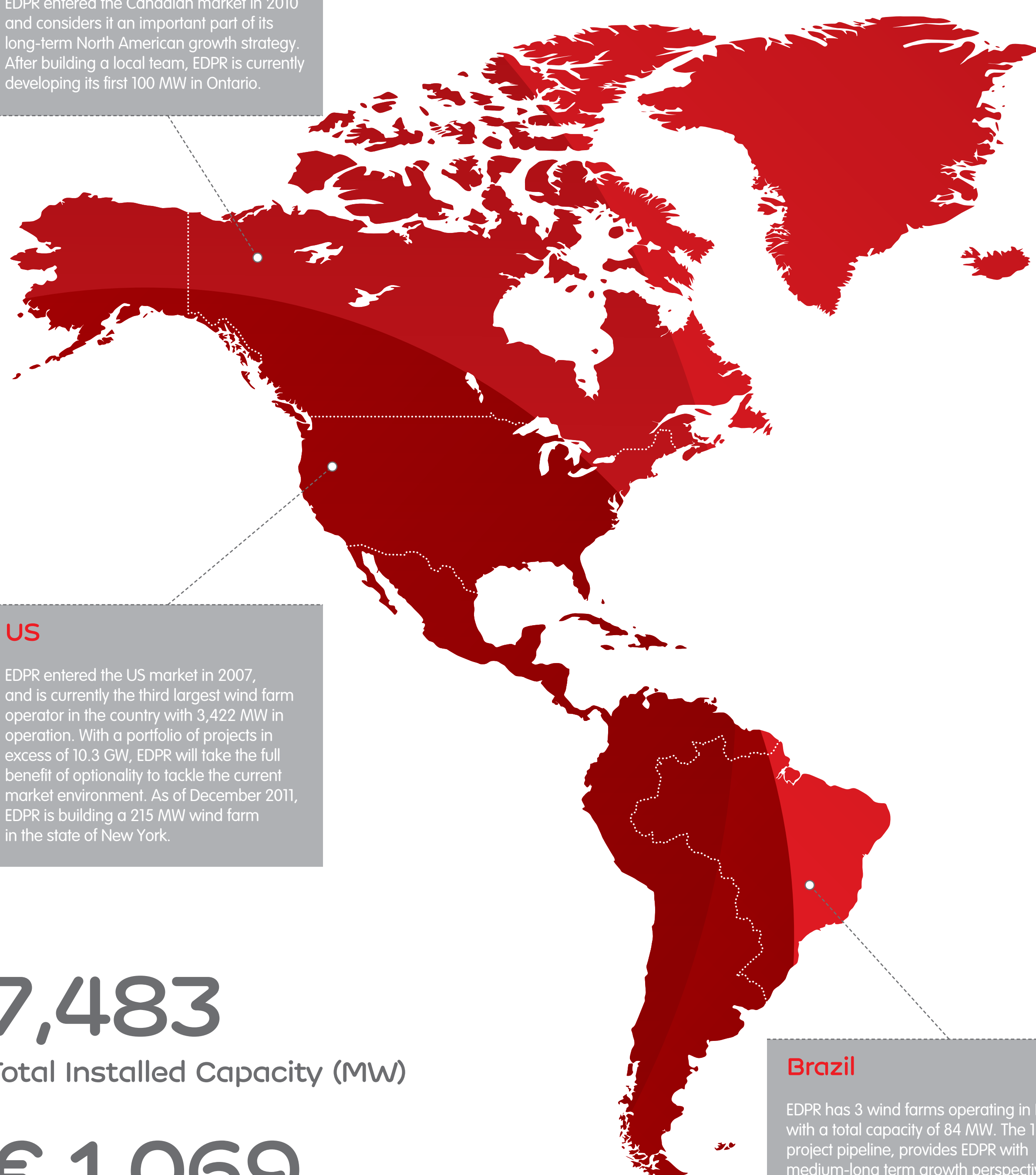
Our wind farms have a projected life span of 25 years, thus it is critical to our longevity that we focus on maintaining the highest levels of availability, through regularly scheduled maintenance programs and performance improvement initiatives, while minimizing the associated costs through our strong O&M strategy.

EDPR leverages its experience of operating 7.5 GW of installed capacity to ensure continuous improvement and the implementation of best practices.

Our global business

Canada

EDPR entered the Canadian market in 2010 and considers it an important part of its long-term North American growth strategy. After building a local team, EDPR is currently developing its first 100 MW in Ontario.



US

EDPR entered the US market in 2007, and is currently the third largest wind farm operator in the country with 3,422 MW in operation. With a portfolio of projects in excess of 10.3 GW, EDPR will take the full benefit of optionality to tackle the current market environment. As of December 2011, EDPR is building a 215 MW wind farm in the state of New York.

Brazil

EDPR has 3 wind farms operating in Brazil with a total capacity of 84 MW. The 1.6 GW project pipeline, provides EDPR with medium-long term growth perspectives.

7,483

Total Installed Capacity (MW)

€ 1,069

Revenues (€m)

796

Employees [1]

(1) Includes four member of the Management Team

UK

EDPR joined the UK wind energy market in 2010 and is currently developing two sites for offshore wind farms in Scotland totalling 2.4 GW.

Belgium

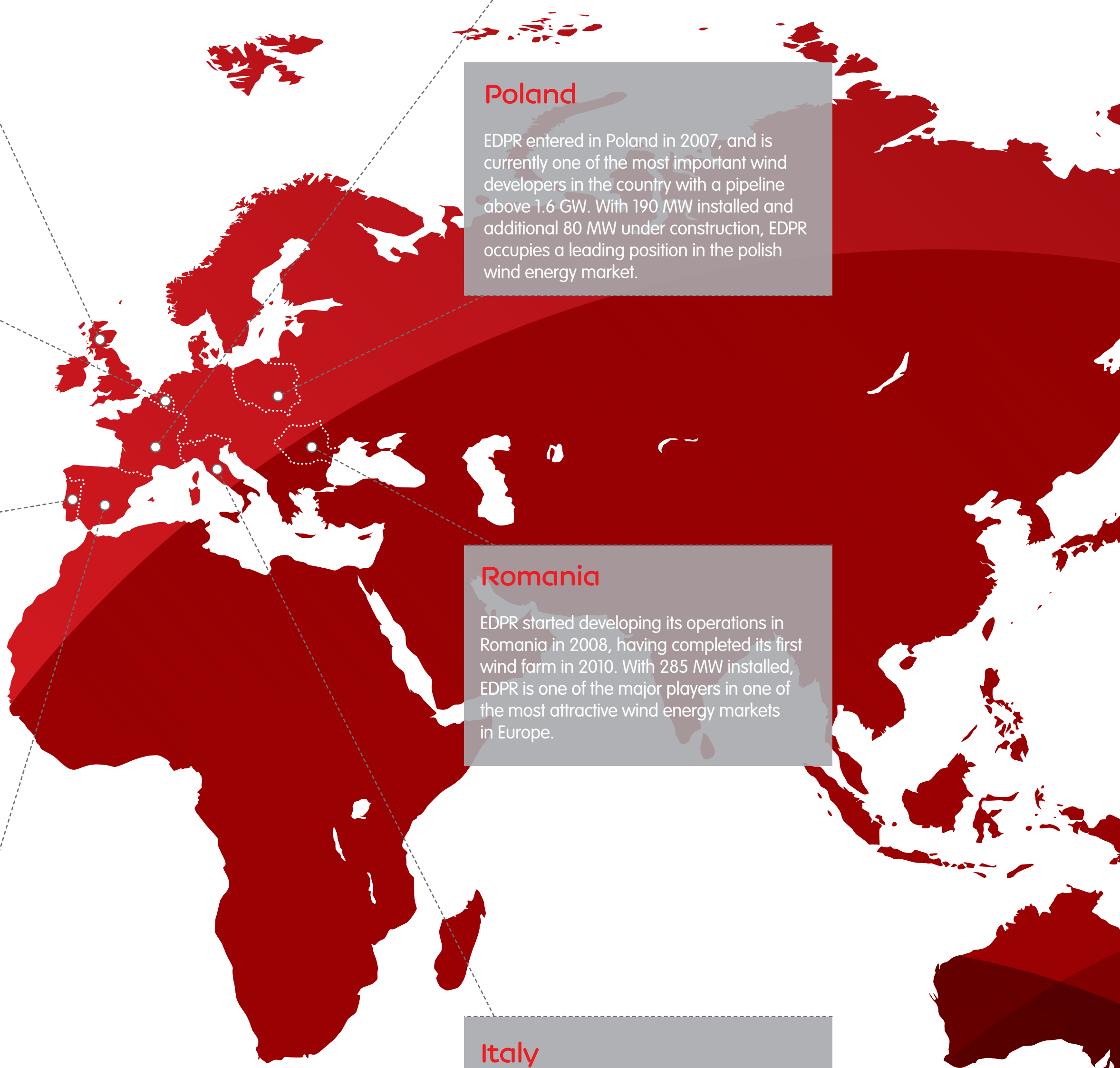
EDPR began to operate its first wind farm in Belgium at the end of 2008, and currently runs three wind farms totalling 57 MW.

Portugal

EDPR has been developing wind farms in Portugal since 1996 when a 10 MW wind farm was built in the north of Portugal. Currently, EDPR has more than 30 wind farms across Portugal with total installed capacity of 939 MW (including Eólicas de Portugal consortium). As of December 2011, 2 MW were under construction.

Spain

EDPR operates wind farms in Spain since 1997 and currently owns a total of 92 installations, totaling 2,201 MW. EDPR has 58 MW under construction in the country.



France

EDPR joined the French wind market in 2005. At present, EDPR operates 28 wind farms in France with a total installed capacity of 306 MW.

Poland

EDPR entered in Poland in 2007, and is currently one of the most important wind developers in the country with a pipeline above 1.6 GW. With 190 MW installed and additional 80 MW under construction, EDPR occupies a leading position in the polish wind energy market.

Romania

EDPR started developing its operations in Romania in 2008, having completed its first wind farm in 2010. With 285 MW installed, EDPR is one of the major players in one of the most attractive wind energy markets in Europe.

Italy

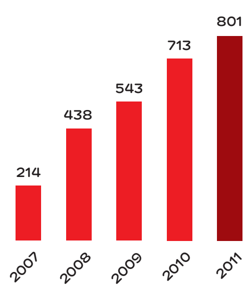
After entering the Italian market in 2010, EDPR is currently building its first wind farm with 20 MW.

Our strategy

37%

ANNUAL EBITDA GROWTH RATE SINCE 2007

EBITDA (€m)

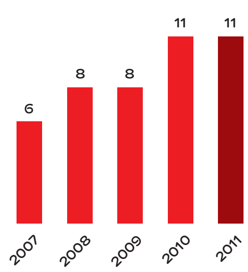


EDPR aims to reach long-term profitable growth by consolidating its position in its current markets, selectively entering new markets with high growth potential, and seeking growth opportunities in other renewable energy technologies.

11

GEOGRAPHIES

EDPR GEOGRAPHIES (#)



EDPR considers its capacity to achieve those goals to be significantly greater when it focuses its efforts on capturing and developing a limited number of opportunities that tie in well with and complement existing platforms, which allows EDPR to leverage its principal technical competences. In 2011, EDPR started construction of its first Italian wind farm, Villa Castelli (20 MW) and completed its first wind farm in Ohio, United States, with Timer Road II (99 MW), which is also the state´s first large scale utility wind farm.

Superior Profitability

29%

QUALITY AND STABLE NCF SINCE 2008

One of EDPR's goals is to continuously improve its operational processes and to stimulate growth and profit earning capacity by becoming the best in class in the business. Our ability to achieve market leading net capacity factors is a direct result of selecting the best project sites from an early stage, designing the most efficient wind farms, and dedicating our operating efforts to maximizing availability and electricity production, while minimizing costs and environmental impact.

75%

EBITDA MARGIN SINCE 2008

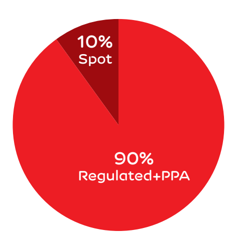
By leveraging our growth in Operations and Maintenance (O&M) experience, we increase our control of O&M activities, especially during the post-manufacture warranty period, leading to lower costs and increased technical expertise.
Additionally, EDPR continues to create and develop long-term relations, with flexible terms and conditions, with suppliers of market-leading turbines at competitive prices. In 2011, EDPR continued to operate a portfolio which achieved a stable 29% net capacity factor and top tier availability, in excess of 97%, while maintaining solid margins.

Controlled Risk

90%

REGULATED+PPA

CAPACITY BREAKDOWN BY REMUNERATION

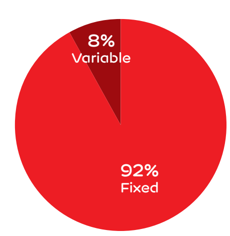


In addition to wind seasonality, local and national regulation, and macro environments are all risk factors that need to be managed. By operating a diversified portfolio in regulated markets, securing long term power purchase agreements (PPAs), and hedging merchant exposure, EDPR is able to minimize its risk profile.

92%

FIXED RATE DEBT

FINANCIAL DEBT BY TYPE



Our relationship with EDP and its new strategic partnership with China Three Gorges (CTG), further increases EDPR's financial stability. In 2011, EDPR increased its long-term contracted capacity and entered into several financing agreements, including the first project finance in Romania, thus fully maximizing the NPV of the project and decreasing the need for shareholder contributions.

Way forward

EDPR is a leading clean energy company with 2011 revenues of more than 1,000 million euros, reflecting the 16.8 TWh of CO_2 free production. The company has executed a strong expansion plan in the last years having multiplied its onshore wind power capacity by approximately 3x since 2007. As a result of this continuous growth EDPR is currently operating over 7.5 GW of onshore wind power. This extraordinary growth came hand in hand with a selective geographical expansion strategy that, starting in Iberia, steadily evolved to Central and Eastern Europe, North America and Brazil.

Our path

EDPR has been growing by expanding to new countries, either by greenfield development or through strategic transactions of projects in early stage of development. Leveraging on its in-house skills, EDPR has carefully picked its markets, considering a set of principles that have been applied in every entry into a new country.

When considering a new market, EDPR embarks on a multi-year program by contacting all relevant players, understanding the concerns of the main stakeholders, identifying the main risks and constrains, discussing with potential partners and also technically assessing in detail a handful of particular projects available in that market. An entry-decision in a new market usually brings with it several non-entry-decisions in other markets that have been thoroughly analyzed, but discarded for not reaching EDPR's required standards or for not being competitive enough at that time.

EDPR places a strong focus not only on the reliability and sustainability of the country's renewable tariff scheme, but also on the market's potential to allow a high value creation during the development phase of the projects. Therefore, extreme care and effort is put in place in every market to access top tier pipeline of projects, as well as local skills to deliver them on time.

EDPR has teams constantly monitoring and appraising the reality and the potential of wind markets worldwide, from different angles: from a more analytic standpoint as the analysis of macro-economic indicators, the energy market structure and dynamics, the different renewable regulations in place and regulation drafts under discussion, the credibility of official renewable targets, the long term electricity price forecasts and the financial features, to the more specific local business opportunities.

Consistent with its growth strategy, EDPR constantly analyzes the commercial outlook of a wide range of renewable energy technologies that will contribute to a sustainable growth in the future. As a result of such analysis, in 2010 EDPR chose to enter the offshore wind industry in the promising UK market.

The success of EDPR's selective growth strategy is best illustrated in its international track-record, where the combination of its capabilities places the company at the forefront of the global top wind energy developers and operators.

EDPR CREATED NEW GROWTH OPTIONS THROUGHOUT 2011

The selective, flexible and diversified growth strategy implemented by EDPR is crucial to successfully overcoming the current challenging global economic environment that is significantly shaping the global wind energy market.

EDPR, through its Brazilian subsidiary EDPR BR, increased its pipeline with several wind projects in the Rio Grande do Norte State, one of the windiest locations in Brazil. The quality of these projects was once again proven through the 20-year PPA for 120 MW secured in the competitive A-5 energy auction, held during December 2011. This important addition brings EDPR BR's total capacity with long-term PPAs to more than 200 MW. This progress shows EDPR's commitment to establishing itself as one of the top market players in the country.

Establishing partnerships is fundamental and, in offshore wind, the partnership established with Repsol Nuevas Energias in 2011 to jointly develop 2.4 GW in the UK which further expanded EDPR's project pipeline and team. With this new partnership, EDPR added a second project to its offshore pipeline, thus diversifying the company's long term profitable growth options and balancing its risks. EDPR now holds 67% of the Moray project (exclusivity rights for the development of 1.5 GW in Zone 1 of the UK Round 3 wind farm lease program) and an additional 49% of the Inch Cape project (exclusivity rights for the development of 0.9 GW in the outer Firth of Tay, awarded by The Crown Estate within the Scottish Territorial Waters leasing program). EDPR is actively pursuing further growth opportunities in the most promising European offshore markets.

Moreover, in onshore wind, the UK Government aims to considerably increase installed capacity in the coming years in order to achieve the ambitious targets of renewable energy penetration defined by the EU. Leveraging on its strong presence in the local market, EDPR setup a new development team in Scotland during 2011 to pursue onshore opportunities to ramp up its presence in the market.

In North America, the business development activity of the company has been concentrated on creating optionalities in the fast growing Canadian wind onshore market, with special focus on the provinces of Ontario and British Columbia.

Delivering future growth

In the short-term, EDPR has adapted its growth in response to continued uncertainty in global energy markets. Despite the harsher economic environment, EDPR continues to mine growth opportunities in a number of target countries.

In 2012, growth will be primarily driven by markets with favourable development opportunities and where EDPR has or can achieve a leading position. This applies to core-markets such as Poland, Romania, Spain, USA and Portugal (ENEOP consortium) but may also include additional countries where EDPR sees major potential for selective and attractive growth.

Rapid-growth markets, with a high rising demand for electricity, such as some emerging markets in Europe and Americas are examples where EDPR has been continuously identifying several options and is currently assesing a number of them. These markets share promising characteristics, with wind energy projects showing strong economic viability, diminished regulatory risk and strong market sustainability.

EDPR business development efforts will also continue in markets which have gone into a consolidation phase, such as Italy, France, Belgium, Canada, in order to ensure organic expansion.

EDPR constantly analyzes the commercial outlook of a wide range of early-stage renewable energy technologies as a way to move forward. The WindFloat project, led by EDP Inovação in partnership with EDPR provides evidence of this approach.

EDPR PARTNERING WITH THE INNOVATIVE WINDFLOAT PROJECT

The WindFloat Project developed an innovative technology that will allow the exploitation of the wind potential at sea, at depths of more than 40m.

The innovation focus of the project is the development of a floating foundation, based on the experiences from the oil and gas industry, which will support multi-MW wind turbines in offshore applications.

The floating foundation is a semi-submersible and is anchored to the seabed. Its stability is due to the use of "water entrapment plates" on the bottom of the three pillars, associated with a static and dynamic ballast system. WindFloat adapts to any type of offshore wind turbine. It is built entirely on land, including the installation of the turbine - thus avoiding the use of scarce marine resources.

The WindFloat Project encompasses the design and construction of a demonstration unit, including a 2 MW turbine. The unit has been installed off the Portuguese coast, close to Aguçadoura, and was connected to the grid by the end of December 2011. The project is the first offshore wind deployment worldwide which did not require the use of heavy lift equipment offshore.

This is the first offshore wind turbine in open Atlantic waters, and the first deployment of a semi-submersible structure supporting a multi-megawatt wind turbine.

Our principles

We strongly believe in sustainable development and are committed to following our Sustainable Development Principles. This deep pledge is constantly executed throughout all phases of our business cycle, from the prospecting to the operation of the wind farms.

To this extent the 2011 Annual Report has been structured to show how the business is performing on each one of these principles.

Value Creation and Innovation

Maximize long-term shareholder value by ensuring top performance and continuously improving through innovation and initiative, while maintaining the trust of our stakeholders and minimizing risk.

30

Dialogue with Stakeholders

Ensure an extensive knowledge of our stakeholders to develop lasting partnerships and maintain an open, transparent and trustworthy dialogue.

62

Environmental Protection and Eco-efficiency

Maximize the positive benefits of our clean energy on the environment by preventing or minimizing the environmental footprint of our business activities.

Participate in initiatives to preserve the ecosystem and promote a culture of environmental sustainability.

70

Support Social Development and Access to Energy

Support and contribute to economic, social and cultural development of the communities where we are present.

78

Human Capital Management

Guarantee the health, safety and well-being of our employees, as well as the framework that contributes to their excellence.

84

Integrity

Guarantee compliance with ethical business standards and contribute to public policy dialogue with public institutions and local communities.

94

creating value

"Our top class assets, technical expertise and diversified growth opportunities provide a solid foundation for our current and improved future profitability."

Ana Maria Fernandes, Chief Executive Officer

Business environment

Macroeconomic environment

The world's economic activity slowed down during 2011 mainly due to structural imbalances in developed economies, the normalization of monetary policy and changes in productive cycle dynamics. Additionally, unforeseen natural and socio-economical events also had a significant impact, such as the earthquake in Japan, deep social and political changes in some Arab countries, uncertainty in European governing bodies and the instability in the global financial markets.

The European debt crisis was the main focus of risk, but was not its only source. Instead it became the most visible manifestation of the insufficient progress in correcting global macroeconomic imbalances, such as the excessive debt levels of developed economies when compared with their low growth potential and the vulnerability of the growth efforts in some developing economies, closely linked to weak internal demand and changing social structures.

The resolution of both structural barriers, as well as the economical, social and political challenges will result in solid and sustainable future economic growth. In the meanwhile, the creation, negotiation and implementation of global economic policies consistent will this objective will strongly influence economic activity and the risk appetite through 2012.

The correction of structural imbalances dampens the global economic recovery

Contrary to what was initial thought, the economic growth process that started in 2010 was not sustained, especially since the second quarter of 2011. The economic climate was affected by higher uncertainty and volatility. Forecasts for global economic activity have since been lowered, to below 4% for the 2011-13 period, a level that is both inferior to the long-term trend and the growth rate in 2010.

The divide between the performance of developed and emerging economies widened. The expected growth rate forecast for 2011-2013 for the emerging economies is approximately three times that of the of their developed piers (5.8% vs. 1.6%, respectively). Despite this high growth, emerging economies remain sensitive to a downturn in international commerce, increasing the relevance of policies that stimulate internal consumption. Such policies have already been implemented during the last quarter of 2011, by way of a less restrictive monetary policy.

In developed economies, the normal boundaries to economic policy are now restricted by budgetary constraints, a heightened level of disciple demanded by financial markets, and low interest rates that are close to their level of effectiveness.

Lower inflationary pressures disguised by the impact of indirect taxation

Upward inflationary pressures decreased, due to the lower price on base commodities, at a global level, the lack of substantial inflationary pressures in developed economies and the effects of a more restrictive monetary policy in emerging markets, for the majority of the year. However, the increase of indirect taxation methods has limited the impact on final consumer prices. Inflation rates in the developed economies should decrease throughout 2012, mainly due to the effect of the price evolution of base commodities.

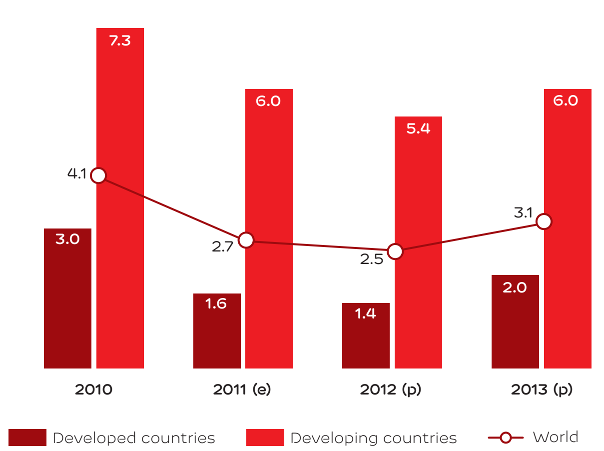
Dysfunctional markets lead ECB to take stern measures to stabilize financial markets

The global increase in risk aversion intensified throughout the second quarter of the year, following the downgrade of the USA's credit rating and higher tension in European markets. The complexity of the negotiation process and the implicit demands of the financial stabilization policies for the euro area, were the main drivers for strain in Europe. Rumours about the possible redefinition of the group of euro countries were common, contributing to the downward spiral of instability in European markets. By contagion this uncertainty affected global markets.

Equity markets increased loses, especially in European markets and in financial institutions; credit spreads tended to increase based on their level of exposure to financially vulnerable countries; the euro depreciated, having gone below 1.30 dollars. Conversely, investments perceived as safe, such as German and US sovereign debt, gold and short-term instrument in currencies like the Swiss Franc or the Yen registered unprecedented rises in demand.

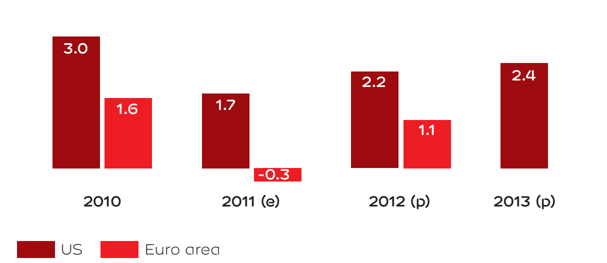
The significant decrease in confidence affected the normal functioning of financial markets, bringing with it substantial risk for the financing of European economies. The troubles in interbank lending markets coupled with the low demand in other debt markets justified a change in monetary policy. The ECB reduced its exchange rates to 1% and increased the maturities on its liquidity facilities to 3 years. The exchange rate implied by derivatives trading suggests that the rates will remain low for a longer period of time.

WORLD ECONOMIC GROWTH (REAL GDP GROWTH)



Source: World Bank

EU AND US ECONOMIC GROWTH (REAL GDP GROWTH)



Source: World Bank

Wind energy market environment

Key events

Fukushima prompts a rethink of Nuclear power

In March 2011 a massive earthquake and tsunami hit Japan, provoking the worst nuclear catastrophe since Chernobyl.

The accident prompted a renewed debate on the role of nuclear plants all around the world and sparked a wide-spread anti-nuclear sentiment, with many countries reconsidering their stance. In particular, European governments raised concerns about increasing their share of nuclear power in order to comply with their carbon emission targets.

Following the Fukushima accident at least 8 countries abandoned their plans to install new reactors.

The most significant reaction came from Germany who in the immediate aftermath of the catastrophe shut down its seven oldest plants and announced two months later its decision to phase out their entire nuclear fleet by 2022. This decision reversed the previous policy presented in November 2010 that announced a life extension of all nuclear plants.

Other countries reacted in a similar fashion. Italy rejected nuclear power in a referendum, Switzerland declared a gradual phase out of nuclear power at the end of its operational lifespan, and Belgium increased its nuclear tax and is seemingly edging away from this type of energy.

In any case, many experts agree on the fact that the shifts in the European nuclear position will provoke a capacity gap in the short and medium term that will very likely drive a faster build-out of renewables, provided that adequate policies are implemented.

Durban summit: new hopes for climate change?

The 2011 United Nations Climate Change Conference was held in Durban, South Africa, from November 28th to December 11th.

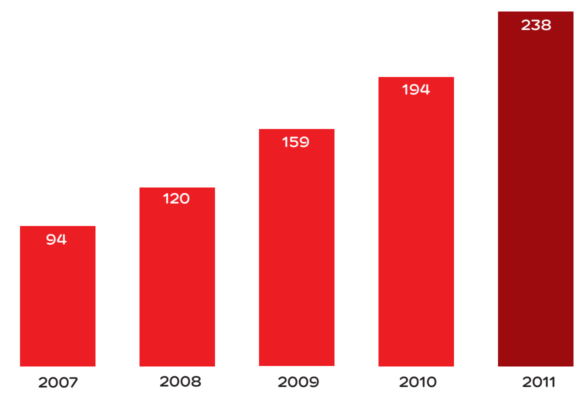
After repeatedly reaching the brink of collapse, the summit produced agreements on several counts. The main outcome was that, for the first time, both developed and developing countries have now agreed to move towards a single global agreement by 2015. In fact, it is the first time ever that China, India and US agree to a potential legally binding deal. Another major achievement has been the agreement to extend the Kyoto Protocol (which was due to expire in 2012), until 2017 or 2020, to be decided next year. This will enable the continuation of the Clean Development Mechanism.

What lies ahead are years of negotiations to eventually reach a "protocol, legal instrument or an agreed outcome with legal force", which raises some concerns about its legal force and timetable. For this reason, although international agreements provide a longer-term perspective, it's likely that domestic frameworks will continue driving investments.

Analysis of global wind energy capacity

In 2011 over 41 GW of new wind capacity came on line all around the world, bringing total installed capacity to more than 238 GW, Global Wind Energy Council (GWEC) data. Despite the ongoing economic crisis and financing difficulties, the wind industry grew by 21% during 2011.

WORLDWIDE WIND ENERGY CAPACITY (GW)



Source: GWEC

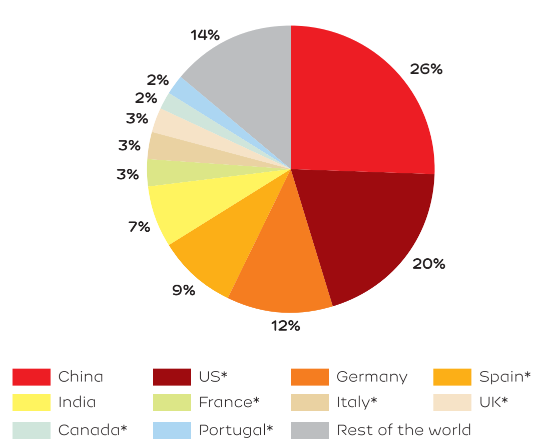
For the second year running, emerging markets have led this growth, adding approximately 55% of new wind facilities and offsetting somehow, the stagnation is some mature markets.

China experienced the biggest growth adding 18 GW of new wind capacity – nearly half of total installations – and consolidated its position as worldwide market leader with nearly 63 GW.

2011 was a record-breaking year for India that displayed outstanding figures adding over 3 GW of new wind capacity and surpassing the 16 GW mark. Today India is the fifth wind market in the world, narrowing the gap with Spain.

During 2011 the European Union delivered 9,616 MW, almost the same than in 2010. Currently Europe hosts approximately 94 GW of wind energy according to the "EWEA" (European Wind Energy Association) and is the largest overall wind market. Amongst the individual countries, Germany remains the EU country with the largest installed capacity (29,060 MW and 3rd wind market worldwide), trailed by Spain (21,674 MW and fourth), France (6,800 MW and sixth), Italy (6,747 MW and seventh) and the UK (6,540 MW and eight). Germany has witnessed the largest increase in new wind capacity (2,086 MW), followed by the UK (1,293 MW) and Spain (1,050 MW).

TOP TEN LARGEST WIND MARKETS AT THE END OF 2011



Source: GWEC
*Countries where EDPR is present

Important additions in Eastern European markets, coupled with the ongoing growth of offshore wind in the UK, contribute altogether, to a positive outlook in the European side.

The US installed 6,810 MW of new wind facilities according to the "AWEA" (American Wind Energy Association), improving on last year's figure (5,212 MW). The US continues in the runner-up position, behind China, with 46.9 GW of total installed capacity.

Canada enjoyed a record year in 2011 adding 1,267 MW and surpassing the 5.000 MW milestone. Ontario is at the forefront of wind additions in Canada and is growing as a very enticing region for further wind investments.

South America is witnessing a push into wind energy, led by Brazil (583 MW installed in 2011) and Mexico (354 MW). Brazil is the most promising wind market in the region as it reached the 1 GW milestone in 2011 and has a pipeline of more than 7 GW to be completed before the end of 2016, according to the Wind Association (Abeeolica).

Europe

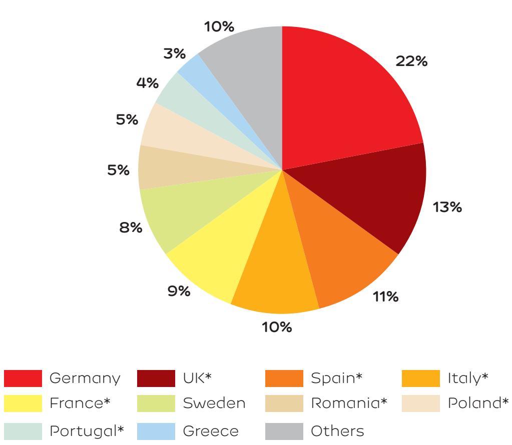
In 2011, wind represented 21% of new power facilities, the third biggest share after solar PV (47%) and gas (22%). Overall, 9,616 MW were connected in Europe (EU-27) bringing total capacity to 94 GW.

Although Western European countries showed some signs of stagnation as they become mature markets, they still provided the lion's share of new installations. Germany topped the list for MW installed in 2011 with 2,086 MW, followed by the UK (1,293 MW), Spain (1,050 MW), Italy (950 MW) and France (830 MW).

Spain showed a slump in annual installations, nearly 500 MW less than in 2010, due to the lack of clarity in the incentive scheme against the backdrop of an economic recession. Portugal however, added 377 MW of wind, close to last year's figures.

Emerging markets in Eastern Europe grew by a rapid pace as Romania installed 520 MW, Turkey 470 MW and Poland 377 MW. These countries are expected to be at the forefront of wind investments in the coming years. Other countries that displayed high additions were Sweden (763 MW), Greece (311 MW) and Ireland (239 MW).

NEW CAPACITY INSTALLED IN EUROPE[1] 2011



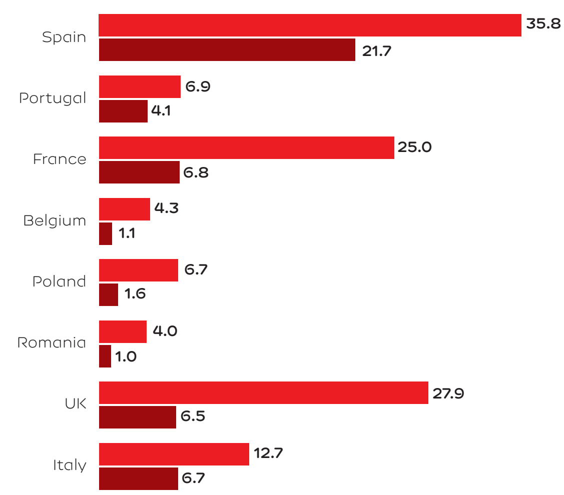
(1) EU 27; Source: EWEA
*Countries where EDPR is present

Growth in Europe was also driven by offshore wind contribution. In 2011, 866 MW of offshore wind were connected, bringing total cumulative capacity to 3,813 MW. The majority of newly installed capacity is located in British Waters (87%) and practically all of the remaining increase coming from Germany.

All the EU-27 countries have renewable binding targets following the approval of the Renewable Energy Directive 2009/28/EC. In 2010 European countries had to submit their "NREAP" (National Renewable Energy Action Plan) in which they explain how they intend to comply with their overall 2020 renewable.

Despite recent increases in installed capacity, there I still much room to grow before the 2020 target are achieved, as shown in the graph below.

2011 WIND ENERGY INSTALLED CAPACITY (GW) VS. 2020 FORECASTED CAPACITY ACCORDING TO NREA (*)



(*) Figures refer to both onshore and offshore wind
Source: EWEA; NREAP

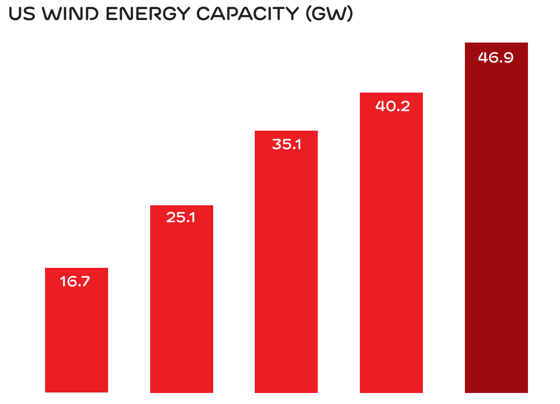
US

New wind installations ramped up in 2011, with the "AWEA" (American Wind Energy Association) reporting about 6,810 MW, bringing the total installed capacity to 46,919 MW. After a disappointing performance in 2010, the wind industry seemed to have bounced back with a 31% increase from 2010 additions (5,212 MW).

California was the main contributor to 2011 growth with 921 MW of new installed capacity followed by Illinois (693 MW), Iowa (647 MW) and Minnesota (542 MW). Texas only installed 292 MW but continues to be the most important State in terms of cumulative capacity with more than 10 GW on line.

Overall, 30 States brought new wind farms on line in 2011 and, at the end of the year, 14 States surpassed the 1 GW landmark in terms of total capacity.

US WIND ENERGY CAPACITY (GW)



Source: AWEA

Wind Energy Regulation (by Country)

Regulation events in EDPR's countries

Remuneration schemes in EDPR's geographies

COUNTRY	REMUNERATION SCHEME
Portugal	Feed in Tariff
France	Feed in Tariff
Spain	Option: Feed in Tariff & "pool + premium"
Belgium	Green Certificates
Poland	Green Certificates
Romania	Green Certificates
Italy	Green Certificates (1)
UK	Green Certificates (1)
US	Green Certificates and tax incentives
Canada	Feed in Tariff (Ontario)
Brazil	PPA

(1) A new feed-in-tariff will be implemented for new wind farms

Spain

REGULATORY CHANGE	DESCRIPTION AND MAIN IMPLICATIONS
Approval of the new "Renewable Energy Plan" 2011-2020	• The 2010 onshore wind target remains untouched (35 GW), while the offshore wind target is reduced to 750 MW (from 3 GW)
In January 2012 the Government announced temporary moratorium on incentives for new renewables facilities	• The new Royal Decree will only apply to new projects as operating wind farms and facilities included in the pre-register scheme will remain untouched

In May 2011 the Government released the draft of the new Renewable Energy Plan ("PER 2011-2020") that was subsequently approved in November. In this document, the onshore wind target is maintained at 35 GW as targeted in the NREAP (National Renewable Energy Action Plan). However, the offshore wind target was reduced to 750 MW (from the 3 GW previously set in the NREAP).

In September 2011 the former industry ministry released a draft legislation aimed at regulating wind farms from 2012 onwards as the current legislation is due to expire. However, given the timing and the opposition of the industry sector, the former Government didn't pass the law before the General Elections held in November 2011.

In January 2012 the newly appointed Spanish government announced a temporary suspension in the premium remuneration for renewable energy capacity. The suspension will not affect plants that are currently under operation or that have been included in the pre-assignation registry scheme. It's expected that this decision will simply stop the building of new wind in 2013. However, the Government has emphasized that its commitment toward the 2020 Renewable Energy Target remains untouched.

EDPR has 110 MW (58 MW under construction) included in the pre-assignation register that will thus, not be affected by the new Royal Decree.

Portugal

As part of the financial assistance programme, a Memorandum of Understanding (MoU was signed in May 2011 between Portugal and the International Monetary Fund, the European Union and the European Central Bank. The MoU listed several objectives for the Portuguese Energy Market, namely I) complete the liberalisation of the electricity and gas markets; II) ensure the sustainability of the national electricity system and avoid further unfavourable developments in tariffs deficit; III) ensure that the reduction of the energy dependence and the promotion of renewable energies is made in a way that limits the additional costs associated with the production of electricity under the ordinary and special (co-generation and renewables) regimes; ensure consistency of the overall energy policy, reviewing existing instruments, and IV) continue promoting competition in energy markets and to further integrate the Iberian market for electricity and gas (MIBEL and MIBGAS).

France

REGULATORY CHANGE	DESCRIPTION AND MAIN IMPLICATIONS
Decree 2011-984 and 2011-985, both of August 23rd, 2011	• New requirements to operate wind farms
Tax increase and loss of derogative depreciation in 2011	• Increases tax burden

In August 2011 two decrees were released containing new rules for wind generation. These decrees are the consequence of the inclusion of wind farms under the ICPE regime ("Industries Classified for the Protection of the Environment") that brings new requirements to operate wind farms, in order to assure the protection of the environment.

According to this new regulation all wind turbines with a tower height of more than 50 meters and those above 12 meters tall installed in a wind farm of at least 20 MW, must seek a new authorization permit. In addition, turbines subject to this authorization must be at least 10 to 30 kilometres from radars, depending on the type of radar. Moreover, from now on, wind generators must place a financial guarantee to cover the dismantling cost of the wind farm at the end of its operational life.

These new requirements resulting from the inclusion of wind farms in the ICPE category add a new layer to the development process.

In 2011 the Government also decided to abolish the accelerated depreciation tax incentive that allowed wind generators to depreciate their wind turbines in the first year of operations. The "IFER" tax (payable by all companies connected to the electrical grid) has also been raised.

This new requirements will apply to new wind farms, although the deposit to cover the dismantling cost and the tax increase will apply to all wind farms.

The French Government launched in 2011 a competitive tender for up to 3 GW of offshore wind power. This tender is the first phase of the installation of 6 GW of offshore wind energy that the government has committed for 2020, in order to comply with its National Renewable Energy Action Plan.

Belgium

The Wallonia government was due to revise the legal remuneration framework for renewables in the first half of 2011, however this has not happened yet. It is expected that the Government will review in 2012 the number of green certificates granted to each renewable technology in order to scale back support for more mature renewable technologies, among which onshore wind could be included.

All EDPR's wind farms in Belgium are located in Wallonia region.

Poland

REGULATORY CHANGE	DESCRIPTION AND MAIN IMPLICATIONS
Draft of the new Renewable Energy Act	• Introduction of technology banding that could lead to a cut for onshore wind • Green certificates scheme is guaranteed for 15 years

On December 22nd, 2011, the Polish Minister of Economy officially presented a package of new legislative acts that are expected to replace the Act of April 10th, 1997 (Energy Law). Although this draft is still subject to changes, it seems that the current green certificate support scheme will remain in place although it is likely to be partially amended. The most significant possible amendments are the following:

First, it could introduce banding to the green certificate scheme which, so far, has always been technology-neutral. With a banding system, wind onshore support is expected to be undermined. The draft doesn't provide neither a minimum price nor a buyer of last resort for green certificates.

Second, the draft, for the first time, specifically guarantees that the issuance period for green certificates is 15 years. Under the current legislation, although the industry assumed that the support will be maintained, it had never been clarified hitherto.

If approved, this new regulation could have an impact on all of EDPR's projects under development.

Romania

REGULATORY CHANGE	DESCRIPTION AND MAIN IMPLICATIONS
Emergency Order implementing law 220/2008	• Green light to double green certificate (as stated in law 220/2008 • Only one green certificate during the testing period • Validity period is reduced to 16 months (from 36) • Energy regulator can reduce the incentive to new wind farms if overcompensation is observed • Wind farms over 125 MW must individually obtain approval from the European Commission

In July 2011 the European Commission (EC) gave clearance to the implementation of Law 220/2008, which means green light to the double green certificate per MWh that wind generators are entitled to receive until 2017. Implementation had been delayed for more than two years while the Romanian Government awaited a decision from the European Commission over its compatibility with the European rules. The enforcement came through in October by the enactment of an emergency order that has also introduced some amendments to the original law. For example, according to this order, wind farms will only receive one green certificate during the testing period and its validity period is reduced to 16 months. Additionally, in order to avoid overcompensation of new wind farms, the new regulation entitles ANRE (Energy Regulator) to reduce the period of applicability of the support scheme or the number of green certificates initially granted, although only for new wind farms. Finally, the Emergency Order requires operators of wind farms of installed capacity above 125 MW to individually notify the European Commission.

The Emergency Order will apply both to EDPR's wind farms under operations and new projects. In Romania, EDPR has 3 wind farms in operation, totalling 285 MW.

Italy

REGULATORY CHANGE	DESCRIPTION AND MAIN IMPLICATIONS
New Renewable energy law enacted ("Romani Decree")	• The incentive mechanism based on green certificates will be gradually abolished • New wind farms will receive either a feed-in tariff, or a tariff defined following a tender process
Inclusion of renewable energy operators in the "Robin Hood Tax"	• Increases taxation for the next 3 years

In March 2011, the Government enacted a new renewable energy law aimed at progressively phasing out the current green certificate scheme, which has, so far, been the cornerstone of the renewable energy's regulation.

According to this new decree wind farms up to 5 MW that begin operations on or after January 1st, 2013 would be rewarded with a fixed incentive price, while larger facilities would have to take part in a competitive bidding processes (to be defined by Dutch Auctions). EDPR's pipeline is likely to be ruled under this regime.

Wind farms online by December 31st, 2012 will be ruled by a transitional regime. Pursuant to this regime, operating wind farms will continue to apply to the green certificates system until 2015, after which, they would be absorbed into a feed-in tariff scheme. As the Green Certificate Obligation will decrease each year until disappearing in 2015, the "Gestore dei Servizi Elettrici"(GSE) which is a state energy agency that operates the Green Certificate market, will buyback any green certificate exceeding the demand on the market. The price at which the GSE will withdraw the green certificates is 78% of the reference price (defined at 180 euros minus the previous year's average electricity price). 20 MW of wind farm under construction could be ruled by this transitional regime, provided they start operations before the end of 2012.

The new Decree sets only the general framework while details will be ironed-out by ad hoc Ministerial decrees to be released in 2012.

In August 2011 the Italian Government approved the Decree 138/2011, more commonly known as the "Robin Hood Decree" that increases the taxation of electricity generation with an extra 10,5% corporate tax over the next 3 years.

By this decision, Renewable energy companies, provided their annual revenue exceeds 10 million euros, are subject to the "Robin Hood tax", from which they initially had been exempted.

United Kingdom

REGULATORY CHANGE	DESCRIPTION AND MAIN IMPLICATIONS
Introduction of a carbon floor price (Budget 2011)	• Designed to encourage low carbon energies • Introduces a floor price on the EU emissions allowances
Electricity Market Reform White Paper and UK Renewable Energy Roadmap	• The Renewable Obligation scheme will be replace by a Feed-in tariff contract for difference • Offshore wind target is increased to 18 GW in 2020
Banding review underway	• If approved, would reduce onshore wind support while increasing offshore support

The UK Government presented in December 2010 the Electricity Market Reform (EMR) package and opened subsequently a consultation process. In this document, the Government expressed its willingness to establish a feed-in tariff system for electricity produced from renewable sources, while maintaining the renewable obligation certificate system. Other measures were the introduction of capacity payments aimed at fostering the construction of reserve plants and the introduction of a floor price for carbon emissions.

Regarding the floor price for carbon emissions, the Budget law 2011 approved its introduction in 2013 at GBP 16 per tonne of CO_2 increasing up to GBP 30 in 2020.

Consequently, the UK will become the first country in the world to have a carbon price floor for the power sector to encourage investment in all forms of renewable energy, including controversially, new nuclear power.

In July 2011 the Government presented to parliament two legislative proposals connected to the EMR. The first one, included in the EMR White Paper, is the introduction of a feed-in tariff contract for difference (FIT CfD) which was the Government's preferred option among the choices listed in the EMR. However, the details have still not been decided. The FiT CfD is intended to progressively replace the UK Renewables Obligation. To ensure a smooth transition, the FiT CfD is scheduled to be introduced in 2014 as an alternative to the Renewables Obligation. The Renewables Obligation will no longer be open to new contracts from April 1st, 2017, although grandfathering of existing contracts will apply. The second proposal contained in the UK renewable energy roadmap, is to increase the offshore wind target to 18 GW (up from the 13 GW targeted in the National Renewable Energy Action Plan).

Lastly, Department of Energy and Climate Change (DECC) has presented a proposal for the Renewable Obligation Banding review applicable to England and Wales between 2013 and 2017. The same banding levels have been suggested by the Scottish Government. If approved, the new banding will favour offshore wind, which will be consistent with the planned increase of the offshore wind 2020 target.

Up until now, all of EDPR's projects in the UK are offshore, thus, could benefit from the new banding if finally approved.

US

On the whole, US states continue to support Renewable Portfolio Standards (RPS) policies. In the past year, ten States proposed the creation of, or an increase in, such standards, while only five States introduced bills to reduce or to repeal renewable energy standards. The overall impact of successful RPS changes is positive: California established a 33% renewable energy standard and Indiana passed a 20% clean energy goal. Renewable energy also expanded to new states in the Southeast, as utilities in Alabama and Louisiana signed wind power purchase agreements.

The other important element of renewables incentives, Production Tax Credit (PTC), is currently expiring in December 2012. Bipartisan legislation has been introduced to grant an extension of the PTC, and the industry is working with congressional leadership on passing a PTC extension.

In 2011, policy change was driven by the Environmental Protection Agency which pursued a clean energy agenda. In July, the EPA issued the Cross State Air Pollution Rule aimed at limiting sulfur dioxide (SO_2) and nitrogen oxide (NOx) emissions from power plants that cross state lines. However, implementation of the rule has been delayed by legal challenges. In December, the EPA announced its final Utility MACT Rule, which will regulate mercury and other toxic emissions from coal and oil-burning power plants, which is also being challenged.

Canada

The October 6th election in the province of Ontario put an end to months of uncertainty over the future of its feed-in tariff. The re-election of Ontario's Liberal government has relieved the wind sector as the Progressive Conservative Party had threatened during its campaign to abolish the feed-in tariff. However, the incentive is due for a scheduled review, and its C$135/MWh rate for onshore wind could be trimmed.

All of EDPR's pipeline in Canada is located in Ontario.

Brazil

In August 2011 the Electric Power Commercialization Chamber (CCEE) conducted two tenders for power contracts: an A- 3 Energy Auction (power plants scheduled to come on line in three years) and a Capacity Auction to supply 3.9 GW of electricity capacity, of which, 1.9 GW was allocated to wind. The average price was R$99/MWh, which represented a new record low tariff with wind being the cheapest source, below the price of other technologies in the auction including combined cycle generation technology (CCGT), large hydro and biomass.

On December 20th, an A- 5 auction was conducted contracting a total of 1.2 GW of new electricity capacity. Overall, wind energy was once again the highlight as the lion's share of total capacity went to wind (976 MW) at an average price of R$105/MWh. EDPR, secured a tender for a 20 year PPA for a 120 MW wind farm.

Operational performance

Group performance

Capacity

+806 MW added in 2011

EDPR has a strong track record and proven capability to execute projects and deliver on targets.

During 2011, EDPR installed additional capacity of 806 MW. A majority of the new additions came from Europe (538 MW), with the remaining additions coming from North America (198 MW) and Brazil (70 MW).

7,483 MW installed

Since 2007, EDPR has increased its installed capacity nearly 3 fold, resulting in a total installed capacity of 7.5 GW.

In Europe, EDPR reached a total capacity of 3,977 MW, representing a 22% annual growth since 2007. Eastern Europe was the major growth driver in 2011, with 265 MW of new installations that allowed EDPR to maintain its leadership position in its fastest growing market.

In North America, EDPR reached a total capacity of 3,422 MW, representing a 32% annual growth since 2007. The two projects built were significant achievements as Timber Road II was the first utility scale wind farm built in Ohio and Blue Canyon VI, in Oklahoma, is one of the most competitive projects in the US.

With the completion of its first fully developed wind farm in Brazil (Tramandaí), EDPR reached a total capacity of 84 MW.

Development

375 MW under construction

As EDPR continues to grow its operations, it currently has 375 MW under construction, with 215 MW in North America and the remaining 160 MW in Europe.

The 215 MW Marble River wind farm in New York already has a long-term NYSERDA REC contract and will be EDPR's fourth project in the state.

Poland currently has 80 MW under construction and continues to remain a major growth driver for the European platform.

EDPR currently has its first wind farm under construction in Italy, signifying a major milestone in the portfolio.

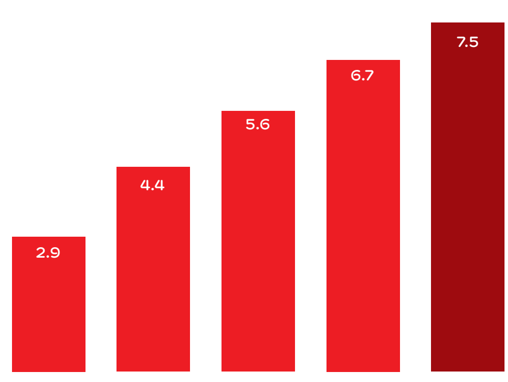
11 Countries, 3 Continents

EDPR manages a global portfolio present in eleven different countries spanning over three continents.

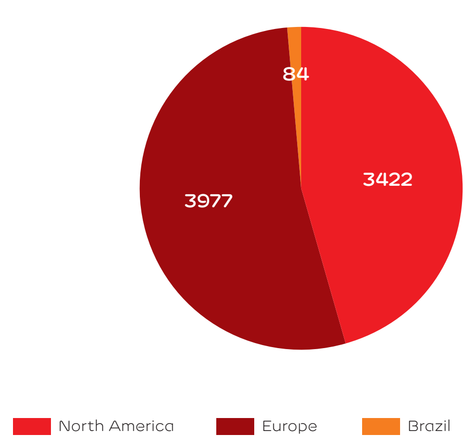
In 2011, EDPR continued to define its growth strategy by obtaining flexible contracts in terms of time and geography to have the full benefit of optionality. The portfolio of projects under development (segmented in pipeline and prospects) to fuel future growth totalled 21,028 MW.

EDPR consolidated its pipeline in 2011 to focus on growth in the most profitable areas and still maintain flexibility in its options for future growth.

EDPR INSTALLED CAPACITY (GW)



EDPR'S INSTALLED CAPACITY BY REGION (MW)



Production

+17% YoY increase

16,800 GWh produced

EDPR's electricity production totalled 16,800 GWh, a 2,449 GWh increase over 2010 and a 45% growth rate since 2007, outpacing capacity growth.

In Europe, EDPR produced 7,301 GWh, a year over year increase of 10% on the back of the new capacity installed.

In North America, EDPR produced 9,330 GWh, a year over year increase of 21% as a result of the new capacity added during 2010 and an exceptional wind year for the company as it reached its second highest recorded net capacity factor.

With the completion of the Tramandaí wind farm, production in Brazil increased nearly 6 fold over the prior year to reach 170 GWh.

29% quality net capacity factor

EDPR continues to achieve stable net capacity factors, ending the year with a 29% net capacity factor.

As the company continues to leverage on its competitive advantages to maximize wind farm's output and on its diversified portfolio to mitigate the wind volatility risk, it maintains its position as achieving one of the highest net capacity factors in the wind sector.

EDPR achieved a stellar 97% availability, further demonstrating the high quality of our assets and the execution of our operations strategy.

Tariff

Stable selling price

90% Regulated/PPA

Out of the total installed capacity, 90% are under regulated remuneration schemes or have long-term power purchase agreements. This enables EDPR to minimize risk related to merchant prices.

In an effort to further reduce merchant exposure, EDPR entered into hedges and secured long-term contracts for 146 MW in North America.

€58/MWh achieved

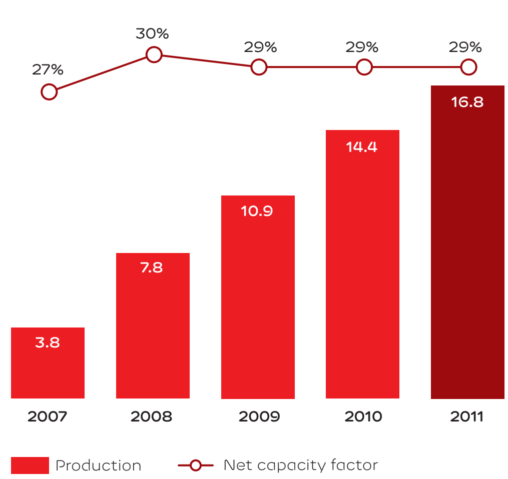
EDPR's average selling price reached €57.7/MWh, a €0.7/MWh or 1% decrease from 2010.

Average selling price, excluding revenues associated with the Production Tax Credits in the US, was lower year over year mainly due to a weaker US dollar and an increased weight of NA production, whose price was also lower compared to the prior year. These unfavourable impacts were partially offset by positive contributions from all European geographies and Brazil.

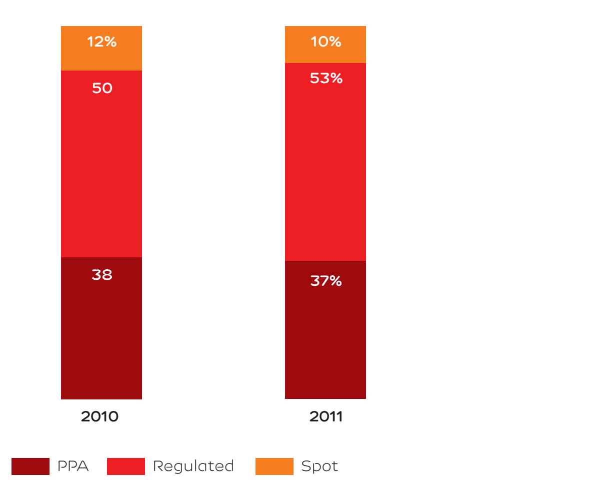
"2011 was another excellent year for EDPR as we continued to grow and achieve targets despite challenging market conditions."

Ana Maria Fernandes, CEO

EDPR'S PRODUCTION (TWh) AND NET CAPACITY FACTOR (%)



EDPR'S CAPACITY BREAKDOWN BY REMUNERATION



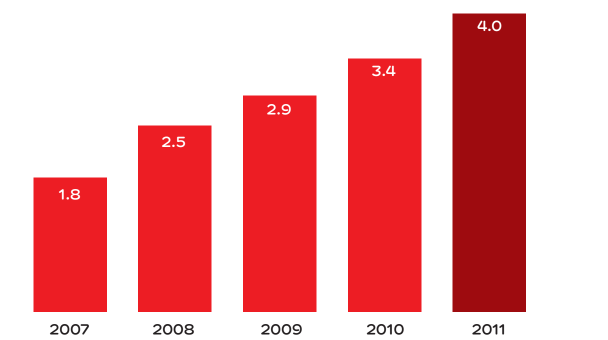
Europe

Capacity

+538 MW added in 2011

EDPR's wind installed capacity in Europe totalled 3,977 MW, a 538 MW increase over 2010 and a 22% annual growth rate since 2007.

EDPR EU INSTALLED CAPACITY (GW)



The largest growth in MW occurred due to the 265 MW increase in Eastern Europe, with the completion of Cernavoda I & II (138 MW), Sarichioi (33 MW), and Vutcani (24 MW) wind farms in Romania and Korsze (70 MW) in Poland. This represents a significant achievement as Romania and Poland are two of the fastest growing countries in Europe and deliver higher than portfolio average remuneration schemes.

In Portugal, advancements in the ENEOP project, a consortium to develop 1.2 GW (in which we hold a 40% stake), already has more than 800 MW in operation of which EDPR added 87 MW in 2011.

In France, EDPR completed the construction of the Marcelois & Massigny wind farms totalling 22 MW, which is also EDPR's first wind farm in the Bourgogne region.

EDPR added 151 MW of installed capacity in Spain to reach over 2.2 GW, representing the largest percentage of the European portfolio.

Development

160 MW under construction

As EDPR continues to execute on its strategy, it has projects under construction in Poland (80 MW), Spain (58 MW), Portugal (2 MW), and is beginning its first wind farm in Italy (20 MW).

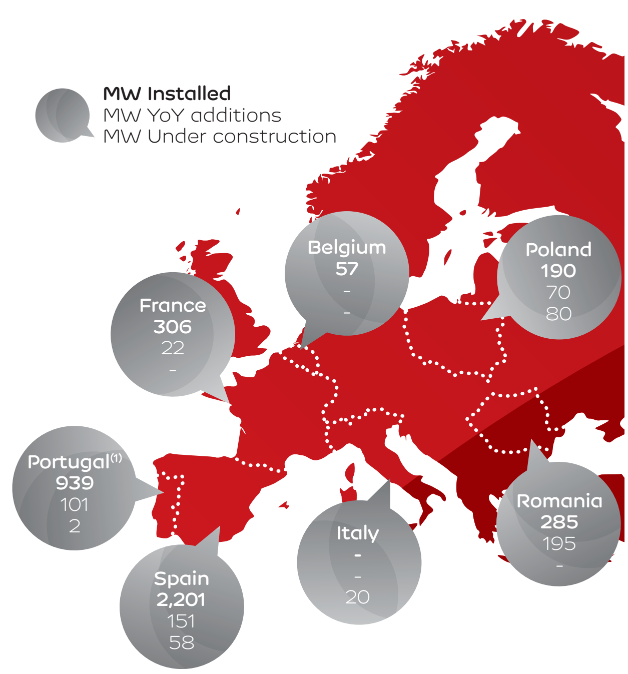
EDPR's pipeline in Europe of over 9 GW ensures long-term optionality and flexibility in choosing the best projects.

2011 was an important year for EDPR UK. In June 2011 EDPR's interest in offshore projects increased from 1.5 GW to up to 2.4 GW through the establishment of a joint venture with Repsol Nuevas Energias.

"The European platform achieved significant milestones during 2011, including the start of construction of EDPR's first wind farm in Italy and adding to our leading position in the fastest growing markets."

João Paulo Costeira, Chief Operating Officer (COO) Europe

EDPR EU CAPACITY DETAIL



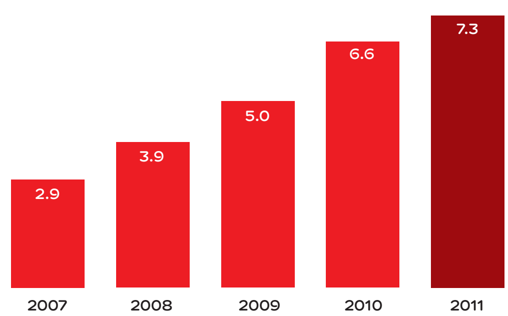
(1) Includes ENEOP – Eólicas de Portugal consortium

Production

+10% GWh increase YoY

EDPR's electricity production in Europe totalled 7,301 GWh, a 669 GWh increase over 2010 and a 26% growth rate since 2007, outpacing capacity growth.

EDPR EU PRODUCTION (TWh)



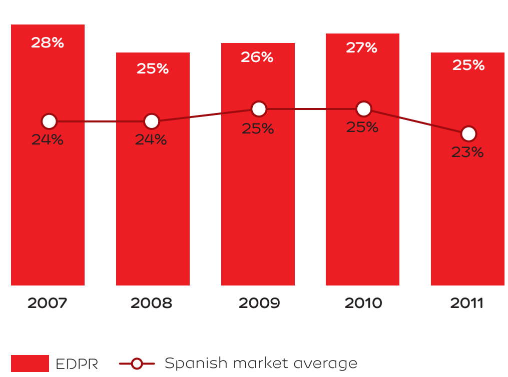
The largest growth driver for electricity production is due to 412 GWh increase in Eastern Europe as a result of the new capacity brought online and the stable production from the remaining countries.

25% net capacity factor

Despite the healthy increase in electricity production in Europe, net capacity factors were impacted by a lower wind resource compared to historical averages, reaching 25% in 2011.

However, EDPR continues to leverage on its competitive advantages to maximize wind farm's output and on its diversified portfolio to mitigate the wind volatility risk.

EDPR VS SPANISH MARKET – ANNUAL NET CAPACITY FACTORS



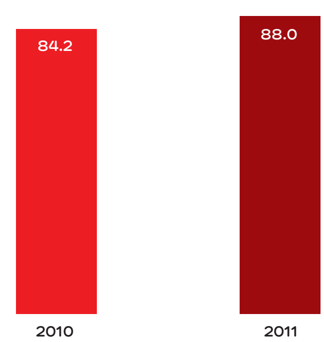
Source: Based on REE data

Tariff

+5% YoY increase

EDPR's average selling price in Europe reached €88.0/MWh, a €3.8/MWh increase over 2010 and a 5% year over year growth rate.

EDPR EU TARIFF (€/MWh)



All countries posted positive year over year evolutions. Poland was the only exception in Euro terms due to the devaluation of the Polish Zloty.

Several factors contributed to the positive price evolution, namely due to Spain, Portugal, and the greater weight of Central and Eastern European geographies

EDPR's average selling price in Spain increased 4% YoY due to the strategic option of selecting the fixed tariff option for the RD661/2007 capacity, the inflation update to all the regulated prices under RD661/2007, and lastly to the recovery of the realized pool price (+36% YoY).

In Portugal, prices increased over last year reflecting the CPI indexation and benefiting from a lower price received in 2010 due to the working hour's adjustment factor from the above average production achieved.

The weight increase of Poland and Romania in the 2011 output was one of the main drivers for the increase in average selling price. EDPR Polish assets received €109/MWh under attractive long term contracts; lower than 2010 due to the devaluation of the Polish Zloty. In Romania, the price reached €89/MWh, reflecting the wind farms' trial period and the receivable of only one green certificate per MWh (the full implementation of the second green certificate scheme, approved by law in July 2011, only occurred during late 2011).

EDPR EU OPERATING AND PRICE DETAIL

	GWh	NCF	Tariff
Europe	**7,301**	**25%**	**88.0**
Spain	4,584	25%	82.5
Portugal	1,391	27%	98.7
France	589	23%	86.8
Belgium	117	23%	112.0
Poland	376	27%	108.8
Romania	245	16%	89.1

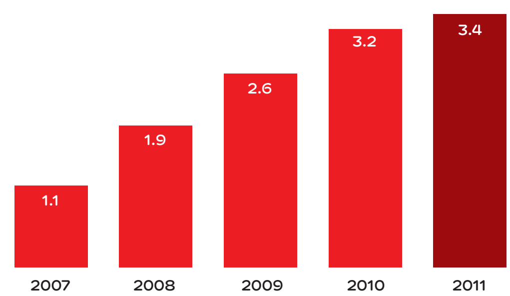
North America

Capacity

+198 MW added in 2011

EDPR's wind installed capacity in North America totalled 3,422 MW, a 198 MW increase over 2010 and a 32% growth rate since 2007.

EDPR NA INSTALLED CAPACITY (GW)



The two projects EDPR built in the United States in 2011 are excellent examples of EDPR's three strategic pillars at work.

EDPR focused its growth in Ohio and built the state's first large scale utility wind farm, Timber Road II (99 MW), with a 20 year PPA already secured, removing merchant price risk. This marked the platform's 11th state with an operating project.

Additionally, the completion of the Blue Canyon VI (99 MW) wind farm in Oklahoma is one of the most competitive projects with a low capex per MW complemented by a strong wind resource, on average in the 40s for net capacity factor.

Development

215 MW under construction

As of December 2011, EDPR had the Marble River (215 MW) project under construction in New York.

North America's pipeline ensures long-term term optionality and flexibility in choosing the best projects.

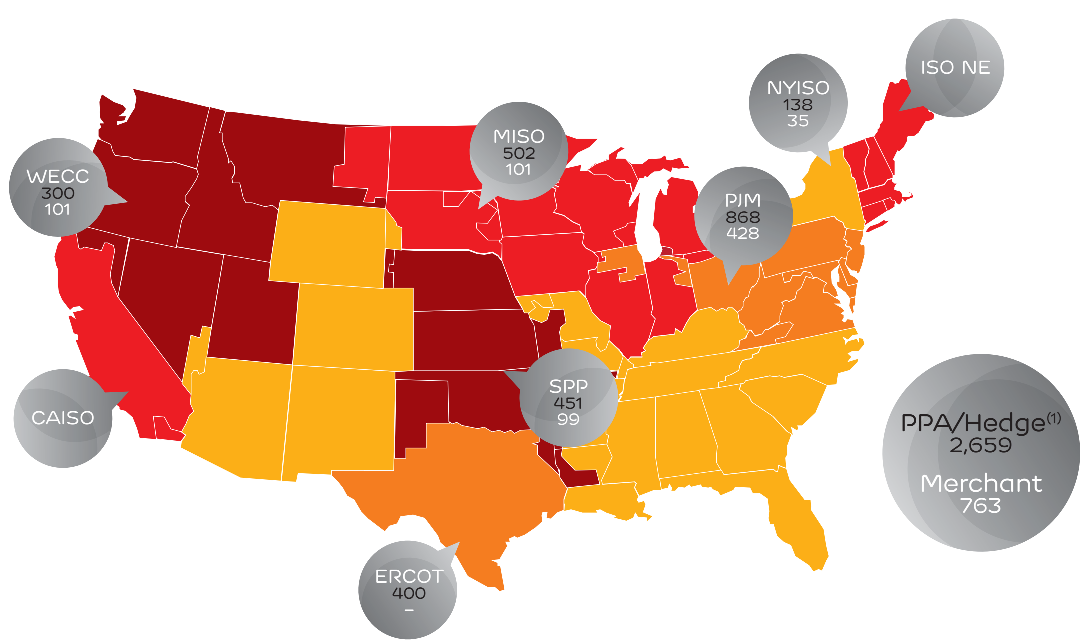
As part of a growing platform, EDPR Canada installed their first two met towers in Ontario, opened an office in Toronto, and established new prospects in Ontario and British Columbia.

Solar activities continued to advance as two new development sites were secured in Arizona and California and interconnection applications were submitted for existing sites.

EDPR NA CAPACITY DETAIL (MW)

	Installed Capacity	YoY Additions	Under Construction
USA	**3,422**	**198**	**215**
PJM	1,296	99	0
MISO	602	0	0
SPP	550	99	0
ERCOT	400	0	0
NYISO	172	0	215
WECC	401	0	0

DETAIL EDPR NA INSTALLED CAPACITY (MW)



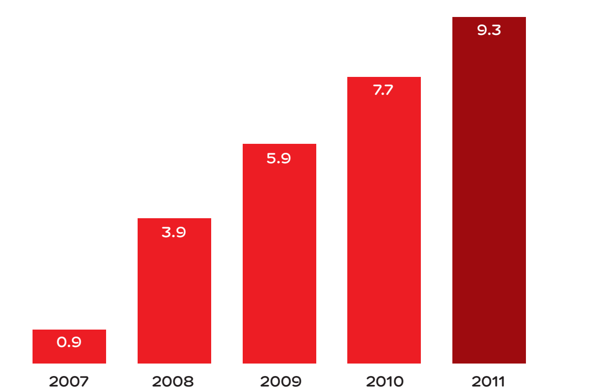
(1) PPA and Long-term hedges. Includes PPA for 184 MW starting in Jan-2012 and 175 MW starting in Jun-2012.

Production

+21% GWh increase YoY

EDPR's electricity production in North America totalled 9,330 GWh, a 1,641 GWh increase over 2010 and an 81% growth rate since 2007, outpacing capacity growth. The increase in production is mainly due to the new installed capacity during the period and a higher average wind resource.

EDPR NA PRODUCTION (TWh)



33% net capacity factor

2011 resulted in the highest net capacity factor since 2009, with the November net capacity factor being the highest monthly figure in the company's history.

In addition to a higher wind resource and improvements in the technical system in ERCOT, resulting in less curtailment, the higher performance can also be attributable to EDPR's commitment to maximizing production output through the strong performance of our operations & maintenance teams to achieve high technical availability.

EDPR NA OPERATING DETAIL

	GWh	NCF
USA	**9,330**	**33%**
PJM	3,320	30%
MISO	1,778	34%
SPP	1,549	39%
ERCOT	1,282	37%
NYISO	388	26%
WECC	1,014	29%

Tariff

$46 average price

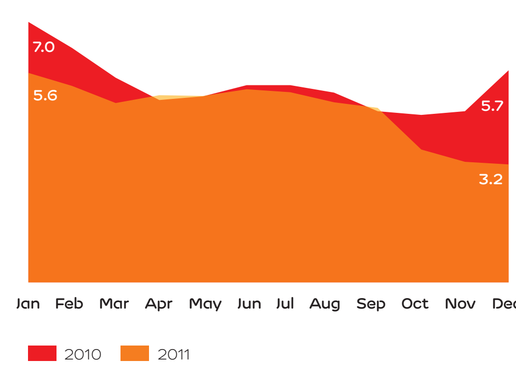
EDPR's average selling price in North America reached $45.7/MWh, a $2.0/MWh (4%) decrease over 2010.

PPA/Hedged price decreased mainly as a result of a structural change in the ERCOT market which decreased curtailment revenues. However, total revenue was stable given the higher output resulting in higher PTC revenue (not included in the realized price).

In addition to lower PPA/Hedged prices, lower natural gas prices negatively impacted merchant prices during 2011.

During 2011, EDPR also entered into short-term hedge agreements to mitigate the exposure to merchant price volatility.

U.S. NATURAL GAS PRICE YEAR OVER YEAR COMPARISON ($)



Source: U.S. Energy Information Administration (Jan 2010 – Oct 2011), Nov – Dec 2011 Average Prompt Pricing.

146 MW OF NEW LONG-TERM CONTRACTS SIGNED IN 2011

During 2011, EDPR secured several contracts and will begin to realize the benefits of previously signed long-term PPA contracts in 2012.

Long-term contracts signed:

In June 2011, EDPR was awarded a 10-year contract by the New York State Energy Research and Development Authority (NYSERDA) in conjunction with the Public Service Commission (PSC) to sell the renewable energy credits (RECs) equivalent to 45 MW from its Marble River wind farm project in New York.

In September 2011, EDPR signed a 19-year Power Purchase Agreement (PPA) with Tennessee Valley Authority to sell the renewable energy produced by its 101 MW Lost Lakes wind farm in the Iowa state, beginning in January 2012.

"We have not only built a very high quality portfolio of assets by matching world-class technology with a well balanced mix of wind sites, but also established a top-notch operations team which allows us to achieve above market performance levels from our facilities"

Gabriel Alonso, Chief Operating Officer (COO) North America

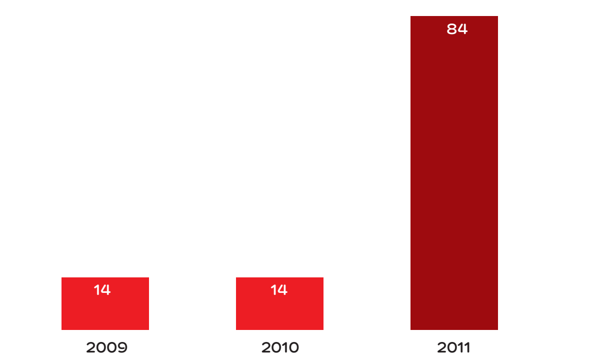
Brazil

Capacity and development

+70 MW added in 2011

EDPR's wind installed capacity in Brazil totalled 84 MW, a 70 MW increase over 2010.

EDPR BR INSTALLED CAPACITY (MW)



EDPR currently runs three operating wind farms totalling 84 MW, all within the PROINFA program, the renewable energy incentive plan in Brazil.

The main achievement in 2011 was the commissioning of the 70 MW Tramandaí wind farm in Rio Grande do Sul, during May. Tramandaí has a 20 year PPA with Eletrobrás, the state owned electricity holding.

EDPR currently has 120 MW in Tier 1, consisting of the Baixa do Feijão projects, winners of long-term contracts in the December 2011 A-5 auction.

Medium-long term perspectives are also very promising for the company's future growth, given the 1,614 MW of projects in the pipeline.

Over the past few years, prospecting has been focused in obtaining land rights for wind farms' establishment in the north-eastern and southern regions of the country, due to its high wind resource, with the goal of entering those projects in future auctions.

"The completion of the Tramandaí wind farm in 2011 marks a major milestone for EDPR as it consolidates its position as a global renewable energy company."

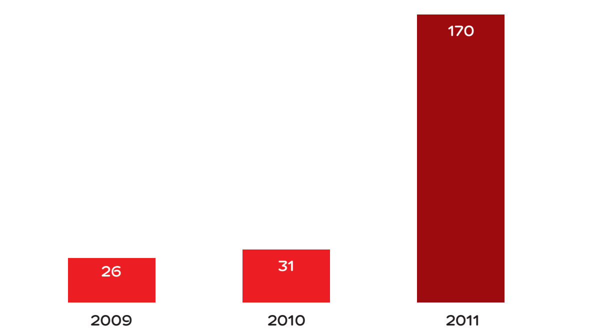
Luís Adão da Fonseca,
Chief Business Development Officer (CBDO)

Production

+5x GWh increase YoY

EDPR's electricity production in Brazil totalled 170 GWh, a 139 GWh increase over 2010 and a 5.5x year over year increase. This is primarily a result of the new Tramandaí wind farm, which accounts for 83% of EDPR BR's total production.

EDPR BR PRODUCTION (GWh)



35% net capacity factor

2011 delivered the highest net capacity factor in EDPR's history in Brazil, due to Tramandaí's favourable location and weight in the overall production of the platform.

TRAMANDAÍ WIND FARM OPERATIONAL

In May, and after a little over one year of construction, the 70 MW wind farm in Rio Grande do Sul was commissioned.

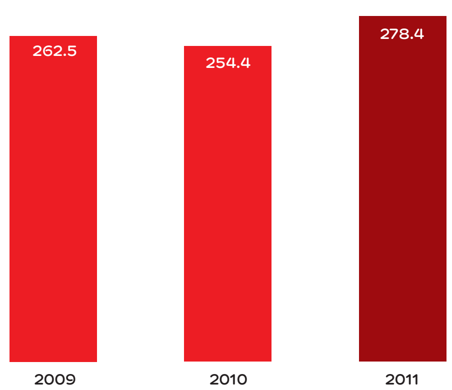
The beauty of the landscape is one the trademarks of this PROINFA wind farm.

Tariff

R$278 average price

EDPR's average selling price in Brazil reached R$278.4/MWh, a R$24.0/MWh increase over 2010 and a 3% growth rate since 2009.

EDPR BR TARIFF (R$/MWh)



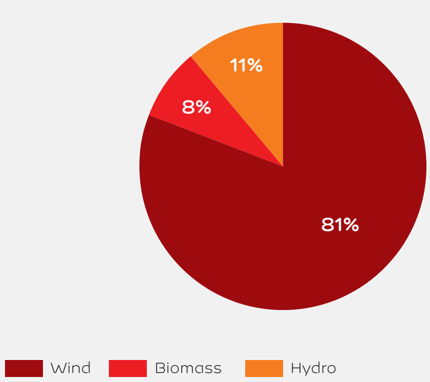
EDPR SECURES 20 YEAR PPAS FOR 120 MW

EDPR presented the 120 MW Baixa do Feijão wind farm complex (four 30 MW projects) to the A-5 auction, held in December 2011, after a very rigorous planning stage, with a competitive sourcing process and a careful selection of the components of the project, limiting risk and enhancing competitiveness and profitability.

The energy auctions in Brazil are "Dutch style", with a cap price indicated initially and dropping as offers are removed. This is an iterative process until demand is met and the price is determined in a discriminatory round.

The auction results were dominated by wind plants as they secured 80.6% of the total energy sold (1,211 MW). Of this, EDPR secured 100% of the MWs it entered in the auction, representing 12.3% of total wind energy placed and one of the largest auction winners.

A-5 ENERGY AUCTION - WINNERS BY SOURCE



Operational excellence

EDPR is consistently achieving above market net capacity factors and operational metrics in all geographies. This is the result of high performing and experienced teams that have developed solid processes to optimize performance.

Operational excellence is at the core of EDPR, and all technical areas are continuously improving our operations with one clear objective: optimizing performance throughout project life cycle.

RAISING THE BAR

EDPR is leveraging its scale, synergies and its team's extensive experience to optimize all areas of the value chain. Some examples of global initiatives are:

- Performance analysis, developing a comprehensive set of technical KPIs and reports that allow tracking of wind power plant performance and the identification of improvement opportunities
- Remote control infrastructure, implementing remote control systems that allow real time wind power plant management (WEMS) and historical PI data storage to analyze performance and drive improvements (OPMS)
- Production enhancement, leading our assets to increase generation through performance innovations
- Innovation, developing for example predictive maintenance tools that allow anticipating major components failures to reduce downtime and damages
- O&M strategy, supervising the transition from in- warranty to out-of-warranty wind power plant operations

Energy assessment

Energy assessment is one of the most critical activities in the wind industry and a major source of concern for many players that have seen their wind power plants yielding lower production than planned.

EDPR has one of the most experienced teams in the industry, including experts with more than 10 years of experience. We conduct our own wind assessment, covering the whole process from supervising met masts installation and maintenance to data filtering, analysis, modelling, evaluation and wind power plant layout. Our experience shows better reliability in actual production than industry figures and independent service providers. Additionally, we interact with the energy markets group to assure the most accurate forecasting in order to reduce deviation costs.

Our professionals constitute a global team which has a local presence in all of our markets to ensure close coordination with local engineering and development teams. The team takes part in the whole value chain of EDPR products which allowed us to reach the highest levels of performance in the industry.

Engineering and construction

Minimizing capex and life-cycle costs is a key priority for EDPR and a key focus area for the Engineering and Construction teams in our platforms.

Project Engineering is essential to design cost-effective wind power plants. EDPR has developed clear engineering standards based on our teams' extensive experience that guide the design of new power plants. At completion, lessons learned are captured and incorporated to continuously improve our engineering standards and execution of construction. Specific efforts focus on critical elements to continuously optimize future plants designs. Finally, our teams apply their experience to supervise engineering.

Construction projects are awarded through competitive processes to achieve lowest possible costs, awarding civil and electrical engineering, and turbine erection to the best bidders. Our construction managers supervise execution, in-process inspections to assure quality assurance/control (QA/QC) and coordinate project planning to ensure on-time and on-budget project completion.

"EDPR is leveraging its size and global experience to achieve superior operational performance in the wind industry"

Carlos Martin, Head of Corporate Technical Unit

Asset operations

EDPR has achieved one of the highest levels of performance in wind power plant operations in the industry, with availability figures well above 97%, even in older wind power plants or in sites with tougher wind conditions.

This is the result of a comprehensive process to optimize operations that draws on EDPR's experience and technical knowledge.

At the cornerstone of this process is performance analysis, where EDPR has put in place systems that allow continuous monitoring of performance and identify improvement opportunities. Beyond availability, our technical teams also closely track other metrics such as efficiency, reactive power and scheduling deviation penalties.

Timely implementation of improvement initiatives is ensured by more than 300 highly skilled field operations technicians, who work closely with manufacturers and other service providers to implement solutions quickly and with the highest quality. Field teams also monitor preventive maintenance to ensure quality and minimize long-term failures. Internal issue management systems and our proprietary predictive maintenance tools allow potential failures to be identified before they occur to minimize costs and component damage.

EDPR's strategy for O&M allows for up to 15% cost reduction in out-of-warranty wind power plants.

In parallel with field operations, EDPR evaluates potential innovative enhancements to our currently deployed assets. Power-enhancing retrofits pioneered by EDPR, in collaboration with suppliers and vetted by our engineers for risk control, will increase annual production in some assets by up to 2%.

To support all these activities, EDPR has developed a state of the art remote control infrastructure, the Wind Energy Management System (WEMS). Our 30 supervisors at 3 remote control centers (Porto, Oviedo and Houston) have direct access to more than 5,000 turbines from 11 manufacturers, 200 substations and 250 met masts globally. They have the capability to monitor and control each asset in real-time in order to remotely reset turbines, notify issues to local teams and respond to the most demanding grid operators requirements. More than 2 million data points are stored every day in a central historical database that is the core of our Operational

Performance Management System (OPMS). OPMS will soon drive our performance analysis activities and field operations to the next level of performance.

O&M cost evolution is also a key area of focus for EDPR, especially when initial warranty periods expire. EDPR's "modular maintenance model" ("M3") keeps control of high value-added activities such as maintenance planning, logistics and remote control operations while outsourcing under direct supervision people-intensive ones such as field work. Service contracts are awarded through competitive processes where the O&M model (e.g., outsourcing vs. M3) is defined case by case through a risk-return analysis. Our experience shows this strategy will allow EDPR to reduce O&M costs at post-warranty wind power plants by as much as 15%.

Since large component failures are a major driver of future costs, special attention is paid to optimizing maintenance and the cost and time of replacements. The process starts before end-of-warranty, by monitoring for potential serial defects, conducting QA/QC reviews of preventive maintenance and running thorough end-of-warranty inspections. Predictive maintenance tools and our internal maintenance management system (CMMS) allow the reduction of downtime by better planning field activities and reducing damage, while our own logistics, direct sourcing and certified repair shops facilitate keeping costs under control. Failure rates of more sensitive components such as gearboxes and generators remain on average below 2% per year even in older wind power plants (5-12 years old).

> "Operational excellence is the result of a comprehensive process to optimize operations that draws on EDPR's experience and technical knowledge"
>
> EDPR employee

EDPR EXTENDS THE USEFUL LIFE OF ITS WIND FARMS TO 25 YEARS

EDPR decided in 2011 to review the estimated lifetime of its wind farms. The industry practice has currently been shifting to a longer lifetime, reflecting the improvements in the wind turbine quality and the availability of more data on their performance. In order to transition to a more accurate assumption EDPR conducted a rigorous independent assessment by a renowned independent specialist.

A joint technical study was commissioned with Det Norske Veritas (DNV) to independently analyze our fleet taking into account local wind conditions. The study aimed at assessing lifetime both from a structural and economical perspective.

From a structural point of view, we analyzed structural components that could not be reasonably replaced and that would avoid turbines from working properly (foundations, tower, nacelle, sensitive rotor components,...). For each component, specific extreme load and fatigue analyses were conducted in 37 wind projects, representative of the conditions of all 161 wind farms in our fleet. Estimated loads based on actual wind conditions were compared to design loads under IEC standards to ensure extreme loads were not surpassed. Failure rates were estimated based on fatigue loads. It was concluded that for all wind farms analyzed failure rates would be lower than 0,5% during a period of 25 years.

In parallel, an economic analysis was conducted to ensure that operating our wind farms is profitable during these 25 years. Estimated costs based on projected failure rates given specific wind site conditions were compared with expected revenues in these wind farms. In all cases, revenues remain above operations costs during the lifetime of the assets.

Finally, a thorough analysis was conducted to make sure no wind farm had any contractual, land leasing, environmental or legal restriction that could avoid extending operations to 25 years.

EDPR PROCESS TO MINIMIZE POST-WARRANTY O&M COSTS AND FAILURE RATES

Management of O&M Warranty contract

1. Commissioning inspections
2. OEM supervision
3. QA/QC programs
4. Asset control through Remote Control Systems
5. Serial defect and infancy issues clauses

End of Warranty

6. End of Warranty Inspections
7. Competitive Tenders for end-of-warranty O&M
8. Technical due diligence of O&M ISPs
9. Risk/profit evaluation of O&M service proposals

Post Warranty O&M Contract

10. Direct supervision and evaluation of O&M contractor
11. Proprietary tools for predictive maintenance to anticipate failures
12. Frame agreements with certified workshops to repair components
13. Direct sourcing of components to reduce costs
14. Continuous root cause analysis and avoid repetitive failures

Minimize of O&M cost throughout life cycle
Minimize risk of increasing failure rates

Financial performance

Record 1 billion euros Revenues

In 2011, EDPR revenues surpassed 1 billion euros for the first time, having increased 13% in comparison with 2010. This performance is explained by a 17% electricity output growth, on the back of higher capacity in operation and stable net capacity factors, and by a pricing stability as a result of a low risk portfolio with 90% of the capacity under long-term contracts and stable regulatory frameworks.

INCOME STATEMENT HIGHLIGHTS (€m)

	2011	2010	Δ%
Revenues	1,068.8	947.6	+13%
EBITDA	800.7	712.7	+12%
Net Profit	88.6	80.2	+10%

+12% EBITDA in 2011

EBITDA increased by 12% year-on-year, following the operating growth, although negatively impacted by a weaker US Dollar and Zloty throughout the year (-16 million euros at EBITDA level).

Net Profit up to 89 million euros

Net Income in 2011 increased by 10% year-on-year to 89 million euros, reflecting the operating performance in the period, the extension of the projects' useful life and non-recurrent items.

Solid Cash-Flow conversion

Cash-flow from operations continues to deliver a strong growth of 13% year-on-year, clearly demonstrating an increased cash-flow generation capability of the existing assets.

"Solid Operating Cash-Flow generation reflects EDPR's wind farms high quality"

Rui Teixeira, Chief Financial Officer (CFO)

CASH-FLOW HIGHLIGHTS (€m)

	2011	2010	Δ%
Operating Cash-Flow	643	567	+13%
Capex	829	1,401	(41%)

Capex in 2011 was 829 million euros, reflecting the execution of the ongoing capacity expansion plan. The 2011 capex decreased by 41% year-on-year explained by the lower capacity additions in the period and a lower unitary cost.

Robust Balance Sheet

BALANCE SHEET HIGHLIGHTS (€m)

	2011	2010	Δ€
Assets	13,058	12,835	+223
Equity	5,454	5,394	+60
Liabilities	7,604	7,442	+162

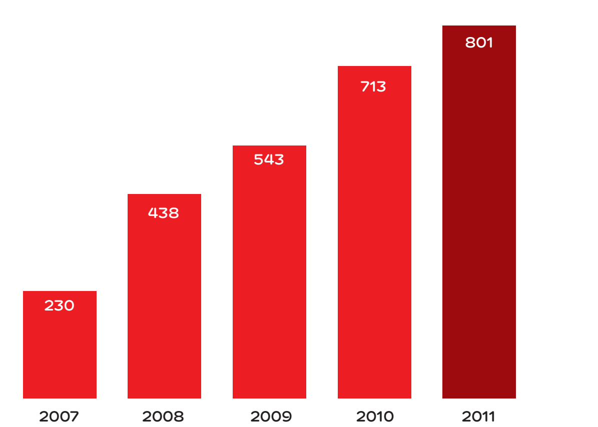
Total assets increased to 13.1 billion euros following the increase in PP&E given the capex incurred in the period.

Liabilities evolution reflects the 2011 operating and financial investments, mostly funded through Cash-Flow from operations, project finance and institutional partnerships in the US.

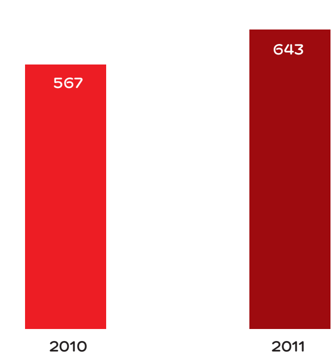
LIABILITIES HIGHLIGHTS (€m)

	2011	2010	Δ€
Net Debt	3,387	2,772	+616
Institutional Partnership	1,024	1,009	+15

EDPR EBITDA (€m)



EDPR'S OPERATING CASH-FLOW: YOY EVOLUTION (€m)



Income statement

Solid top-line performance

In 2011, EDPR kept delivering a solid operating performance that has been translated into a 13% top-line year-on-year growth. The strong increase in electricity output and the stability of the average selling price led to 1.1 billion euros of Revenues.

EBITDA was up 12% YoY to 801 million euros following the Revenues growth and reflecting the maintenance of high efficiency levels, although negatively impacted by a weaker US Dollar and Zloty on average vs. 2010 (-16 million euros).

Depreciation and amortization charges (including comp. of subsidized asset's depreciation) increased by 7% in 2011 to 453 million euros. In the 2Q11, EDPR concluded a joint technical study with an industry independent expert on the expectable operating period turbines are expected to be economically in operation, and accordingly adjusted the useful life of its fleet to 25 years. The extension had a +55 million euros impact on the bottom line in 2011, mainly as a result of lower depreciation charges.

The net financial expenses increased 40% year-on-year to 244 million euros explained by: i) the 14% growth of the interest costs, at a slower pace than the average financial debt; and ii) a negative 22 million euros forex difference related to assets and liabilities in Polish Zloty, Romania Leu and US Dollar.

Non-recurrent events

All in all, some non-recurrent items impacted the company's Pre-tax profit in -16 million euros: I) +11 million euros as a result of the revaluation of some of EDPR's European Assets and Liabilities (+52 million euros in EBITDA; -41 million euros in Depreciations and Amortizations); II) -15 million euros of write-offs and other costs related to pipeline rationalisation (impact in EBITDA); III) -22 million euros of negative forex differences (impact in Financial Costs); and IV) +10 million euros of capital gains.

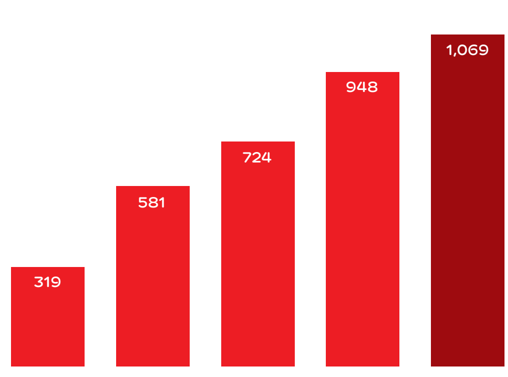
Pre-tax profit totalled 119 million euros and income tax totalled 28 million euros – reflecting an effective tax rate of 24%. In 2011, EDPR obtained higher fiscal efficiency in its Spanish operations through the full control of Genesa and introduced the deferred tax accounting in EDPR NA by starting to recognize net liabilities (against profits before taxes) vs. previous null income taxes (of which current taxes are presently zero given the tax incentives schemes in place) – this had a negative 6 million euros impact on the 2011 net income.

Net Income attributable to EDPR shareholders increased 10% YoY to 89 million euros, reflecting the operating performance in the period, the extension of the projects' useful life, the tax accounting policy in EDPR NA and non recurrent items (-16 million euros). Earnings attributable to non-controlling interests decrease 29% from 2010.

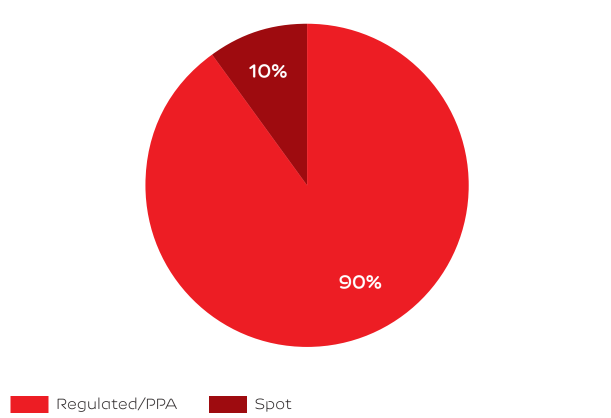
CONSOLIDATED INCOME STATEMENT (€m)

	2011	2010	Δ%
Revenues	**1,068.8**	**947.6**	**+13%**
Supplies and services	225.1	196.2	+15%
Personnel costs	60.8	54.8	+11%
Other operating costs (or revenues)	(17.8)	(16.2)	(10%)
Operating costs	**268.1**	**234.9**	**+14%**
EBITDA	**800.7**	**712.7**	**+12%**
EBITDA / Revenues	74.9%	75.2%	(0.3 pp)
Provisions for risks and contingencies	(0.3)	(0.2)	(71%)
Depreciation and amortization	468.5	434.4	+8%
Comp. of subsidized assets' depreciation	(15.0)	(11.4)	(31%)
EBIT	**347.5**	**289.9**	**+20%**
Capital gains / (losses)	10.5	0.0	–
Financial Income / (expenses)	(244.1)	(174.1)	(40%)
Income / (losses) from group and associated companies	4.8	5.0	(5%)
Pre-tax profit	**118.7**	**120.8**	**(2%)**
Income taxes	(28.0)	(37.8)	+26%
Profit of the period	90.6	83.0	+9%
Equity holders of EDPR	**88.6**	**80.2**	**+10%**
Non-controling interests	2.0	2.8	(29%)

EDPR'S REVENUES: YEARLY EVOLUTION (€m)



EDPR'S INSTALLED CAPACITY EXPOSURE TO SPOT PRICES



Balance-sheet

ASSETS (€m)	2011	2010
Property, plant and equipment, net	10,455	9,982
Intangible assets, net	1,334	1,367
Financial Investments, net	61	64
Deferred Tax assets	56	39
Inventories	24	24
Accounts receivable – trade, net	146	144
Accounts receivable – other, net	763	680
Financial assets held for trading	0	36
Cash and cash equivalents	220	501
Total assets	**13,058**	**12,835**

EQUITY (€m)	2011	2010
Share capital + share premium	4,914	4,914
Reserves and retained earnings	325	274
Consolidated net profit attributable to equity holders of the parent	89	80
Non-controling Interest	127	126
Total equity	**5,454**	**5,394**

LIABILITIES (€m)	2011	2010
Financial Debt	3,826	3,534
Institutional Partnerships	1,024	1,009
Provisions	58	54
Deferred Tax liabilities	381	372
Deferred Revenues from Institutional Partnerships	773	635
Accounts payable – net	1,542	1,839
Total liabilities	**7,604**	**7,442**
Total equity and liabilities	**13,058**	**12,835**

Total assets in 2011 increased to 13.1 billion euros, of which 80% is related to net Property, plant and equipment (PP&E) reflecting the net accumulated invested capital in wind energy generation.

Total net PP&E increased to 10.5 billion euros following the new capacity additions in the period, the stronger US Dollar as of December. 31st, 2011 (vs. December. 31st, 2010) and the annual depreciation charges related to the operating assets.

8.9 billion euros invested in 7,157 MW

Total net accumulated invested capital related to wind farms in operation by the end of 2011 (excluding work in progress related to future assets and excluding the cash grants received in the US) amounted to 8.9 billion euros.

Net intangible assets mainly include the goodwill registered in EDPR books in US and Spain while accounts receivable are mainly related to loans to related parties, guarantees and tax receivables.

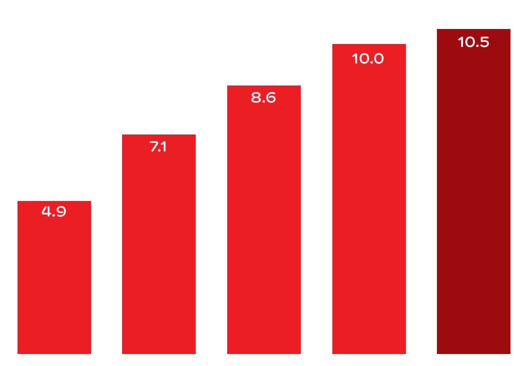
Cash and equivalents totalled 220 million euros and the financial assets held for trading were liquidated throughout 2011.

Total liabilities increased to 7.6 billion euros in 2011 (+162 million euros from 2010), of which 3.8 billion euros are related to financial debt and 1.0 billion euros to institutional partnerships. The increase in the financial debt is mostly explained by the operating and financial investments done in the period.

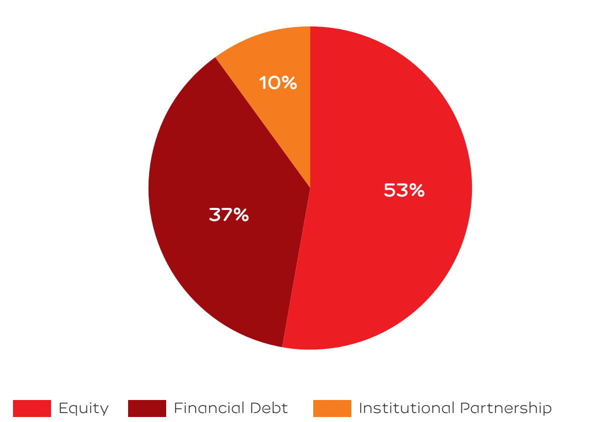
The institutional partnership stood at 1.0 billion euros. Deferred revenues from institutional partnerships represent the non-economic liability related to the tax credits already benefited by the institutional investor and to be recognized in the P&L through the useful life of the wind farms.

Deferred Tax liabilities in the amount of 381 million euros reflects mainly tax effects arising from temporary differences between assets and liabilities on an accounting basis and on tax basis. On the other hand, accounts payable includes PP&E suppliers, deferred revenues related to cash grants received and derivative financial instruments.

EDPR'S PP&E YEARLY EVOLUTION (€bn)



EDPR'S CAPITAL STRUCTURE

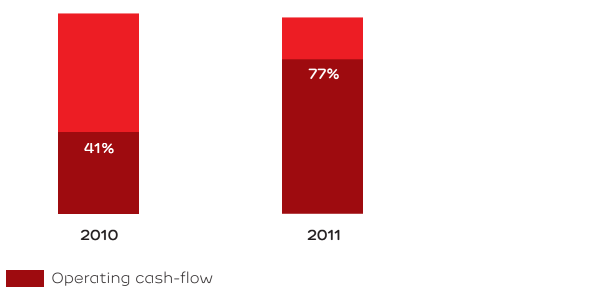


Cash-flow statement

In 2011, EDPR generated an Operating Cash-Flow of 643 million euros, delivering a 13% growth YoY, clearly demonstrating the recurrent cash generation capabilities of the operating assets.

Given the capacity expansion plan of the Company, capex remained above the cash-flow generation, leading to a Net Debt increase of 616 million euros in the period. It's important to highlight that the Operating Cash-Flow already covers 77% of the period capex vs. 40% in 2010.

OPERATING CASH-FLOW AS A PERCENTAGE OF CAPEX



The key cash-flow items that explain the 2011 cash evolution are the following:

- Funds from Operations resulting from EBITDA after net interest expenses, income from associates and current taxes increased 13% YoY;
- Operating Cash-Flow, including non-cash items adjustments and net of changes in working capital, amounted to 643 million euros (+13% YoY);
- Capital Expenditures totalled 829 million euros: 364 million euros related to the conclusion of new installed MW; while 466 million euros were assigned to capacity under construction and under development. The 2011 capex decreased by 41% YoY explained by the lower capacity additions in the period and lower unitary cost.

CAPEX (€m)

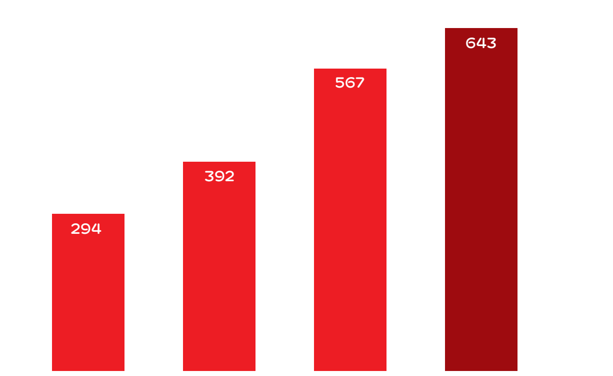
	2011	2010	Δ€
EDPR EU	368	539	(171)
EDPR NA	405	783	(378)
EDPR BR and Other	57	79	(22)
Total	**829**	**1,401**	**(572)**

- Other Investing activities amounted to 260 million euros, which encompasses: I) financial investments/divestments (237 million euros), including the acquisition of a 20% additional stake in Genesa for 231 million euros (2Q11) and the divestment of the financial stakes in two wind farms from which EDPR cashed-in a total 26 million euros; and II) other payments which total 23 million euros;
- Monetization of tax credits (144 million euros) includes two Institutional Partnership agreements for 198MW in the US;
- Forex & other (157 million euros) include the financing of newly installed capacity in the ENEOP consortium in Portugal through shareholder loans and the forex translation (-52 million euros) mostly related to EDPR's debt in US Dollars.

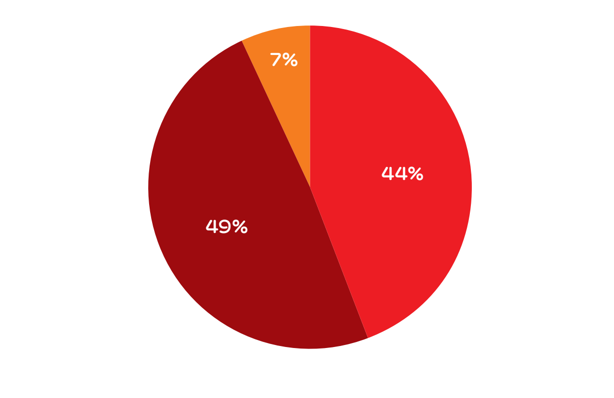
CASH-FLOW STATEMENT (€m)

	2011	2010	Δ%
EBITDA	**801**	**713**	**+12%**
Income tax	(29)	(29)	+1%
Net financial interest	(189)	(167)	+14%
Income from group and associated companies	5	5	+8%
FFO (Funds from Operations)	**588**	**522**	**+13%**
Net interest costs	189	167	+14%
Income from group and associated companies	(5)	(5)	+8%
Non cash items adjustments	(158)	(143)	(11%)
Changes in working capital	29	26	+9%
Operating Cash-Flow	**643**	**567**	**+13%**
Capex	(829)	(1,401)	(41%)
Financial Investments (divestments)	(237)	(79)	+199%
Working capital related to PP&E suppliers	(23)	(20)	(12%)
Cash Grant	3	169	(98%)
Net Operating Cash-Flow	**(444)**	**(764)**	**+42%**
Proceeds (payments) from institutional partnerships in US	141	228	(38%)
Net financial costs (cash)	(156)	(167)	+7%
Forex & Other	(157)	(35)	(352%)
Decrease / (Increase) in Net Debt	**(616)**	**(737)**	**+16%**

EDPR OPERATING CASH-FLOW (€m)



EDPR'S CAPEX BREAKDOWN BY PLATFORM



Financial debt

At the end of 2011, EDPR's financial debt was 3.8 billion euros (+8% YoY), being circa 80% of it loans with EDP Group while the remaining is debt with financial institutions, mostly related to project finances. Net Debt achieved 3.4 billion euros in 2011, increasing from the 2.8 billion euros by the end of 2010, mainly reflecting the capital expenditures and the financial investments done in the period.

EDPR's debt has a long-term profile. Most of the debt matures beyond 2018. Loans with EDP Group are closed for a 10 year period at fixed rates. Project finances also have a long-term duration. Such strategy enables the company to match the operating cash-flow profile with its financing costs.

"The right long-term funding strategy is key to keep a solid balance sheet in a capital intensive business"

Rui Teixeira, CFO

NET DEBT (€m)

	2011	2010	Δ€
Bank Loans and Other	837	733	+104
Loans with EDP Group Related Companies	2,989	2,800	+188
Financial Debt	**3,826**	**3,534**	**+293**
Cash and Equivalents	220	501	(281)
Loans to EDP Group Related Companies	219	226	(7)
Financial assets held for trading	0	36	(36)
Cash & Equivalents	**439**	**762**	**(323)**
Net Debt	**3,387**	**2,772**	**+616**

As of December 2011, 53% of EDPR's financial debt was in Euros, 40% in US Dollars and 7% in other currencies, mainly Zloty and Brazilian Real. EDPR finances in local currencies for investments in non-euro currency geographies, such as the US, Poland and Brazil, reducing its financial exposure to forex changes.

92% of EDPR's debt is at fixed rate

92% of EDPR's financial debt was negotiated at a fixed rate, which mainly represents the financing agreements with EDP. EDPR follows a long-term fixed rate funding strategy to match the operating cash-flow profile with its financing costs.

Alternative funding sources

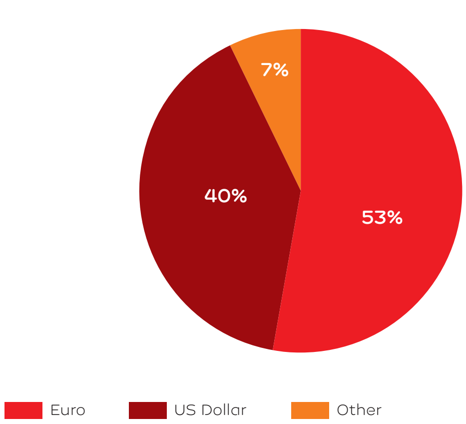
In 2011, EDPR established new project finance for 298 MW in several countries and additionally the ENEOP – Eólicas de Portugal executed a project finance for the second group of wind farms developed in Portugal (376 MW), to be funded in 2012. Thus, there is strong evidence of EDPR competences in the development of top quality projects and financial structures meeting the requirements of partners with rigorous investment criteria and a strong focus on renewable energy development.

PROJECT FINANCE SIGNED IN 2011

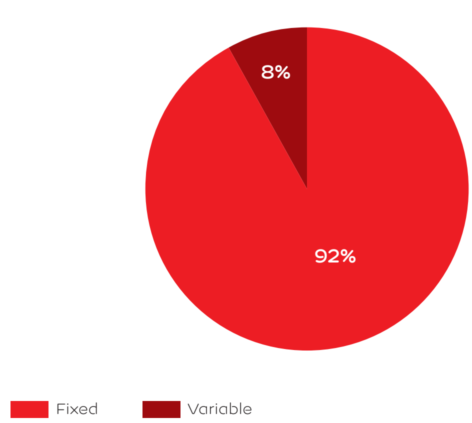
Country	Project	Capacity	Amount
Romania	Cernavoda I	69 MW	115 €M
Romania	Cernavoda II	69 MW	
Romania	Pestera	90 MW	73 €M
Brazil	Tramandaí	70 MW	228 R$M
Portugal	ENEOP	376 MW	260 €M

- In Romania, the company executed project finance throughout 2011 with the European Bank for Reconstruction and Development and the IFC for a total of 188 million euros for the entire asset base in operation in this country.
- In Brazil, EDPR raised 228 million real in project finance with the Brazilian Development Bank to secure the funding of the 70 MW installed in 2011.
- EDPR's associated company ENEOP executed a project finance structure with the European Investment Bank for its second group of wind farms developed in Portugal, totalling 376 MW for the amount of 260 million euros.

EDPR'S DEBT BY CURRENCY



EDPR'S DEBT PROFILE



Institutional partnerships

In order to fully utilize tax benefits available to EDPR in the US, the company structures partnerships with institutional investors, which may include one or a portfolio of wind projects. These partnerships create two classes of shares and allocate the tax and other benefits among the two classes: shares retained by the company are typically called "Class A interests" and institutional investor's shares are typically called "Class B interests".

Institutional investors make upfront investments in the structure and in exchange receive the tax benefits, a portion of the operating cash-flow and income generated by the relevant wind farms. The company retains the most of the operating cash-flow generated, as well as the day-to-day operational and management control.

INSTITUTIONAL PARTNERSHIP (€m)

	2011	2010	Δ€
Institutional Partnerships Liabilities	1,024	1,009	+15

Liabilities referred to as institutional partnerships in the US stood slightly increased at 1,024 million euros. In 2011, EDPR established two new institutional partnership structures in the Timber Road II wind farm (116 million dollars) and in Blue Canyon VI wind farm (124 million dollars, of which 97 million dollars realized upfront).

INSTITUTIONAL PARTNERSHIPS ESTABLISHED IN 2011 (US)

	Project	Capacity	Amount
Ohio	Timber Road II	99 MW	$116m
Oklahoma	Blue Canyon VI	99 MW	$124m

- In July, EDPR established an institutional partnership structure for the Timber Road II wind farm (99 MW). In exchange for an economic interest in the wind farm, EDPR received 116 million dollars. The institutional equity agreement provides the investor with access to the accelerated asset depreciation (MACRs) benefits and to the cash reimbursement.

- In December, EDPR received 97 million dollars and additional 27 million dollars are expected to be funded during the life of the Blue Canyon VI wind farm (99 MW) as PTCs are generated. The institutional equity agreement provides the investor with access to the MACRs benefits and to the PTCs.

Net financial expenses

Net financial expenses mainly reflect financial interests in loans with EDP Group and bank loans, and accrued costs with the Institutional Partnership Liabilities. Net interest costs increased at a slower pace than the average financial debt evolution (14% vs. 15%) but total net financial expenses increased 40% to 244 million euros mostly explained by non-recurrent items.

FINANCIAL RESULTS (€m)

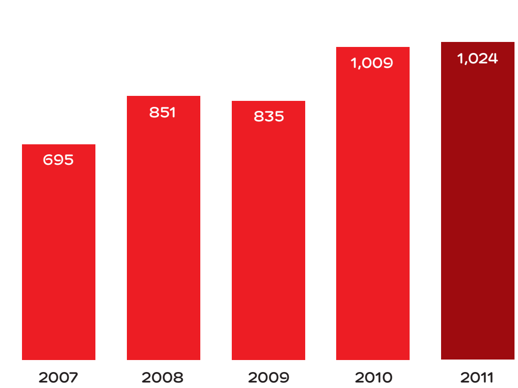
	2011	2010	Δ%
Net interest costs	(189.5)	(166.9)	(14%)
Institutional partnerships costs	(62.4)	(64.8)	+4%
Capitalized costs	33.9	68.4	(50%)
Forex differences	(21.7)	(1.4)	-
Other	(4.5)	(9.5)	+53%
Total	**(244.1)**	**(174.1)**	**(40%)**

The net financial expenses were impacted by the negative 22 million euros of forex differences, mostly related to assets and liabilities in Polish Zloty, Romanian Leu and US Dollar. In Poland, the Zloty devalued 12.2%, in Romania, the Leu devaluated 1.4%, while the US Dollar appreciated 3.3% vs. the Euro in 2011.

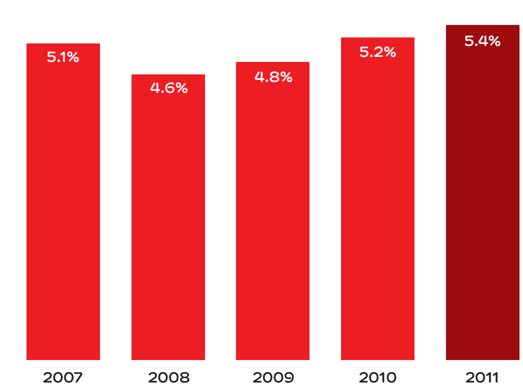
The net interest costs increase 14% YoY at a slower pace than the financial debt evolution (average financial debt increased 15% vs. 2010 to 3.5 million euros), following a stabilization of the average interest rate paid. As of December 2011, the average interest rate was 5.4%, above the 5.2% registered in December 2010, reflecting the long-term maturity profile of debt and the wider spread on the debt contracted since 2009, in line with current market prices.

Capitalized costs were 34 million euros vs. 68 million euros in 2010, in line with the lower capex in 2011 vs. 2010.

EDPR'S TAX EQUITY LIABILITY YEARLY EVOLUTION (€m)



EDPR'S COST OF DEBT YEARLY EVOLUTION

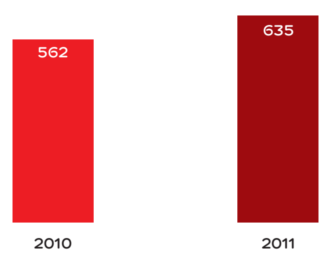


Europe

Revenues

In the European platform, EDPR delivered a solid 13% YoY growth in Revenues to 635 million euros. Revenues from the Rest of Europe division, namely France, Belgium, Poland and Romania already accounts for 20% of total revenues. Spain and Portugal reduced its relative contribution to 58% and 22% respectively.

EDPR REVENUES (€m)



The revenues performance (+13% YoY) was driven by the electricity output 10% growth, following the new capacity brought into service throughout 2011 and the full impact of the capacity added in 2010 (+93 million euros), and the higher average selling price (+23 million euros), more than offsetting the lower wind resource in Iberia throughout the year and the ramp-up period in Romania (-31 million euros).

Tariff

Selling price increases 5% YoY

The 2011 average selling price improved by 5% YoY to €88/MWh given the YoY positive price evolution in EDPR most mature markets and the increased contribution of its new markets with prices higher than portfolio average.

EDPR EU AVERAGE TARIFF (€/MWh)

	2011	2010	Δ%
EDPR EU	**88.0**	**84.2**	**+5%**
Spain	82.5	79.1	+4%
Portugal	98.7	93.8	+5%
France	86.8	83.9	+3%
Belgium	112.0	112.0	0%
Poland	108.8	111.5	(2%)
Romania	89.1	59.3	–

The higher prices in Spain is explained by EDPR strategic option to elect the fixed tariff (on the capacity under the RD 661/2007) instead of the market option, and the higher pool prices observed. In Portugal prices reflects the CPI indexation, and are positively impacted by a lower price in 2010 (influenced by the working hours' adjustment factor given the high wind resource in 2010). In France, the wind tariff improved 3% YoY in line with inflation. The price achieved in Poland was stable in Zloty, but lower in Euro terms due to the Zloty devaluation.

Operating costs

Total operating costs decreased 5% YoY, positively impacted by the annual assets and liabilities fair value revaluation test in some of EDPR's European Assets, resulting in a 52 million euros gain.

EDPR EU OPEX RATIOS

	2011	2010	Δ%
Opex/MW (€k)	46.4	45.6	+2%
Opex/MWh (€)	21.2	19.2	+11%

The unitary operating costs still deliver a sound efficiency ratios: +2% YoY per average MW (the +11% YoY per MWh is distorted by the lower wind resource in 2011 vs. 2010). This performance is a result of a stable and efficient operational cost structure based on a strong track record in efficient operation of wind farms, together with the maximization of the assets' availability levels which allows to extract the highest levels of production at the lowest cost.

Operating income

EBITDA in 2011 reached 539 million euros improving by +17% YoY, on the back of the Revenues performance and of strong cost discipline. The EBITDA margin of 85% was impacted by non-recurrent events.

EBIT increased by 14% YoY to 289 million euros, following the EBITDA growth and the change in the assets' useful life but hampered by the negative 41 million of impairment charges and asset amortization.

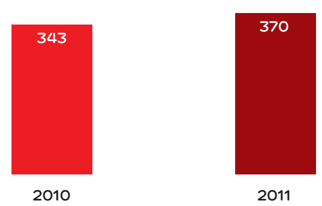
EDPR EU INCOME STATEMENT (€m)

	2011	2010	Δ%
Revenues	**634.9**	**562.2**	**+13%**
Supplies and services	106.7	87.4	+22%
Personnel costs	22.8	20.1	+13%
Other operating costs (or revenues)	(33.9)	(7.0)	(387%)
Operating Costs	**95.6**	**100.6**	**(5%)**
EBITDA	**539.3**	**461.7**	**+17%**
EBITDA/Revenues	84.9%	82.1%	+3 pp
Provision for risk and contingencies	(0.3)	(0.2)	(71%)
Depreciation and amortization	252.2	209.2	+21%
Comp. of subsidized assets' depreciation	(1.3)	(1.5)	+16%
EBIT	**288.6**	**254.2**	**+14%**

Spain

In 2011 EDPR revenues in Spain evolved positively having increased by 8% YoY to 370 million euros, outperforming the electricity generation growth.

EDPR SPAIN REVENUES (€m)



The 2011 electricity output increased by 5% to 4,584 GWh, as more capacity was in operation in the period, but impacted by the weaker wind resource (net capacity factor was above the market average but below EDPR last ten years average of 27%).

The average selling price increased by 4% YoY to €83/MWh following the higher capacity remunerated according with the fixed tariff (+774 MW), the inflation type adjustment of all the regulated prices under the RD661/2007 as well as the recovery in the realised brown energy price in Spain to €47/MWh. EDPR has a low exposure to market prices volatility given the regulated nature of the remuneration frameworks in Spain and EDPR's proactive hedging strategy. In 2011, 82% of the production sold was protected through fixed tariffs, minimum selling prices and financial hedges.

82% of the output sold was protected

EDPR SPAIN: GENERATION AND TARIFF

	2011	2010	Δ%
Electricity Generation (GWh)	4,584	4,355	+5%
Average Tariff (€/MWh)	82.5	79.1	+4%

As such, the revenues performance is explained by: I) the capacity additions (+48 million euros), and; II) the improvement in the average selling price (+14 million euros) more than offsetting; III) the lower wind resource (-29 million euros).

In 2011, EBITDA reached 286 million euros, more 4% than in 2010. The EBITDA margin of 77% reflects the net capacity factor in the year.

EDPR SPAIN INCOME STATEMENT (€m)

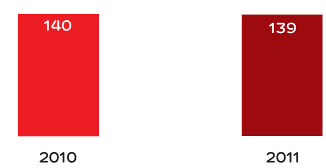
	2011	2010	Δ%
Revenues	**370.3**	**342.9**	**+8%**
Operating costs	84.4	69.0	+22%
EBITDA	**285.8**	**273.9**	**+4%**
EBITDA/Revenues	77.2%	79.9%	(3 pp)

Portugal

Revenues in Portugal in 2011 totalled 139 million euros (vs 140 million euros in 2010), reflecting the sustainability and stability of the remuneration framework in the country.

The new capacity in 2011 (14 MW) was installed late in year, consequently it had a marginal impact on the period generation. The net capacity factor in 2011 was broadly in line with the long-term expected value reaching 27% (-2pp vs. 2010). In the period, the electricity output reached 1.4 TWh (-5.6% YoY), given the outstanding wind resource in the comparable period of 2010.

EDPR PORTUGAL REVENUES (€m)



The average selling price in Portugal increased 5% YoY to €99/MWh, reflecting the CPI indexation, while the YoY analysis is positively impacted by the lower price received in 2010 due to the working hour's adjustment factor given the above average production achieved. The price in Portugal does not include the price achieved in the Eólicas de Portugal consortium, defined in a public competitive tender being one of the lowest throughout Europe. Portugal is a regulated market offering a stable feed-in tariff, reflected in long-term PPAs with the distribution company, which provides a sustainable and competitive remuneration levels.

A stable and low risk market

EDPR PORTUGAL: GENERATION AND TARIFF

	2011	2010	Δ%
Electricity Generation (GWh)	1,391	1,472	(6%)
Average Tariff (€/MWh)	98.7	93.8	+5%

All in all, 2011 EBITDA totalled 111 million euros reflecting an 80% EBITDA margin as the net capacity factor in 2011 was broadly in line with the long-term expected value, but below 2010 figure.

EDPR Portugal accounts for 13% of the Company's total installed capacity and 14% of the 2011 EBITDA.

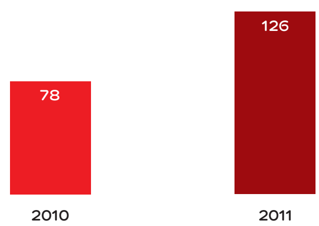
EDPR PORTUGAL INCOME STATEMENT (€m)

	2011	2010	Δ%
Revenues	**138.6**	**140.3**	**(1%)**
Operating costs	27.8	24.6	+13%
EBITDA	**110.7**	**115.7**	**(4%)**
EBITDA/Revenues	79.9%	82.5%	(3 pp)

Rest of Europe

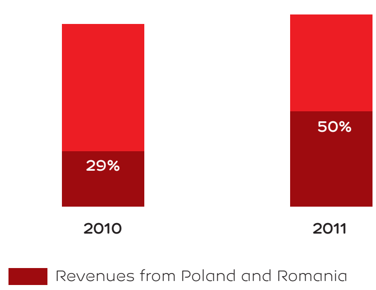
EDPR activities in the Rest of Europe have undergone an outstanding operational growth in the last years leading Revenues to grow in 2011 by 61% to 126 million euros.

EDPR RoE RENEVUES (€m)



Poland and Romania increased considerably their weight in the division and now account for about 50% of Revenues. Given the investment in these countries it is expected for their weight to increase even further.

WEIGHT OF POLAND AND ROMANIA REVENUES IN RoE



The electricity generation in 2011 increased by 65% to 1,326 GW due to the new capacity and the net capacity factor of 23%.

Poland and Romania were the main growth drivers. In Poland, the electricity produced in 2011 increased by 94% YoY to 376 GWh given the capacity increase in the last 12 months and the stable net capacity factors. In Romania, 195 MW were added in 2011 and together with the contribution from 90 MW installed in late 2010 led to a total annual output of 245 GWh.

French operations delivered a 20% YoY output growth to 589 GWh following the capacity expansion, while in Belgium the 200bps improvement in the net capacity factor lead to a 9% increase in the electricity generated (117 GWh).

EDPR RoE: GENERATION (GWh)

	2011	2010	Δ%
EDPR RoE	**1,326**	**804**	**+65%**
France	589	489	+20%
Belgium	117	107	+9%
Poland	376	194	+94%
Romania	245	15	–

Strong performance on volumes and price visibility

The average selling price went up 2% to €96/MWh, following Poland and Romania's increased contribution in the division performance.

In France, the wind tariff improved 3% YoY – in line with inflation – to €87/MWh, while EDPR Polish assets received €109/MWh under attractive long-term contracts (YoY evolution was driven by the Zloty devaluation).

The Belgium selling price was stable at €112/MWh due to the long-term PPA in place. In Romania the price reached €89/MWh, reflecting the wind farms trial period and the receivable of only one green certificate per MWh (the full implementation of the second green certificate scheme, approved by law in July 2011, only happened in late 2011).

EDPR RoE: TARIFF (€/MWh)

	2011	2010	Δ%
EDPR RoE	**95.7**	**93.8**	**+2%**
France	86.8	83.9	+3%
Belgium	112.0	112.0	0%
Poland	108.8	111.5	(2%)
Romania	89.1	59.3	–

EBITDA growing at double digit rates, +32%

In 2011, Revenues increased by 61% YoY to 126 million euros, as a result of a strong increase in the electricity generation along with a 2% average price increase. The Rest of Europe's EBITDA grew by 32% YoY to 94 million euros with a 75% EBITDA margin.

EDPR RoE INCOME STATEMENT (€m)

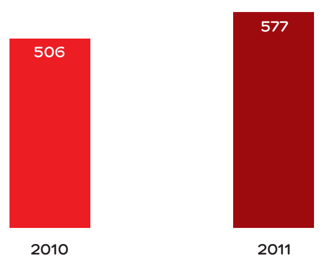
	2011	2010	Δ%
Revenues	**126.2**	**78.5**	**+61%**
Operating costs	32.1	7.1	+353%
EBITDA	**94.1**	**71.4**	**+32%**
EBITDA/Revenues	74.6%	91.0%	(16pp)

North America

Revenues

Top-line in the US went up 14% year-on-year to 577 million dollars benefiting from I) the capacity installed in 2011, the full 12 months of operations of the capacity installed in 2010 and the continued monetization of tax credits through institutional partnership transactions; but hampered II) by low merchant prices and different long-term contract's pricing structures.

EDPR NA RENEVUES (US$m)



EDPR's wind installed capacity as of December 2011 totalled 3.4 GW from 3.2 GW in 2010. Following the increase in installed capacity and the positive net capacity factor performance to 33% (+1pp year-on-year), the electricity output increased 21% in 2011, reaching a total of 9,330 GWh.

In 2011, the output under PPA/Hedge contracts was 6,716 GWh (72% of total output versus 70% in 2010), while the output exposed to merchant prices totalled 2,614 GWh (28% versus 30% in 2010).

Tariff

The average selling price was $45.7/MWh in 2011, 4% lower vis-à-vis 2010. This performance reflects I) the low electricity spot prices affecting the merchant output sales; and II) lower average PPA/hedge contracts' final prices as a result of different pricing structures in some of the new contracts (with a lower starting point and higher escalators) and lower curtailment revenues (as a result of lower curtailment but mitigated by higher generation).

EDPR NA AVERAGE SELLING PRICE (US$m)

	2011	2010	Δ%
Avg. PPA /Hedge Price	50.8	53.9	(6%)
Avg. Merchant Price	30.1	31.1	(3%)
Avg. Final Selling Price	**45.7**	**47.7**	**(4%)**

Operating costs

Operating costs increased 62% YoY, mainly reflecting the evolution in the "other operating costs / (income)", which was impacted by two non-recurrent items: I) in 2011 as a result of a write-off related to pipeline rationalization (-$15.6m); and II) in 2010 following a transaction closed in the 4Q10 to shorten a PPA maturity (+$21m cashed-in). It is important to highlight that the Opex on a per MW basis decreased by 6% (excluding other revenues and non-recurrent items), as a result of a strong cost control and efficiency.

EDPR NA OPEX RATIOS (EXCLUDING OTHER REVENUES)

	2011	2010	Δ%
Opex/Avg. MW in op. ($k)	**58.2**	**61.9**	**(6%)**
Opex/MWh ($)	22.1	21.9	(+1%)

Operating income

All in all, the 2011 EBITDA in the US fell 2% to 376 million dollars, given the operating non-recurrent items in costs (included in "other operating costs / income"), which more than offset the higher capacity in operation along with a higher net capacity factor.

Revenues increased 14% YoY to 577 million dollars

EDPR NA INCOME STATEMENT (US$m)

	2011	2010	Δ%
Revenues	**577.0**	**506.4**	**+14%**
Supplies and services	141.0	123.3	+14%
Personnel costs	36.1	32.3	+12%
Other operating costs (or revenues)	23.8	(31.4)	–
Operating Costs	**200.9**	**124.1**	**+62%**
EBITDA	**376.1**	**382.2**	**(2%)**
EBITDA/Revenues	65.2%	75.5%	(10 pp)
Provision for risk and contingencies	0.0	0.0	–
Depreciation and amortization	291.8	294.7	(1%)
Comp. of subsidized assets' depreciation	(19.1)	(13.1)	(46%)
EBIT	**103.3**	**100.7**	**+3%**

In 2011, EDPR decelerated its growth in the US to 198 MW as a way to select only the best projects available, with the objective of guaranteeing the highest profitability possible at the minimum risk. Thus, the Timber Road II wind farm (99 MW) has a 20-year PPA which was signed in 2010; and the Blue Canyon VI wind farm (99 MW) is a project with very competitive characteristics, namely low capex per MW and strong wind resource (i.e. net capacity factor above 40%).

Institutional partnerships

Following the tax equity agreements closed in 2011 for the capacity installed in the same period in the US, by December EDPR had:

- 2,123 MW under the Production Tax Credits (PTC) regime, enabling the monetization of the PTC plus the MACRs. EDPR had 2,024 MW under this regime by December 2011, having increased by 99 MW vs. 2010 given the latest tax equity structure closed for the Blue Canyon VI wind farm in Oklahoma in the last quarter of 2011;
- 500 MW under the cash grant flip, enabling the monetizing of the cash grant plus the MACRs. In 2011 EDPR closed an additional agreement of this type of structure for its Timber Road II wind farm (99 MW) in the third quarter of 2011;
- 799 MW which have received the upfront cash reimbursement. In 2011, EDPR did not apply for this type of tax incentive, as the company chose to benefit from the PTCs monetization and the cash grant flip given the higher NPV value achievable by these specific projects when using this type of structure tax equity structures in lieu of the cash reimbursement stand-alone.

EDPR NA TAX INCENTIVES (US$m)

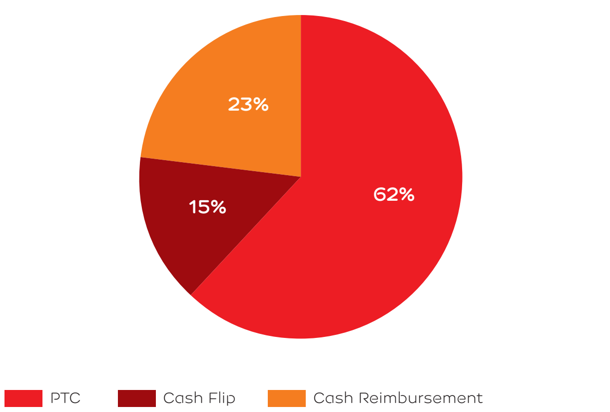
	2011	2010	Δ%
Income from institutional partnerships	**155.4**	**141.9**	**+10%**

The income from institutional partnerships totalled 155.4 million dollars in 2011 (+10% vs. 2010) reflecting the deals closed in the last 12 months. This revenue is incorporated in the Revenues line of the P&L and is the quarterly accounting recognition of the tax credits which the tax equity partner actually benefited in each period, therefore reducing the institutional partnership liability in the Balance Sheet.

The projects that opted for the cash reimbursement benefit from lower depreciation charges, booked as compensation of subsidized assets' depreciation (19 million dollars in 2011, +31% year-on-year).

77% of total installed capacity in the US is under Institutional Partnership agreements

EDPR NA: MW BREAKDOWN BY TAX INCENTIVE

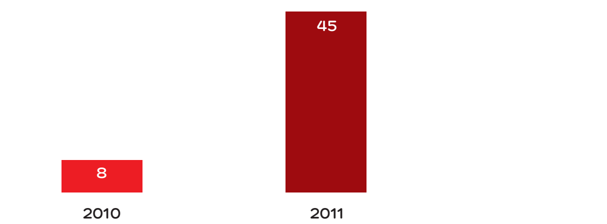


Brazil

Revenues increased six-fold

Top-line in the Brazil went up six-fold year-on-year to 45 million real in line with the electricity output growth in the year.

EDPR BRAZIL REVENUES (R$m)



In Brazil, the GWh produced in 2011 reached 170 GWh, having increased an impressive six-fold as a result of an increase in installed capacity from 14 MW in 2010 to 84 MW. This followed the commissioning of 70 MW in May together with a strong wind resource (the net capacity factor increased from 26% to 35% in 2011).

EDPR BR INCOME STATEMENT (R$m)

	2011	2010	Δ%
Revenues	**45.3**	**7.5**	**+501%**
Supplies and services	11.4	4.5	+152%
Personnel costs	2.9	2.0	+45%
Other operating costs (or revenues)	0.5	2.0	(75%)
Operating Costs	**14.8**	**8.6**	**+73%**
EBITDA	**30.5**	**(1.0)**	**–**
EBITDA/Revenues	67.3%	n/a	–
Provision for risk and contingencies	–	–	–
Depreciation and amortization	10.6	3.1	+239%
Comp. of subsidized assets' depreciation	–	–	–
EBIT	**19.9**	**(4.2)**	**–**

The average selling price for 2010 was R$278.4/MWh, 9% higher vs. 2010. The production generated from the 84 MW installed in Brazil is fully contracted under the PROINFA renewable energy incentive program, through a 20-year PPA with Eletrobrás, providing visible and attractive returns.

The 2011 EBITDA in Brazil increased to 30 million real, while the EBITDA margin reached 67% given the rump-up phase of the Brazilian operations throughout 2011 and the controlled increase in the operating costs in 2011 to 15 million real.

Risk management

Consistent with the "controlled risk profile" strategic pillar, EDPR has defined as a priority the implementation of mechanisms of evaluation and management of risks and opportunities that may impact its business.

EDPR's risk management processes are supported on an integrated and transversal management model that ensures the implementation of best practices of Corporate Governance and transparency in the communication to the market and shareholders. This process is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members.

Risk management is endorsed by the Management Team, supported directly by the risk committee and operationalized by all managers of the company. This integrated process ensures the identification and prioritization of critical risks, the development of adequate risk management strategies and the implementation of controls in order to ensure the alignment of EDPR's risk exposure with company's desired risk profile.

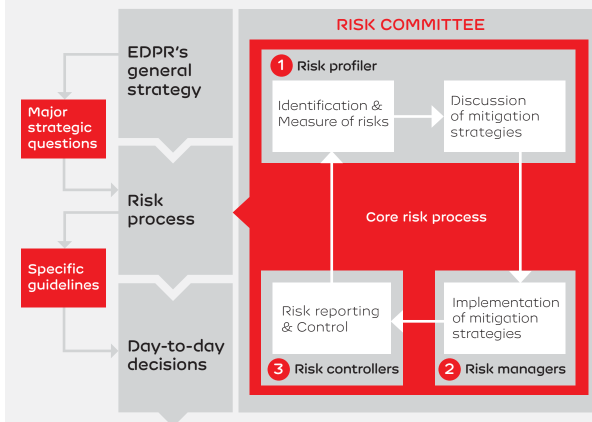
Along the entire business cycle major strategic questions are raised and grouped by risk area. Each strategic question is subject to EDPR's risk process analysis in order to produce specific guidelines to risk managers

After a detailed analysis of its risk exposure throughout EDPR's wind energy development business cycle, the following risks groups were identified.

"EDPR is constantly screening into the future and taking action today, with a constant focus on improving the risk reward position of the company"

Jorge Casillas, Head of Global Risk Strategy

RISK MANAGEMENT PROCESS AT EDPR



EDPR's Risk Committee intends to be the forum to discuss how EDPR can optimize its risk-return position according to its risk profile. The Committee integrates and coordinates all the risk functions and assures the link between risk strategy and the company's operations.

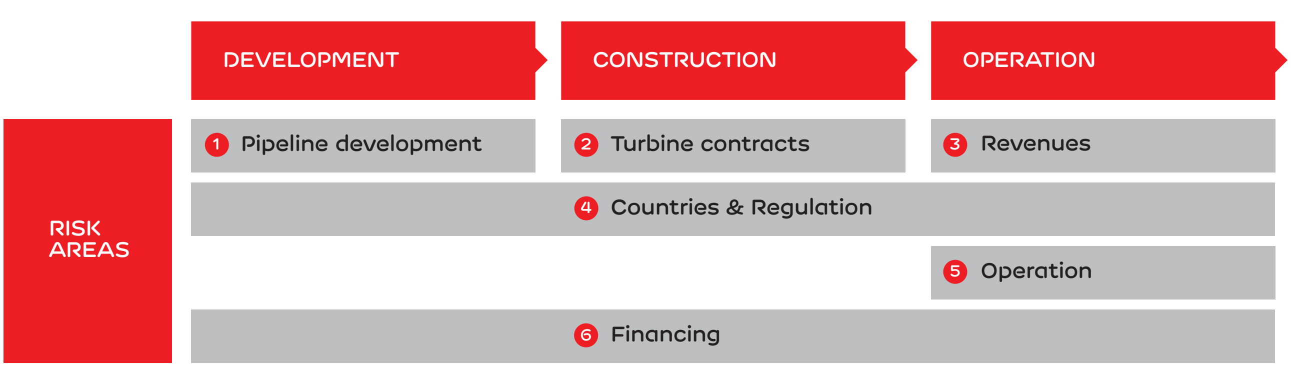
The responsibilities of the committee are:

- To analyze EDPR's overall exposures and propose actions;
- To follow-up on the effectiveness of the mitigation actions;
- To review transactional limits, risk policies and macro-strategies;
- To review reports and significant findings of the risk profiler analysis and the risk control areas;
- To review the scope of the work of the risk profiler and its planned activities.

Risk committee functions are the following:

1. **Risk profiler** – Responsible for setting guidelines and limits for risk management within the company;
2. **Risk manager** – Responsible for day to day operational decisions and for taking or mitigating risks within approved levels;
3. **Risk controller** – Responsible for follow up of the result of risk taking decisions and for contrasting alignment of operations with general policy approved by the board.

RISK AREAS THROUGHOUT EDPR'S BUSINESS CYCLE



The following table summarizes the main risk areas of EDPR's business and the tools it employ's to manage these risks. Also, the table defines the main competitive advantages EDPR enjoys over other renewable operators.

The full description of the risks and how they are managed can be found in the Corporate Governance chapter.

WHAT ARE THE MAIN AREAS OF EXPOSURE?		HOW DO WE MANAGE RISKS?	STATUS 2011
1. PIPELINE DEVELOPMENT	• EDPR delivers an installed capacity different from its targets or suffers delays/anticipations in its installation	• Employment of a "buffer" to ensure targets are achieved • Partnerships with strong local teams	• Large and diversified pipeline, with approx 21 GW under development in 11 countries
2. TURBINE CONTRACTS	• Changes in turbine prices and performance impact projects' profitability • Lack of flexibility in contracts may impact EDPR's development plans	• Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices • Relying on a large base of turbine suppliers to ensure optionality	• Part of EDPR's turbine requirements in 2011 were covered by a multi-year procurement contract with Vestas that provides price visibility • EDPR employs turbines from 9 suppliers
3. REVENUES	• Revenues perceived by EDPR projects diverge from what is expected	• Regulated remunerations schemes in most markets in which EDPR operates • Hedge of market exposure through long-term bilateral energy sales contracts or short term financial hedges when necessary	• 90% of capacity is sold under long-term and visible regulatory frameworks • In 2011, EDPR signed PPA hedges in the US and 1,6 TWh of energy swaps in Spain. This significantly reduced exposure to spot energy prices in both geographies
4. COUNTRIES & REGULATIONS	• Changes in regulation impact EDPR's business in a given country	• Careful selection of energy markets based on market fundamentals • Diversification in markets and remuneration schemes • Active involvement in all major wind associations in all markets where EDPR is present	• As of 2011, EDPR was present in 11 countries and is constantly scanning the globe for attractive regulatory environments • EDPR is an active member of more than 40 wind energy industry associations
5. OPERATIONS	• Projects deliver a volume lower than expected	• Closure of technical warranties and medium term full – scope maintenance agreements with suppliers • Adequate preventive and scheduled maintenance	• Further developed of our internal maintenance system (CMMS) to optimize preventive maintenance of our wind farms
6. FINANCING	• Increase in financial costs • Volatility of exchange rates impacts EDPR's financials	• Fixed interest rate produces a predictable cost of debt • Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements • Natural hedging (maintaining debt and revenues in same currency) reduces impact from changes in exchange rates	• 92% of debt carries a fixed interest rate • EDPR raised circa 500 million euros through Multilaterals and Tax Equity agreements in 2011. Additionally, ENEOP raised 260 million euros through a multilateral agreement • EDPR's debt structure (53% Euro, 40% US Dollar, 7% other) closely matches its investments made in these geographies

partnering with our stakeholders

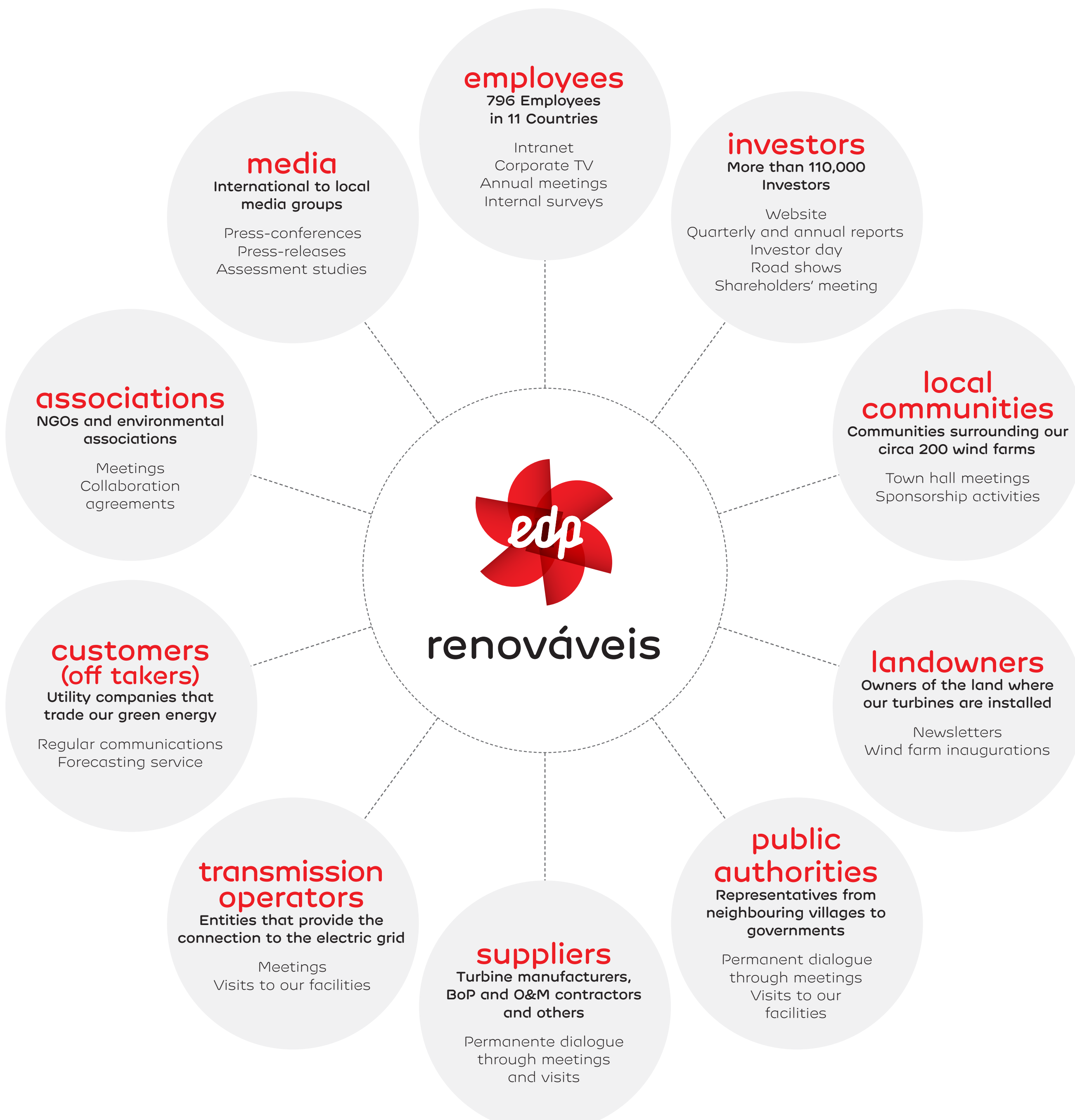
"From the world's financial centres to some of the remote communities where we build our wind farms, we team up with our stakeholders to develop the best solutions for our business and their needs."

Rui Teixeira, Chief Financial Officer

Our stakeholders

We are committed to ensure a transparent and trustworthy relationship with our stakeholders, as they are an integral part of our business. Maintaining an active communication between both parties enables us and our stakeholders to maximize the benefits obtained from our professional relationship.

As a result, it is fundamental to actively communicate with our stakeholders to ensure that we are addressing their needs and interests, as well as informing them on how our business benefits them.



Our communication channels

EDPR's communication initiatives played, once again, an important role in 2011. Under the company's policy for sustainable growth, a permanent dialogue with stakeholders was established across different communication channels and activities. This dialogue fostered trust, confidence and knowledge sharing.

Internal Communications

Intranet

The intranet site myedpr continued to be developed as the prime, multi-level communications meeting point for all EDPR employees. On this platform employees can easily access relevant information, from operational, Human Resources and social sources.

Magazine

Throughout the pages of the On Magazine, employees can catch up on news of the EDP group on a global and a regional scale, while the On Renew supplement carries EDPR news to all members of the extended EDP Group.

Corporate TV Channel

Videos play an important role and are a popular medium to cover the company's activities. In 2011, more than 50 informative and motivational videos from EDPR were displayed on the EDP Group's corporate TV channel – EDP On.

Media and Public Relations

Media

EDPR continues to operate an important media relations programme, engaging interactively with the media throughout the geographies in which it is present. In 2011, 2218 news items were analysed for EDP Renewables, generating a total AEV of 2.1 million euros and reaching an average tone of 3.6. EDPR's communication performance along the year was generally positive, with favourable coverage occupying a significant share of editorial space (52%).

Website

EDPR's website was refreshed under the new EDP Group brand layout and continues to provide quality information in the company's three main languages (English, Portuguese and Spanish). For 2012 another big content restructure is planned, sustainability will be one of the main subjects highlighted. Moreover, the public portal Save As continues to be popular reference tool for new public and private initiatives with a strong focus on the conservation area.

Publications

Other publications and graphic materials, such as brochures or leaflets are distributed, not only at important events and fairs, but also in the local communities where our projects are being developed.

Investor Relations

EDPR seeks to provide investors with information that can support them in making informed, clear, concrete investment decisions. Our Investor Relations team remained in permanent contact with its current and potential shareholders, financial analysts that follow the Company's activity, and other agents in the global financial markets. During 2011 EDPR was present in several events reinforcing its value creation proposition to its shareholders while prospecting new ones. In 2011, more than 300 meetings were held in the Company's Offices and in 15 of the major financial cities of Europe and of the US. This provides strong evidence of investor's interest in the company.

Events

Events are a fundamental pillar of EDPR's communication with its different stakeholders. As they offer an opportunity for EDPR to get closer to its different audiences.

Internal Events

In 2011, EDPR held quarterly Directors Meetings to analyse the status of projects across European markets, recognizing achievements and communicating new goals.

The Annual Meeting of the European platform, named "Flow", was the most important of several meetings held to promote cohesion across management groups and provided the opportunity for team building and strategic review exercises.

EDPR NA also held, in October, three regional team building events. Employees responsible for priority projects in the Western, Central, and Eastern regions were invited to attend an all day team building event.

External Events

EDPR NA held its first Customer Event, in Houston, Texas. The Commercial Team hosted a select group of current and potential customers from across the United States.

Also in Texas, EDPR welcomed tax equity investors from across the nation for a two-day event in Houston.

The annual Shareholders Meeting took place in Oviedo and stood out as one of the most important financial events of the year. In 2011, EDPR also held an extraordinary Shareholders Meeting.

REBRANDING

2011 was a key year for communication at EDPR. The company unveiled a new logo and institutional campaign on July 1st, 2011, as part of a global effort by EDP Group (EDPR's principal Shareholder) to align all platforms with a unified brand.

The new brand represents a common denominator for all channels and communication tools around the world and reflects the substantial progress that the Group has made in recent years, as well as its ambitions for the future. It represents an opportunity for EDPR to show its stakeholders around the world that it is a leading global player in the renewable energy field, with substantial experience and history in the energy sector.

A distinctive, dynamic brand

The strong red colour of the brand provides a strong distinguishing element. This is the colour now used across all EDP platforms, creating continuity and a unified brand message. Furthermore, the flexibility and fluidity of the new brand allows each EDP business to express its own identity. Rather than having just one logo, we will now be able to choose from several that can adapt to different contexts.

This brand is emblematic of a company distinguished by its ambition and enthusiasm, even when confronted with new challenges. It shows that we are a global company that is innovative, sustainable and linked to people.

EDPR's new dynamic logo is made up of four basic shapes that unfold into an infinite world of combinations: a square, triangle, circle and half circle.

EDPR will now be able to choose from seven different logos that can adapt to different contexts. All logos have a common look and feel, and a unique monogram with script lettering that makes the brand distinctive. The name EDP is always present, making it the common denominator across all the logos for all EDP businesses.

Human. Innovative. Sustainable.

These are the pillars of EDP and its new brand. Our new image communicates our values: We work for people and their communities, we are strongly committed to innovation and have a responsible attitude towards the environment.

Development and implementation

From the concept and development of the new brand, EDPR rolled out the new look and feel in an efficient way across numerous channels and geographies, adapting all materials, digital communications, merchandising and physical spaces to the new look.

Name change in North America

One of the most important chapters in the implementation of the new brand was the name change of the company's North American operations from Horizon Wind Energy to EDP Renewables North America LLC, aligning EDPR's North American identity with our operations in Europe and Brazil. The North American business has been slowly transitioning to the EDP Renewables brand since 2008, however mid 2011 marked the first time that the Horizon name will no longer be used. This is an important step in integrating the business and creating a strong global brand.

Our partners in the wind farms

During all phases of our wind projects, we establish long term relations with key stakeholders, so they become our partners. It is critical for the success of the project to correctly interact with our partners, namely landowners, local authorities, local communities, transmission operator and off-takers.

Landowners

Our projects have a direct impact on landowners, both those on whose land we construct the project and the neighbouring community. We engage each of these stakeholders at different times throughout the project.

We usually organize general meetings to introduce ourselves, explain how wind farms work and present details for development of the project in the region. During the multi-year development process, we continuously interact with landowners, whether through meetings or written communications in the form of project newsletters and company updates. Upon start of construction and later on operation activities, we continue to interact to make sure that we are meeting expectations and responding to any concerns.

DEDICATION CEREMONY FOR OHIO'S FIRST UTILITY-SCALE WIND FARM

EDPR organized a dedication ceremony with nearly 250 guests, including landowners, county and state dignitaries and employees, for the ribbon cutting ceremony of the first Ohio's utility scale wind farm.

Since 2008, we have been working with over 100 local landowners to develop and construct Timber Road II. This wind farm, located in Paulding County, Ohio, has an installed capacity of 99 MW. Timber Road II is expected to generate enough electricity to power over 27,000 average Ohio homes each year.

"We are extremely grateful to our landowners and community stakeholders for entrusting us and providing the essential pieces needed to complete this puzzle and build this wind farm."

Gabriel Alonso, COO North America

Local authorities

Interaction with local authorities is at its most active during the permitting phases, which vary depending on the country and region. This could include town hall meetings, permitting hearings or public comments. While the precise nature, form and timeframe of these assessments varies among jurisdictions, similar factors are taken into account by most relevant authorities in deciding whether or not to permit a project. This includes visual impact, noise (particularly in populated areas) environmental impact, effect on local historical, archaeological or other protected sites, topographical and other site characteristics such as ground conditions and hydrology and many other issues.

EDPR AND LOCAL AUTHORITIES IDENTIFY WAYS OF HELPING THE COMMUNITY

During the construction of Sarichioi and Vutcani wind farms in Romania, EDPR performed different actions in order to raise the awareness of the local community. Local meetings with City Hall were held with the purpose of making constructions activities known. At these meetings EDPR described how its support activities would benefit the community. Information regarding EDPR's projects was also made available at the City Hall, and a grievance mechanism was implemented during construction works of the wind farms for all employees and local inhabitants.

This close collaboration allowed EDPR and the Sarichioi City Hall to identify a way to help families from the municipality by donating all wooden drums leftover after the construction works of the underground electrical cable system. This wood will be used by people for heating during winter.

Transmission operators and off-takers

For the transmission system operator, we follow a set of queue instructions that vary from region to region. This often includes interacting with the transmission operator from the initial request to connect into their system, up until we start to produce power. At the same time, we interact with the proposed off-taker, until we enter into an agreement that is beneficial to both sides and then sell the power over the course of the contract.

EDPR CONDUCTS A CUSTOMER APPRECIATION DAY

In 2011, we hosted in Houston, Texas, a select group of current and potential customers from across the United States. A total of 24 attendees representing 13 different companies participated in the event where they met with our team, learnt more about the company and visited our headquarters in Houston.

The effectiveness of this event provided us with further opportunities for face-to-face interaction with customers.

"Having this extended face-to-face time with our customers was extremely valuable. It allowed for discussions that are much more detailed than usual, and this greater level of familiarity always leads to improved information flow in the future."

EDPR employee

Local communities

As part of our core business strategy we intend to establish a relationship of trust and collaboration with the communities where we are present, from the very initial stages of our projects and spanning through their entire life. Our projects are essentially a long term partnership between EDPR and local communities. Maintaining a good relationship with this important stakeholder is strategic for our company.

During the development of our wind projects, we try to understand what is the local community's perception regarding the wind farms' impact and their concerns. We then try to adapt the project to the local needs and share the "ownership" of the project with the community.

For example, in the US, our renewable energy projects adopt local features and norms into their names, and go through a rigorous process to ensure that the local community identifies with the name.

Public consultations are one of the means used to collect feedback from the communities, where EDPR's experts on the field seek to respond to the communities concerns.

Public consultation in Poland

Moreover, we have also developed a procedure to manage complaints and concerns that landowners and the community may have regarding our construction activities in some geographies.

We are not limited to a one-time set of public meetings. We want to build broader working relationships as a continuous process between the company and its stakeholders, recognizing that our business generates mutual benefits, creating direct and indirect positive impacts in the areas where we are present.

We plan and implement informative and educational campaigns and maintain a constant cooperation with local media as one of the pillars of the engagement with the community.

Finally, during the operations, the long term partnership with the community continues through a combination of community outreach, educational activities and resolution of problems.

EDPR DEVELOPS ITS OFFSHORE PROJECT IN CLOSE WORK WITH THE FISHING INDUSTRY

Offshore wind brings a new set of challenges in engaging with the community. The construction of an offshore wind farm has a specific impact on the members of the surrounding communities, but also on those developing an economic activity at sea. All of these parties are considered in EDPR engagement process.

In the Moray Firth project, which is still in the development phase, we conducted extensive engagement initiatives with the Fishing Industry. We met regularly with industry groups and held public events with local fishermen. This open and transparent approach will allow both industries to develop together.

Understanding our stakeholders

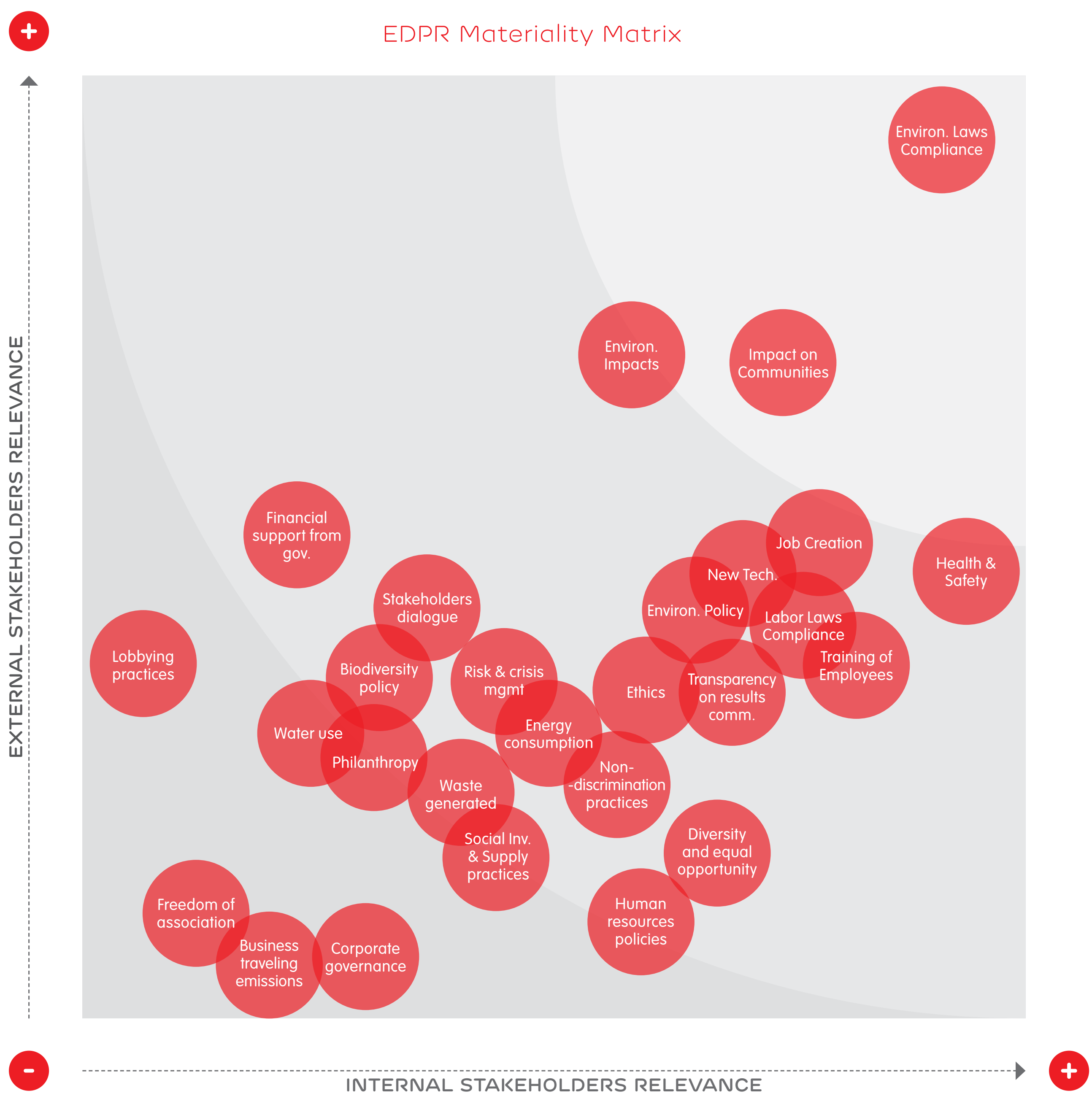
Understanding our stakeholders is of the upmost importance to EDPR. It helps drive our business and increase our contribution to sustainability.

Therefore, we perform materiality analysis to identify the most relevant issues for our internal and external stakeholders. This study is then complemented with a benchmark of the wind energy sector interests and concerns. The final outcome is a robust analysis of the most important sustainability topics to our stakeholders.

In addition, during 2011 we complemented our materiality analysis with a specific study of the engagement strategy being implemented. For this phase, the scope included Spain and Portugal. Through this study we have identified opportunities to better engage with our stakeholders. As a result, we have implemented an action plan to address the identified opportunities. The program is still ongoing and is expected to improve the level of engagement with local and national authorities and define a new process to manage landowners concerns.

The following graph represents the most relevant topics for EDPR's internal and external stakeholders. The identification of these topics was performed in 2010 through a stakeholder's consultation, as we assume that the results from this study are still valid. Nevertheless, we have updated the Materiality Matrix with adjustments to some topics, based on a benchmark of the renewable energy market. This study reflected the relevance given to specific topics in the communications from social and energy sector associations and the media. Most relevant topics identified are specifically addressed in the 2011 annual report.

EDPR Materiality Matrix



protecting the environment

"We at EDPR believe that the same basic principal that drives our business, caring for the environment, should be applied in all our activities. To this extent we strive to implement the best practices in environmental protection throughout our business."

Luís Adão da Fonseca, Chief Business Development Officer

Climate change

Renewable energies have a large potential to deal with one of the great challenges of this century: climate change. Wind energy benefits from an inexhaustible and natural resource, producing energy while not compromising our world's environment with the emission of greenhouse gases (GHGs).

Furthermore, wind is an endogenous resource and its use helps to diminish large import costs and the transportation carbon footprint that would otherwise be produced by other sources of energy. Wind is a clean, safe and secure source of energy available close to the population.

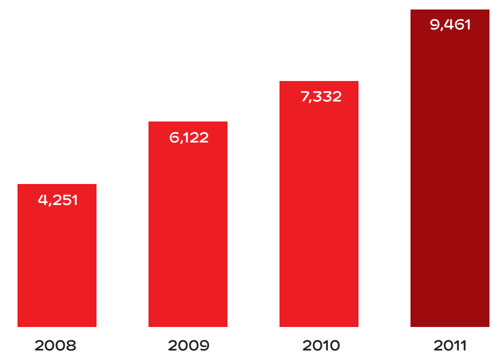
Our portfolio of 7.5 GW of installed capacity contributes every year in the worldwide fight against climate change. We significantly improve local and global air quality by mitigating emissions that would otherwise be released into the atmosphere due to the operation of other kinds of energy generation based on fossil fuels.

"Gradually, thanks to projects like the Roman Blandey wind farm, we are contributing significantly to reducing global warming through clean, durable energy."

João Paulo Costeira, COO Europe

In 2011, we produced 16.8 TWh that is estimated to avoid the emission of 9,461 thousand tons of CO_2 eq.

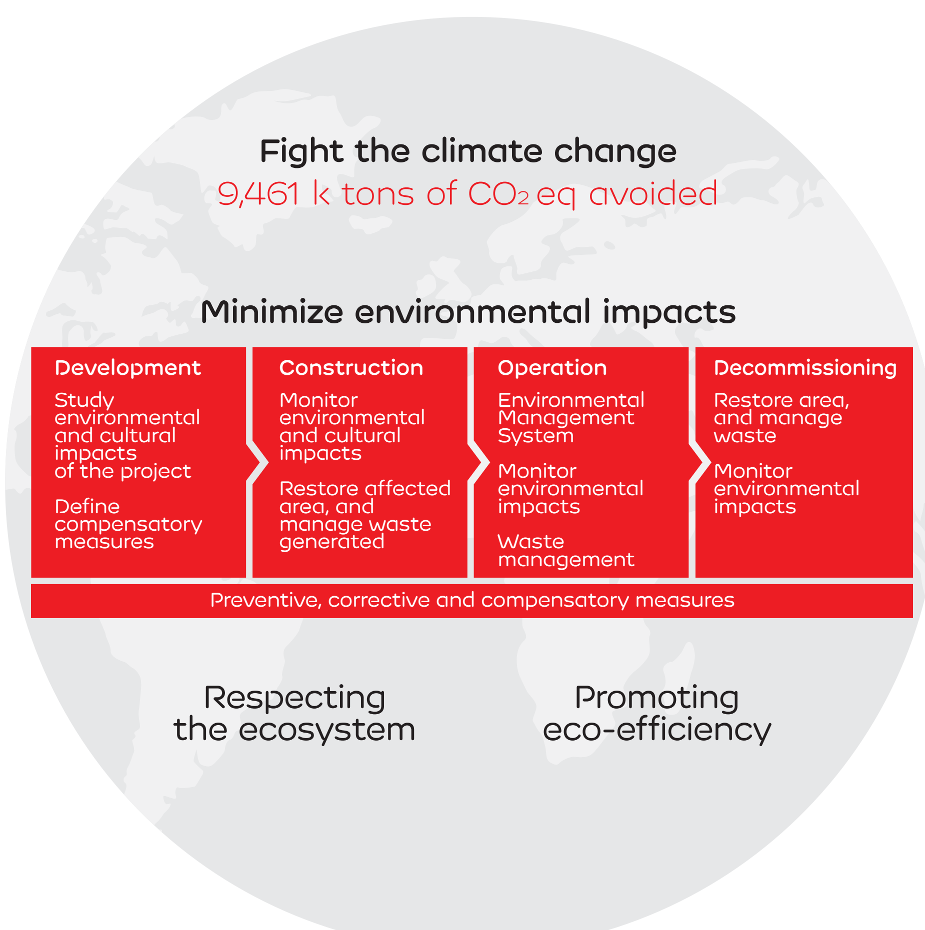
CO_2 eq AVOIDED (THOUSAND TONS)[1]



[1] Estimated as: [production x country thermal emission factors].
Refer to the GRI evaluation chapter for additional information

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.

Even though we are in a clean energy business, we go beyond our commitment with the environment by fostering a corporate culture in which initiatives and activities are consistent with environmental responsibility. Therefore we are committed to minimize the environmental impact of our operations and measure the footprint from our administrative activities and wind farms electricity consumption, representing 0.3% of the emissions avoided. Despite this low impact we encourage reducing these emissions by improving our practices in the offices.



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 in January 2011.

"Our ambition in the international setting in which we operate is to be leaders and a benchmark in environmental management"

EDPR Environmental Policy

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. In 2011, we disbursed 12 million euros in environmental investments and expenditures.

We do not limit ourselves to simply comply with the applicable legal requirements in the area where we construct our wind farms. We go beyond. For example in Europe, we initiate our projects with environmental and cultural feasibility studies, before starting the development phase, even though it not required by law. Moreover, in the US, wind farm sitting law requirements vary significantly between states and are even inexistent in some. We decided to implement our high standards in all our wind farms in the US. We also participate in the Federal Advisory Committee that aims to create a set of uniformly applicable voluntary development guidelines for wind energy.

To ensure that our projects are designed and operated in compliance with the applicable regulation, with our environmental principles and with international best practices we have implemented numerous environmental appraisal and monitoring processes over the life cycle of our projects.

NUMBER OF STUDIES UNDERTAKEN BY EDPR IN 2011

	Development	Construction	Operation
Europe	412	28	308
North America	58	7	14
Brazil	0	0	12
EDPR	**470**	**35**	**334**

Development

In the initial stages of the development of a wind farm, we perform an early screening of critical environmental aspects of the project to determine whether potential environmental issues exist that may require further detailed assessment.

Afterwards, environmental impact assessment studies are usually performed, where potential positive and negative environmental impacts analyzed. We study feasible alternatives to determine measures to prevent, minimize, mitigate or compensate adverse impacts and improve environmental performance.

For example, for projects that identify potential impacts to sensitive species, a specific risk assessment is performed to quantify risks and discuss potential options for mitigation.

ASSESSING IMPACTS IN MARINE BIODIVERSITY

We have undertaken extensive multi-disciplinary studies, in the Moray Firth area, to determine the existence of marine mammals, seabirds, benthic ecology and archaeology. These studies establish an accurate environmental baseline that will allow for improved impact assessments in the future and necessary mitigation measures.

No rare or protected species as defined in the EC Habitats Directive and the Wildlife & Countryside Act,1981 were found within the boundaries of the site.

In the North America, we engage with the United States Fish & Wildlife Service (USFWS), State wildlife agencies, and appropriate non-governmental organizations (NGOs) during the environmental impact assessment studies as part of the effort to collect information about threatened, endangered and sensitive species, migratory birds and other potential wildlife impacts.

Moreover, in some cases we conduct wetland assessments to predict and estimate the nature and extent of project-related impacts on hydrologic systems. The results of this assessment can be used to improve the project design layout.

At the Timber Road II wind farm installed in 2011, due to the potential disturbance to rare mussel species, in an effort to prevent any sedimentation to Blue Creek in Ohio and the adjacent floodplain, we took additional measures to the current requirements in an effort to further reduce impacts to biodiversity.

Finally, cultural and historic assessments are performed, that include research of pertinent historic records and cultural resource databases. In addition, in some projects we also consult local representatives with an interest in historic preservation regarding cultural resources that may be impacted by the project. These consulted parties may have unique knowledge of cultural resources in the project area and vicinity that could otherwise be overlooked. The results of the research and consultation are used to aid in modifying the project design layout, where practicable.

Construction

Throughout the construction phase, we ensure that all main contractors are committed with the fulfilment of the environmental conditions and best environmental practices, through the inclusion of these requirements in the bidding documentation or in specific environmental management plans.

Additionally, through construction surveillance plans we are able to assure that all of these requirements are put in place, simplifying the identification of potential impacts and the implementation of corresponding preventive or corrective measures, when necessary.

Once construction has finished, the affected land is restored. During 2011 137 ha were restored. Additional measures are also taken to protect and preserve the habitat. For example, in the US, several habitat mitigation parcels have been created.

The reseeding progress of disturbed areas after the completion of construction activities, is overseen by a third party environmental constructions monitor that makes recommendations, when necessary, to ensure success of reseeding efforts. Third party monitoring has also occurred at some wind farms habitat mitigation and wetlands mitigation parcels.

Operation

During the operation phase, we ensure the environmental legal compliance and the proper management of the environmental aspects through the EDPR 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.

Contractors, who are mainly related to third party operating and maintenance service providers, are required to follow the environmental legislation as well as the environmental policies, management systems and requirements of EDPR.

Environmental certification

The EMS in place or under implementation in Europe and Brazil is based on the ISO 14001:2004 Standard. The implementation of this system in Europe started in 2008 in some wind farms in Spain. Since then, it has been extended to other geographies, such as Portugal, France, Poland and Romania. We set as a target to have the EMS implemented in all operating wind farms in Europe were we have a controlling stake by the end of 2012.

In Europe we have 2,193 MW with the EMS certified in compliance with the ISO 14001:2004 standard (55% of The MW in operation in Europe).

In Brazil, we are currently working to implement the EMS in all wind farms, accounting for 84 MW, to be certified according to ISO 14001:2004 standard.

In the US, we have defined an action plan to review applicable environmental laws and regulations and conduct internal environmental audit of our wind farms to evaluate , on a yearly basis, the industrial compliance with applicable legal requirements, instead of pursuing a specific certification.

Monitoring impacts

All wind farms in operation covered by the EMS, have operational controls in place, to monitor and measure the environmental aspects considered significant. These include water, electricity and other consumptions; greenhouse gases, noise and other emissions; hazardous and non-hazardous waste, among others.

Most of the electricity consumed in the wind farms comes from the same green electricity produced by them. However a small amount is consumed to power auxiliary services.

WIND FARMS INDIRECT EMISSIONS

	2011	2010 (1)
Energy consumption (GWh)	51.0	41.1
t CO_2eq	21,012	19,411

(1) In 2010, Brazil not included

Waste is another environmental aspect considered relevant in our wind farms, although the amount generated by them is considered relatively small in comparison to other energy generation processes.

The main consumption and also the main waste produced in the wind farms is oil, which is used as a lubricant. In 2011 the amount of oil used was 221 tons.

"Wind farm design plays a fundamental role in the amount of waste generated"

EDPR employee

Wind farms are equipped with different bins for non-hazardous waste segregation. Hazardous waste is packed, labeled and stored until final treatment is given by an authorized waste handler.

WASTE GENERATED IN WIND FARMS

	2011 (1)	2010 (1)
Total waste (t)	708	567
Total hazardous waste (t)	393	272
Total waste (t)/production (GWh)	0.042	0.039

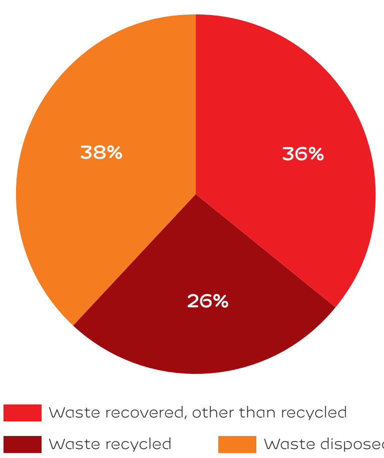
(1) Brazil not included

The company promotes the recovery of waste rather than disposal through recycling and other means.

Wastewater is kept in confined deposits in the majority of cases and is sent, if needed, to treatment.

During 2011 we had 3 significant spills with a total volume of 0.63 m^3. Although these environmental emergencies are not common due to the nature of our facilities and the business itself, we have developed an environmental near-miss system, to improve and anticipate crises. Furthermore, we defined an emergency response procedure to ensure that the steps to follow are clearly understood to overcome and control an emergency situation. It also ensures that every employee or any other person working on our behalf is conscious about the importance of the identification of near-miss situations in order to avoid future emergency situations.

WASTE TREATMENT IN WIND FARMS 2011



EDPR USING ITS WIND FARMS RECYCLED OIL IN TWIN GROVES VEHICLE FLEET

At Twin Groves Wind Farm in Illinois, the site operations team has begun using recycled oil in the site vehicles. The oil is recycled by Twin Groves' qualified waste hauler, which pools the used oil recycled by the wind farm with that from other companies in the area. The oil is then filtered to produce a pure product, using 85% less energy than the conventional production from crude oil and emitting 80% fewer GHGs.

"It closes the loop between our waste oils and our activities on-site. It just makes sense."

EDPR employee

Decomissioning

Our portfolio of wind farms is planned to be in operation for many years. Even at the end of the wind farms useful life, they may be repowered and their useful life extended. Nevertheless, our environmental strategy contemplates the restoration of the area occupied by our turbines, as well as, a waste management plan and an environmental monitoring plan.

Respecting the ecosystem

Wind farms development typically occurs in rural areas where wind resource is abundant and the operation of wind farms is compatible with current land use. No loss of livelihood or economic losses are associated with the developments. Only a small percentage of the land is affected by permanent constructions and its change of use is approved by the competent authorities.

Once construction is complete, the actual land taken out of permanent production is less than 1% of the total project area. 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. The total area within a wind farm boundary can vary, depending upon the wind resource characteristics and terrain.

SLOWING DOWN URBANISTIC PREASURE IN BRAZIL

Some of our wind farms contribute to preserve the ecosystem by containing the housing construction progression. This is the case of our wind farm in Tramandaí, Brazil, located in an area where construction was advancing at a high pace. The fenced area of the wind farm protects an area of c. 500 ha.

Our commitment to respect the ecosystem also clearly leads us to work towards the world's objective of reducing biodiversity loss due to human activity, as reflected in our company's Biodiversity Policy.

"EDPR wants to have an even more active role in the conservation of biodiversity and its promotion."

EDPR Biodiversity Policy

A small percentage of our sites in operation are inside, partially within or adjacent to protected areas. Those wind farms are all located in Europe. The EMS being implemented in those areas requires specific bird and bat monitoring for any wind farm located within a 5 km radius of a protected area for them. Detailed information regarding wind farms and protected areas is available on EDPR's website www.edprenovaveis.com.

During 2011, in order to offset those impacts that cannot be prevented, EDPR implemented many compensation measures. These measures included partnership with environmental associations aimed at achieving a globally positive biodiversity balance.

PROTECTING THE AVIFAUNA THROUGH THE MIGRES FOUNDATION PARTNERSHIP

We collaborate with Migres Foundation, a private non-profit organization that aims to establish a forum for the study, preservation and dissemination of nature. This foundation also raises awareness over the sustainable use of natural resources, especially those related to migratory birds. Some projects carried out throughout 2011 include the monitoring of the griffon vulture (Gyps fulvus) and the montagu's harrier (Circus pygargus) at the Strait of Gibraltar and the reinforcement of the lesser kestrel (Falco naumanni) population in Tarifa (Spain).

In 2011, through this partnership we also collaborated with a local research institute (CSIC-EBD) to analyze the data regarding bird mortality at wind farms in the Cadiz region. Two scientific reports resulted from the study, revealing that wind farms' operation can be compatible with species conservation and provided practical solutions to actual problems.

Fundación Migres/A.Román MUÑOZ

EDPR CONTRIBUTES TO EDUCATION IN THE FORESTRY GARDEN IN BRAZIL

During the construction of Tramandaí Wind Farm, the impact in the flora was mitigated by the transplantation of the flora to a forestry garden, a Conservation Unit of the Rio Grande do Sul state, managed by the Environmental State Secretary (SEMA).

The forestry garden is a key environmental education element in the region, as it hosts visits from schools to learn the importance of the biodiversity preservation.

We also donated many other materials to reinforce the garden conservation activities or for educational purposes. Through this support, we ensure that educational activities promoted by the forestry garden continue to educate a large number of kids, visiting the garden.

Many cooperation agreements have been signed by EDPR throughout Europe and the US such as:

- In Spain, we started our cooperation with the Natural Heritage Foundation as a result of the agreement signed in 2010;
- In the US, a partnership with the American Wind Wildlife Institute, where in 2011 we released a general screening tool for prospective wind farms to inform developers about environmental characteristics of the areas at a very high level;
- In France we signed a 5 years agreement with Indre Nature;
- In Portugal, our participation in the Wind & Biodiversity Seminar in the University of Aveiro – this seminar aimed to develop new technologies and know-how to devise effective strategies to reconcile wind energy projects and biodiversity conservation.

Other specific initiatives started in 2011 including a multi-year golden eagle telemetry study in the areas around the Elkhorn Valley Wind Farm in Oregon, US. Resident adult golden eagles were captured and fitted with GPS transmitters. The location data, transmitted hourly, will help the company understand golden eagle behaviour and site use, establish the size of an eagles 'home range' and movement patterns relative to the wind farm.

Footprint from administrative activities

Our administrative activities require us to travel, consume resources in our offices and dispose or recycle the waste generated.

OFFICES CONSUMPTION

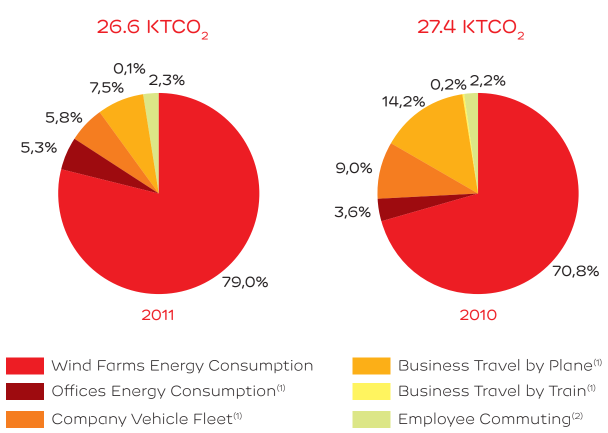
	2011	2010[1]
Energy consumption (GWh)	3.08	2.0
t CO_2 eq	1,417	981

[1] 2011 value did not include natural gas and electricity consumption in some offices in Europe

Electricity consumption represents just a small portion of the amount generated. Even when adding the electricity consumed in our wind farms and offices, it represents only 0.3% of the electricity produced.

In addition to the amount of CO_2 emissions from electricity consumption, we have other indirect emissions due to business travel, transportation by our own vehicle fleet and by our employees commuting. Our indirect emissions represent 0.3% compared with the total amount of emissions avoided.

CO_2 eq EMITTED [(1),(2)]

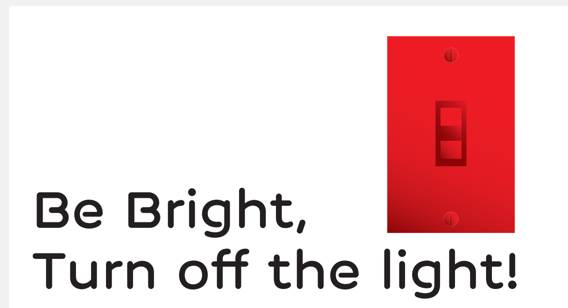


(1) Transport and natural gas consumption emissions were calculated according to the GHG Protocol
(2) Employee commuting emissions calculated from data collected in a survey to all employees performed in December 2010

Even though the nature of our business largely offsets our carbon emissions, we look for a common mindset in EDPR employees to minimize our impact on the environment. During 2011 we developed initiatives to become more eco-efficient in our administrative activities.

BE BRIGHT, TURN OFF THE LIGHT

EDPR employees receive a short message when they shut down their computers. The message, which reads "Be bright, turn off the light," is a friendly reminder to employees to save electricity by turning off the office lights before they leave at the end of the day.



In the US we provide our employees with bike storage and showers to encourage employees to ride bikes to work, as a means of clean transportation. We also provide them with bus and rail tickets to encourage the use of public transportation. In Europe during 2012 employees will also be encouraged to use public transportation by the use of specific incentives included in the company's flexible compensation plan.

In the first quarter of 2012, EDPR will launch a new eco-efficiency campaign that focuses on fostering environmental best practices in our offices.

EDPR OPENS A SUSTAINABLE OFFICE IN OPORTO, PORTUGAL

In 2011 EDPR inaugurated its new head office in Oporto. The new building is shared by various EDP Group companies, significantly improving the ratios of area occupied and operating costs.

The building is noteworthy for its technological level of management and control systems and its multiple energy efficiency and sustainability solutions. Examples of this include:

- Photovoltaic panels installed on the roof and facades;
- Motorized shading blades on the facades;
- Lighting fixtures using low-consumption fluorescent or LED bulbs;
- Air conditioning system with energy recovery technology;
- Water heating that uses residual heat from the heating, ventilation, and air conditioning equipment;
- Underground water for the automatic irrigation system and water sanitation.

supporting social development

"In today's uncertain economic environment, EDPR's growth provides opportunities for local communities, generating high quality jobs, improving public infrastructure and spreading economic benefits."

Gabriel Alonso, Chief Operating Officer - North America

Economic development of the local communities

EDPR provides long-lasting economic benefits to surrounding areas throughout the entire lifecycle of its wind farms. These benefits include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments, job creation and direct contributions to community projects.

ECONOMIC BENEFITS (€m)

	Infrastructure investments	Taxes and share of revenues	Community projects
Europe	12.17	25.15	0.727
North America	20.40	17.86	0.477
Brazil	n/a	0.06	n/a
EDPR	**33.57**	**43.07**	**1.20**

n/a: Not Available

Infrasctructure investments

Roads

The construction of a wind farm comprises the construction of new roads and the rehabilitation of existing ones in order to transport heavy equipment (i.e. wind turbines) to the site during construction works. The local communities benefit from these roads, as they provide an improved connection for local inhabitants to perform their agricultural activities.

For example, in Romania the newly constructed roads for the Pestera wind farm are currently used as a bypass road to connect two of the surrounding populations. Also, in the US, during the construction of Timber Road II wind farm, 23 km of roads were constructed to transport the turbines, and 21 km of public roads were upgraded, providing an indirect service to the community.

Utility infrastructures

The integration of our generation capacity may require upgrades in the distribution and transmission grids that belong to the distribution system or transmission system operators. Most of the times, these upgrades are financially and technically supported by EDPR, indirectly benefitting the quality of electric service in the surrounding areas.

This is particularly important in countries where wind energy is in its early stages, such as in Romania. In 2011 EDPR invested more than 4 million euros in this country, for the grid connection to the Sarichioi and Vutcani wind farms (totalling 57 MW), upgrading 84 km of existing 110 kV high voltage lines and 4 existing 110 kV electrical substations, plus the construction of a new In&Out 110 kV substation.

Utility systems upgrades are also performed in countries where wind energy is already in a mature stage. For example, in 2011, EDPR invested 2 million euros upgrading the electric system in the Ávila region, Spain, thus benefiting the surrounding population and allowing the connection of several wind farms.

WIND ENERGY CLEARLY BENEFITS THE SPANISH ECONOMY

The 2011 update of the Macroeconomic Study of Wind Energy Sector impact in Spain was issued by the wind energy business association (AEE), where EDPR is an active member. This key document analyzed the socio-economic impact of wind energy in Spain and revealed the positive impacts of wind energy on GDP, fiscal and trade balance, employment and its contribution to Spanish energy self-sufficiency.

The global impact of wind energy on the Spanish economy is overwhelmingly positive: 43,692 GWh demonstrates that Spain ranks first in wind energy generation in Europe. Wind energy covers 16% of electricity demand in Spain. The Spanish wind sector employs, directly or indirectly, more than 30,000 people. Net exports of the sector reached 1.1 billion euros, in 2010, and avoided fossil fuel imports amounted to 1.6 billion euros, in 2010.

Leases, taxes, and revenue sharing

EDPR also provides direct economic returns to the local and regional communities by means of land leases, local taxes and property taxes. For example, in the US, property tax is paid to state and local entities in the states where the assets are held, which benefits the local communities. This sharing of revenues is a large contribution to the yearly budget of rural municipalities where wind farms are located.

Furthermore, during the construction of our wind farms, the local community can see an influx of temporary construction workers that provide a positive impact on the local economy through local spending and increased sales tax revenue.

In some US states where abatements and exemptions are allowed by law, we may make payments in lieu of taxes (PILOTs) to the local taxing jurisdictions. PILOT payments help recover some of the lost tax revenue and in 2011, we made a total of 6.8 million euros in PILOT's to local communities in the areas in which we operate in the US.

PILOT payments are another method of favourably impacting the local communities. In 2011, the PILOT proceeds paid to Cloud County, on behalf of Meridian Way Wind Farm in Kansas were used by the county to construct transportation infrastructure for its citizens.

Community projects

As part of the relationship with the local communities, we also make donations to the local social development. These contributions include, but are not limited to, investments in associations, local fire departments, universities, schools and youth organizations, entities that work to preserve the local culture, organizations focused on sports and physical activity and also contributions to medical causes.

3,228 NEW JOBS COULD BE CREATED IN THE MORAY OFFSHORE WIND FARM CONSTRUCTION

Developing offshore wind in the Moray Firth in the UK will generate growth in related goods and services in the area, as well as, other areas of Scotland. EDPR is working to determine how the local economy can take advantage of this opportunity to grow and create jobs.

We estimated that the project could create as many as 3,228 jobs during construction, and 446 during operations for the lifetime of the project.

There is a considerable potential for job creation and this study reinforces the importance of working with the government, public agencies and the industry to ensure that the local economy is able to capture the economic opportunities that the project will create.

Meeting with Scotland's First Minister, Alex Salmond MSP, to discuss the project

Local hiring and procurement practices

Although there are no in-house procedures explicitly requiring local recruitment, a high percentage of our employees come from the locations in which the company operates. As a result, we contribute to the local economic development.

% OF LOCAL HIRES

	All employees		Directors [1]
	2011	2010	2011
EDPR Corporate	72%	61%	n/a
EDPR EU	94%	95%	67%
EDPR NA	88%	56%	n/a
EDPR BR	100%	100%	n/a

n/a: not applicable. No directors hired in that platform
(1) data was not published in 2010

For operational activities, we usually hire members of the local community for the operation and maintenance services of the wind farms, such as wind farm management, wind turbines operation and maintenance, electrical and civil works maintenance, environmental surveillance and other support services. These practices let us benefit from local workers specific knowledge.

There are no in-house procedures for procurement practices with local suppliers. However, in Europe, on average, 85% of the top 20 major suppliers for each country were local. In terms of spending, 72% of the procurement expenditures were paid to local suppliers.

% OF SPENDING ON LOCAL SUPPLIERS

	Local suppliers	
	2011	2010
Europe	72%	38%
North America	51%	77%
Brazil	100%	–

Corporate citizenship

EDPR positively impacts the lives of local communities by hosting educational programs, actively participating in volunteering activities, sponsoring and participating in fairs, conventions, cultural and sports events.

Education

Educational visits to wind farms

EDPR is committed to teach the benefits of wind energy to society. Educational campaigns and visits to our wind farms are part of our day-to-day activities. Children, students, professionals, authorities and the public in general benefit from our conduct.

For example, in Poland we performed several educational theatre plays for children, explaining wind energy. Over 1,000 participants originating from all over the country participated in these educational events.

EDPR SUPPORTS EDUCATION

In 2011 EDPR launched the Green Education program which awards grants to students from disadvantaged families to promote education. This project aims to give special attention to those countries where EDPR is present, namely Spain, Portugal, Romania and Poland.

"Education lies at the heart of our society's future. In light of the current context, we have to contribute to education as much as possible"

João Paulo Costeira, COO Europe

In each country the Company granted allowances to compulsory education, secondary education and university with a lump sum of 500, 1,000 and 2,000 euros, respectively.

Besides the economic resources, the company considered the children's academic performance. The main objective was to promote the children's studies within families with less favourable economic conditions.

With a budget of 66,000 euros we have been able to give scholarships to 84 children in Spain, Portugal, Romania and Poland.

EDP University Challenge

Under the title "EDP and renewable energies: facing the future side by side", the company organized the EDP University Challenge. The 2011 edition of the University Challenge achieved a remarkable participation with over 30 project entries. The winner was the project "Design for an off-shore wind farm", presented by a group of students from the Gijón Technical School of Engineering of the

University of Oviedo, Spain. The winning team was awarded an educational grant valued at 10,000 euros and will also be given a three-month work placement at EDPR. The professor who supervised the winning entry was also awarded with a research grant valued at 3,500 euros.

Hosting local communitties

Opening ceremonies

Opening wind farms ceremonies are good opportunities to share the results of EDPR wind farms' development in the region with the community. Local inhabitants, industrials, authorities, media, among others, had the opportunity to celebrate with EDPR employees and share the accomplishment.

In 2011, one of these examples was the inauguration ceremony of the Roman Blandey wind farm which is first wind farm to begin operation in the region of l'Eure, Upper Normandy, France. This event included several educational activities for the curious local and elementary school children. The goal of these activities was to raise awareness among the local population of the social and environmental benefits of renewable energies, and wind power in particular.

In the US we inaugurated the Timber Road II wind farm, located in Paulding County, Ohio. EDPR organized a dedication ceremony with nearly 250 guests, including landowners, county and state dignitaries and employees, for the ribbon cutting ceremony of the first Ohio's utility scale wind farm.

In Brazil, EDPR proceeds with its program in partnership with Instituto EDP for dialogs with the local communities. After the Tramandaí wind farm opening a workshop was held in an open day with 70 people.

Global wind day

InJune 2011, EDPR participated in the Global Wind Day, an initiative that promotes awareness for wind energy worldwide and creates opportunities for every citizen to discover the benefits of wind energy.

Several wind farms in Europe hosted open houses with information sessions and other recreational activities for our students, local residents and the general public.

Volunteering

We are proud of being an active member of our many communities. Year after year, we strive to make a positive impact through our many volunteering initiatives.

In 2011, the EDPR Volunteers program was developed and approved. It will be implemented in Europe in 2012. EDPR has always aimed to promote solidarity, and through this initiative we will have the opportunity to strengthen this spirit among our employees.

The program will give three options for volunteering:

- Volunteer Projects: employees can collaborate by participating through a symbolic annual reference quota of volunteer working;
- Weekend Volunteers: employees volunteer their time outside the office and EDPR provides the means to coordinate and develop the volunteer work;
- Solidarity Actions: group activities developed throughout the year involving all employees which will take place during work time hours.

In the US a Volunteering Policy was created to define criteria and processes that allow employees to use up to four hours each month to participate in volunteering efforts. In conjunction with the Volunteering Policy, an Employee Volunteer Program was developed. The program is managed by the Volunteer Committee. The objective of the program is to:

1. Give our employees the possibility to participate in their communities and to be responsive and more aware of emerging needs;
2. Create an environment both within the company and in the communities where we do business that is open to ideas, supportive of individual differences, and expressive of what is best in volunteerism.

During the 2011 European Year of Volunteering, EDPR sponsored two summer camps for 120 children from socially excluded families, in partnership with the NGO Solidarity, Education and Development (Solidaridad Educación y Desarrollo - SED) in Spain.

"Kids reminded us how important it is to be able to put on a smile during hard times, as well as having the openness to meet and give a chance to new people, values we often forget."

EDPR employee

A group of our employees also participated, in collaboration with the organization SED and the Espiral Loranca Association in the development of workshops for 70 children from low income families. The workshop's objective was to encourage team work and promote the children's imagination and creativity. They were responsible for designing their own wind turbine from Lego pieces.

SOCIAL INITIATIVE FOR AUTISM ASSOCIATION

During the European annual meeting, employees had the opportunity to work together for a day and strengthen ties. Moreover, this year's team building had an additional goal: to carry out a social initiative and the team was successful in repairing the facilities of the Spanish Autism Association CEPRI.

On the other hand, several initiatives were also developed in the US, namely:

- Adopt-A-Beachin Galveston: Due to tide patterns in the Gulf of Mexico, trash dumped anywhere in the gulf is likely to end up on a Texas beach. EDPR volunteers helped collect and dispose of trash that washed up on the beach;

- Trees for Houston: is a non-profit organization committed to planting, protecting, and promoting trees in the Greater-Houston area. Volunteers potted tree seedlings at a local farm in La Porte, Texas;

- BARC Animal Shelter and Adoptions is a Houston-area animal shelter required by law to take in all animals regardless of breed, temperament, health conditions or circumstance. EDPR's group of volunteers participated in a variety of shelter tasks;

- Houston Food Bank: is the largest source of food for hunger relief charities in 18 southeast Texas counties. EDPR's volunteers helped in the kitchen, labeled food in the pantry and loaded/unloaded donations;

- Houston Habitat for Humanity: Habitat is a non-profit, ecumenical organization seeking to eliminate poverty housing and homelessness from the world and to make decent shelter a matter of conscience and action. EDPR's volunteers worked to complete wall builds, which were used in the construction of a new home;

- Hermann Park Conservancy: National Public Lands Day is the nation's largest single day volunteering effort to improve and enhance the public lands in US. EDPR's volunteers helped from restoring and replacing native plants and trees, to the preserving the unique environment around Bayou Parkland.

Local fairs, conventions and sponsorships

We actively participate in local fairs and conventions, as well as sponsor several initiatives intended at spreading information about the renewable sector. These initiatives help drive business development and demonstrate how the company's actions benefit the community.

- EDPR sponsored and participated in the 6th Spanish National Environmental Impact Assessment Congress. A representative from EDPR delivered a lecture on the "Effectiveness of the Environmental Impact Assessments" session.

- EDPR was present at an open session on the G4 Consultation organized by the Global Reporting Initiative (GRI) and the Abertis Foundation, and participated in the panel as one of the key speakers.

- We participated in the 2011 Wind Energy Convention to debate the current situation in the Spanish wind energy sector.

- EDPR played an active role during the "windustry days", in France. EDPR representatives met with local companies interested in becoming one of EDPR's suppliers.

- EDPR participated in the conference on opportunities in Poland sponsored by Portuguese newspaper Negócios.

- As part of its effort to expand business in the UK, EDPR took part in the All Energy conference in Aberdeen in May.

- In the 3rd Professional Gathering on Renewable Energies in the US, EDPR was present to talk about the present and the future of wind power in the country.

- EDPR was the main sponsor of the Movie & Music festival Wiatrakalia ("The feast of the windmills"), the main summer event near the Margonin wind farm, Poland.

Sports

During 2011, we sponsored and organized a number of sporting events.

In the UK, the RenewableUK Regatta was held this year in Port Solent, Portsmouth. With the event's growing strength, there was a significant attendance from various representatives from the renewable industry including a team from EDPR UK and Repsol Nuevas Energias UK, our partner in offshore wind projects in the UK.

In Spain, EDPR sponsored a team of 9 and 10-year-old football players from a football academy "Escuela de Futbol Hermanos Llana in Austurias" in Spain. Helping youth sports teams is one of many ways EDPR gets involved in the communities.

In France, many sponsoring contributions were made in 2011 to the communities surrounding our wind farms, notably to the hockey club in Vatines, Varimpré and Clos Bataille and to a football team in Beaurevoir where our contribution helped fund the purchase of new equipment. Additionally, EDPR also contributed to a cycling tour run by the mayor in Pièces de Vigne and Petite Pièce.

In the US, EDPR's cycling team participated in the annual two-day 150 mile ride from Houston, Texas to Austin, Texas. It is the largest organized bike ride in the state of Texas with approximately 13,000 participants. The event supports the Lone Star Chapter of the National Multiple Sclerosis Society which provides research and programs for people living with multiple sclerosis (MS).

developing human capital

"Our young and dynamic teams throughout the world are the number one reason for our success. Offering them attractive careers and training will make us better equipped to face the challenges ahead."

João Paulo Costeira, Chief Operating Officer - Europe

developing human capital

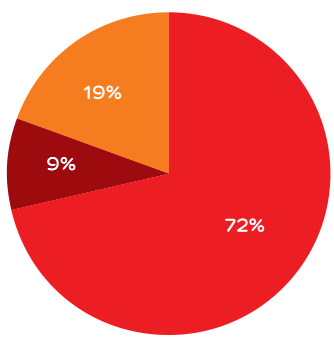
Our people

Year after year EDPR consolidates its top tier position in the renewable energy market thanks to our people's commitment and effort. By guaranteeing the excellence of our employees, human capital management plays a key role in supporting our growth targets and in helping to exceed the company's operational performance. At EDPR we are committed to offer our people an attractive career development plan with opportunities to grow professionally.

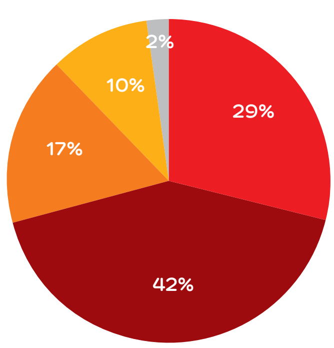
Our people profile

We have a qualified and diverse team aligned with our business strategy, 72% of which hold university degrees and 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



In 2011, EDPR employed 796 people, 37% of which are located in North America or Brazil, while the remaining 63% work in Europe.

HEADCOUNT AT YEAR-END

	2011	2010
EDPR Corporate	127	75
EDPR EU	393	398
EDPR NA	260	332
EDPR BR	16	17
Total	**796**	**822**

(1) Figures do not include members of the Board of Directors except four members of the Management Team
(2) In 2011, 22 EDPR Corporate employees were based in North America.

"We value our employees as they give EDPR a competitive advantage. Offering them the best professional opportunities is our daily goal."

Estrella Martin, Head of Human Resources

EDPR Corporate now includes two additional departments that were previously in the North American and European platforms. This change allows for the harmonization of key processes and the sharing of best practices.

Throughout the year, 130 new employees joined EDPR while 154 are no longer with the company, resulting in a turnover ratio of 18%. The year on year increase of this metric is mainly due to the restructuring in EDPR NA.

EMPLOYEE TURNOVER

	2011	2010
Number of hires	130	171
Number of departures	154	70
Total turnover	18%	15%
TURNOVER BY GENDER		
Male	18%	16%
Female	18%	12%
TURNOVER BY AGE RANGE		
Less than 30 years old	22%	14%
Between 30 and 39 years old	16%	14%
Over 40 years old	17%	17%
TURNOVER BY PLATFORM		
EDPR Corporate	8%	13%
EDPR EU	14%	11%
EDPR NA	27%	18%
EDPR BR	28%	41%

Note: turnover calculated as [((new hires + departures) / 2) / (total employees – temporary contracts)].
Transfers between companies of the EDP Group are not considered, to be consistent with the group reporting

EDPR prides itself of having a multicultural team, with employees from 24 distinct nationalities, working in 11 geographies, of which 80 are outside their home country. This provides an important advantage, as teams benefit from multiple perspectives and deep knowledge of different markets.

FOREIGN NATIONALITIES

NATIONALITY	SP	FR	BE	PL	RO	IT	UK	US	BR	All
Portuguese	27			1			1	3	1	33
Others from Europe	10	2	2					1		15
Spanish					1	1	3	5		10
Indian								8		8
Others from Africa and the Middle East								5		5
Others from Americas	1							4		5
US American	2						1			3
Asian								1		1
Total	**40**	**2**	**2**	**1**	**1**	**1**	**5**	**27**	**1**	**80**

EDPR employs 99% of its employees with an indefinite contract, with just 7 cases of temporary employment. Moreover, the increase in the number of employees working part-time is due to parental leave.

EMPLOYMENT AGREEMENT BY TYPE

	2011	2010
Full time	98%	100%
Part time	2%	0%
Permanent	99%	100%
Temporary	1%	0%

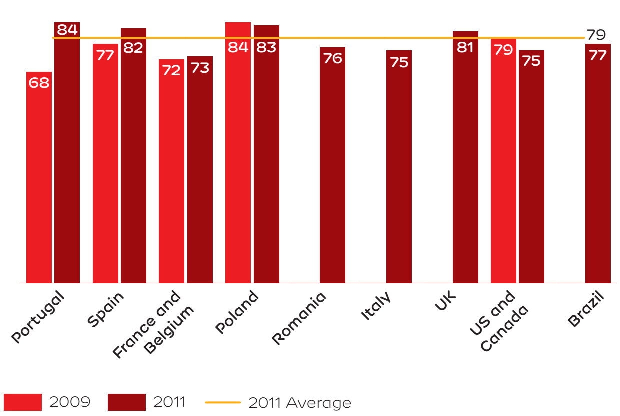
Our people's satisfaction

Every two years, EDPR conducts a satisfaction survey for its employees. In 2011, the participation rate increased to 91% from 78% (in 2009), and resulted in a global score of 79%.

An in-depth analysis of the macro indicators shows an increase in the level of satisfaction with both the company and one's department. The survey revealed strong company loyalty as the highest score achieved was related to employee's desire to stay.

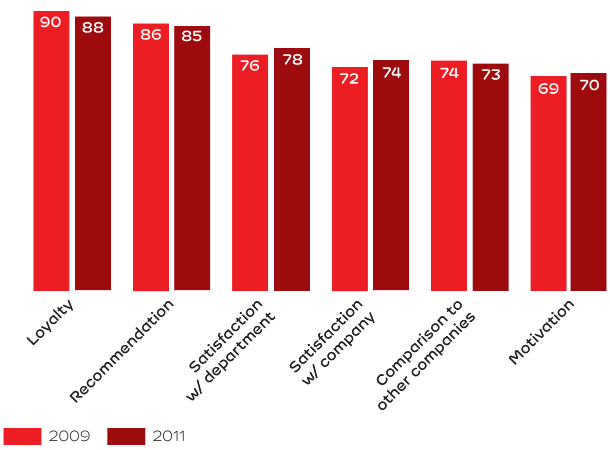
From a geographical perspective, Portugal and Poland are the countries that exhibit the highest "global satisfaction index" score.

2011 GLOBAL SATISFACTION SURVEY BY COUNTRY



The attributes "loyalty", "recommendation of the company to other colleagues" and "satisfaction with the department" are the most referred when analyzing our employee's satisfaction.

2011 GLOBAL SATISFACTION SURVEY BY ATTRIBUTE



EDPR employees view the company as being environmentally conscious, concerned about the health and safety of its employees and promoting energy efficiency. This image reflects the commitments made by the management team.

Satisfaction Survey Follow Up

In order to address the most common concerns brought up in the survey, a number of workshops were held in EDPR´s European offices to gather suggestions for improvement. Participants were given the mission to participate in the development of an action plan for the Company that will be implemented in 2012.

Our evaluation and performance

EDPR continues to improve the appraisal model implemented in 2010, which is applicable to all our employees. Currently, it is based on a 360 degrees evaluation model in which the system collects information from several data sources to evaluate employee performance: oneself, peers, subordinates and manager. In 2011, audiovisual material, publications on the Intranet and workshops were carried out to educate our employees on the process.

During the 2011 appraisal process, employees had the opportunity to create their Individual Development Plan, which was aligned with their manager. The objective of this new system is to monitor the progress of improvement actions and skills development.

EDPR 360º APPRAISAL PROCESS

Feedback Interview
Continuous feedback interviews are encouraged to define and evaluate gaps. Then, employees are asked to create an Individual Development Plan.

Individual Development Plan
EDPR encourages all employees to create their Individual Development Plan, which is one of the most relevant support tools for their development.

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. As a sustainable company, EDPR aims to ensure that new recruits are aligned with the company's values:

- **Team Oriented Environment:** EDPR promotes an environment that is based on team building and allows employees to have exposure to other areas of the company;
- **Career Development:** EDPR recognizes the importance of career development and helps employees acquire knowledge and master the business so they can excel in their professional growth. The Company offers opportunities for internal mobility and recognizes and rewards employees for their innovation, hard work and performance;
- **Diversity:** EDPR has a diverse population, with employees from a wide range of backgrounds and cultures;
- **Sustainability:** EDPR aims to encourage environmental, economic and social stewardship by its employees and communities. This is achieved by using sustainable processes and practices to foster partnerships that improve the quality of life.

In 2011, EDPR hired 130 employees, 68 for EDPR EU, 40 for the EDPR NA, 18 for EDPR Corporate and 4 for the EDPR BR. Additionally, the percentage of women hired increased from 27% to 32%.

NEW HIRES

	2011	2010
Female	41	47
Male	89	124
Total	**130**	**171**

POOL OF JUNIOR ENGINEERS

In 2011 EDPR launched a new program called Pool of Junior Engineers with the main purpose of replacing expatriates with local talent.

The program includes a professional development and training plan for 2 years, where recruits work for 4 different departments, in 4 different countries. This provides a thorough understanding of the EDPR global business. If their performance after the 2 years proves to correspond to the Company's objectives, the engineer will be contracted in their home country.

Welcome New Hires

EDPR is concerned with the adaptation of new hires. Thus, in EDPR EU, we organized five Welcome Days that give the opportunity to get to thoroughly know EDPR.

During this three day event, EDPR provides new hires with some basic knowledge and tools that are invaluable for the quick adaptation. Recruits are briefed on the activities and objectives of the companies departments, visit a wind farm to get an up-close view of the business and receive basic training by the Renewable Energy School.

Employee Handbook

Taking into account that all new employees must be aware of human resources policies and procedures, they must have an easy-to-handle manual to help them solve any issues. Thus EDPR developed a guide applicable to all new employees hired within Europe. This guide already exists for the North American platform.

After several meetings with country managers and heads of department to collect country specific information, the document was finished and published. The information is available on the company intranet and will be updated on an annual basis. A road-show was taken to several countries, providing a small presentation to educate all employees on the new handbook.

Interns

During 2011 we hired 84 interns, 5 of which were brought on full-time. EDPR is committed to hiring the brightest people and seeks interns from the top universities and business schools.

INTERNS

	2011				
	Summer	Annual	Total	Contracts	(%)
EDPR Corporate	0	12	12	2	17%
EDPR EU	4	46	50	2	4%
EDPR NA	16	0	16	0	0%
EDPR BR	0	6	6	1	17%
Total	**20**	**64**	**84**	**5**	**6%**

"My summer internship at EDPR will have a long lasting impact on my career. I got the opportunity to work on critical projects, learn for top executives and enjoy the company's challenging environment."

Intern, summer 2011

Development

Training

We are committed to offer employees an attractive career development plan, as well as continuous education and training opportunities. This vision is key in aligning current and future demands of the organization with employees' capabilities, while fulfilling their professional development expectations and supporting their continued employability.

In 2011, we increased the number of training hours from 26.734 to 37.996. Additionally, the total investment was increased by 45%, reaching 1 million euros.

TRAINING METRICS

	2011	2010	(%)
Number of Training Hours (#)	37,996	26,734	42%
Management (#)	5,448	2,959	84%
Technical (#)	29,516	19,351	53%
Behavioural (#)	1,013	144	6x
Organizational (#)	2,019	4,280	-53%
Training investment (€)	1,033,329	712,243	45%
Number of Participants (#)	3,685	3,277	12%

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

In order to improve our employees' training, we created the EDPR Training Catalogue 2012, with a schedule of the training activities and the training policy. Additionally, the Renewable Energy School has been included as an educational field in the Training Catalogue. These tools allowed for the creation of a common knowledge base for all employees and synergies within the EDP group.

High Potential Program

The High-Potential Program (HIPO) is a program designed to develop soft skills in order to prepare future leaders and successors to carry EDPR to the next level.

The specific areas included when designing the program are:

- Strategy;
- Leadership and teamwork;
- Communication and negotiation;
- Innovation and knowledge sharing.

EDPR FOSTERING KNOWLEDGE AT THE RENEWABLE ENERGY SCHOOL

Since the end of 2010, the project of the Renewable Energy School has been evolving from the initial general idea to a tangible and defined initiative, through numerous internal stakeholders' consultation to ensure the real value added and effectiveness of this knowledge management initiative. With the ambition of going beyond pure training, the School is now emerging as a true platform for sharing knowledge, experience and best practices.

The Renewable Energy School of EDPR was officially launched in Europe (Madrid) in September and in the US (Houston) in October.

The school's curriculum is organized around seven programmes that have been identified by EDPR's managers as priority areas for this project: Technical Training, Project Ownership, Operating Company Realities, Wind farm Economics, Asset Management, Offshore Projects and Safety Culture.

In 2012, the school will gradually add new courses at two different levels: Fundamentals and Proficiency.

The Fundamentals Courses are targeted primarily at junior professionals, new hires without sector experience and employees with corporate services profiles. Proficiency Courses are targeted primarily at middle to senior management (depending on the specific role) or junior professionals, who need more in-depth training in a given area.

The selection of participants is designed to consider both the training needs of managers and the training requests submitted by employees. The school thus aspires to address the identified needs and priorities of the company.

In addition to the initial offer of full-day courses, modular offers will also be introduced in 2012. Called "Learning Series" they will consist of shorter sessions (2-3 hours) based on the modules and materials of the school's complete courses. The objective of this "Learning Series" formula is to make the school offering as flexible and time-efficient as possible.

Executive Program

The executive program was developed for managers, to consolidate their leadership and team development skills. The program is focused on:

- High Performance Leadership;
- Strategy and Business;
- Efficient execution;
- Change management.

Advanced Training

In 2011, EDPR offered advanced training to 7 senior managers, which is a good indicator of the commitment to Talent Development undertaken by the company. They enrolled in top international business schools which contributed to further develop our values and know-how, as well as to develop our high qualified profiles.

"Through high level courses in the best business schools, EDPR offers its employees the possibility to enrich their professional experience and to enlarge their business horizon"

EDPR employee

Leadership Guide

At the beginning of 2012, a training course will be launched in all European countries on leadership and the role of the team manager. For this training session, a guide has been designed to collect and consolidate the main Human Resources aspects that Managers could find in the exercise of their responsibilities as people coordinators.

As a final result, all managers should recognize their leadership responsibilities and the leadership style expected at EDPR. The training aims to emphasize the attitudes and behaviours of an EDPR leader, as well as to leverage the "Leaders Guide". In fact, as of 2011, all Managers are given a manual that explains HR issues and processes from a managers perspective.

EDPR TEAM BUILDINGS IN 2011

Aligned with initiatives developed in response to the concerns expressed in the Employee Satisfaction Survey and considering that the company's objectives and structure should be continuously communicated to our employees, EDPR promotes team building initiatives every year:

- **Europe**: during the platform's annual meeting, new hires took part in a cooking class activity, a team building activity to promote networking in a different way that boosts productivity and knowledge transfer.

"I was very proud of the team spirit I saw and I went home even more excited about joining this team" EDPR employee

- **North America**: three regional team building events were held. Employees from the Western, Central, and Eastern regions were invited to attend an all day team building event. The teams were hosted by the Woodlands Fencing Academy for one-on-one fencing. With the reorganization, and the development of new regions, groups are working together differently, in some cases working together for the first time.

"Anytime a new team is formed it is always important to know who the strong members of the team are, and what better way to figure that out than face-to-face with an epee in your hand"

EDPR employee

- **Brazil**: a workshop was held to explain EDPR's strategy and its new structure. Additionally, the results of the Satisfaction Survey for the Brazilian unit were also explained. A pedy paper organized in coordination with the Brazilian team of the Dakar Rally helped to enforce team spirit and cooperation.
- **France & Belgium**: a seminar was held to discuss opportunities for improvement in the business unit. Additionally, a team building exercise was developed that focused on how the organization, development and operations have increased efficiency.
- **UK**: During the annual team building event in the Scottish Highlands in 2011, all UK employees learnt about partnerships, indirect economic impacts of the wind industry, public infrastructure investments, and the impacts on communities, as well as the initiatives to mitigate environmental impacts in which the company is putting all its efforts.

Labour relations

In 2011, the North American platform undertook a reorganization to reinforce its role as an operator of a large installed capacity. The newly formed structure in 4Q11 provided a solution for an operations company with 3.4 GW of capacity. A key component of the restructuring was the formation of three operational regions led by new regional executive vice-presidents with clear responsibilities: project management (development and construction), regulatory risk management, and origination (PPA and M&A), leading to overall P&L responsibility.

The reorganization resulted in a 15% reduction in headcount. Employees departing the company were provided with a separation package which included the provision of services with an outplacement agency to assist in finding a new position, and the extension of company-paid medical, dental and vision benefits for a specific period of time.

As an employer in the United States, EDPR also complied with the Worker Adjustment and Retraining Notification (WARN) Act Guide to Advance Notice of Closings and Layoffs. Employees who have worked more than six months and 20 hours a week are required to receive 60 days notice in the event of closings and layoffs.

Collective Bargaining

From EDPR's 796 employees, 29% were covered by collective bargaining agreements.

Generally, collective bargaining agreements apply to all employees working under an employment relationship with and for the account of the respective companies, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

Per country case law, EDPR may have a minimum period which the Company must comply with for giving formal notice of organizational changes at the companies in the Group with an impact on employees. However, it is customary to communicate significant events to the affected groups in advance.

Compensation policy

Our global compensation policy addresses the needs of every local market, with enough flexibility to adapt to each region where the company is present. The developed system ensures that all positions are evaluated and graded according to a methodology designed to ensure fairness. Based on the organization's matrix, employees are placed within approved salary bands based on market benchmarks.

Benefits

We are committed to offer a competitive benefits package to recognize the contributions and talents of our employees. The Company does not differentiate benefits between full time and part time employees.

In addition to legal requirements per country, competitive benefits are offered in the various regions (adjusted to local specificities) and include, namely, medical insurance (one of the most recognized by our employees), life insurance, pension plans or retirement plans, business travel insurance and accident insurance.

The Company offers the opportunity to participate in either a pension plan or defined contribution plan, depending on the home country. The guaranteed contributions are supplemental to and independent of those established under the Social Security System.

EDPR also has a Flexible Remuneration Package that is currently implemented in Spain and Portugal. This plan allows for employees to decide if they want to receive part of their wage paid in products or services, namely restaurant tickets, kinder garden tickets, EDPR shares, and others. This can provide tax benefits for employees.

During 2011, EDPR analyzed the possibility of extending the Flexible Remuneration Package to other geographies according to local legislations, however we were unable to find tax benefits applicable to all employees.

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 and enjoyment, while boosting their productivity, commitment and accountability. Overall this creates positive bottom-line results for the organization.

EDPR implemented work-life balance programs throughout the geographies where the company is present and aims constantly improve and provide additional benefits. This course of action was ultimately recognized with the Family-Responsible Employer Certificate in Spain.

Benefits in the work-life balance programs include, depending on the geographies, maternity leave, subsidized summer activities for dependents of employees, birthdays and others.

EDPR RECOGNIZED AS A FAMILY RESPONSIBLE EMPLOYER

EDPR is a certified Family-Responsible Employer (Empresa Familiarmente Responsable) in Spain by the MásFamilia Foundation, due to the involvement of the entire company and the strong effort of the managers from our conciliation initiatives. This certification reinforces the commitment EDPR has to providing work-life balance for its employees and considers it an important priority to retain and attract the best people. The Másfamilia Foundation mission is to enhance and monitor the quality of life and social cohesion of families.

The certificate involved meeting several requirements. EDPR implemented new processes and conducted an external audit. The company stood out for its effectiveness in terms of scheduling flexibility, family support, equal opportunities and its ambitious policy of continuous improvement.

Take your child to work

At the North American headquarters in Houston, EDPR promoted its Take Your Child to Work Day, an educational program promoting opportunities for children to participate in career exploration at an early age. The all-day event included craft projects, games, presentations, lunch and a movie.

In Europe, our employees' children between 0 and 12 years old received a Christmas gift, along with a letter from the three Wise Men in Spain and from Santa in the rest of Europe. In order to foster the support of social causes, the gifts were purchased from UNICEF.

Christmas Campaign

In 2011, we launched a UNICEF Christmas Campaign which was divided into two main courses of action: "Give a Day" in Spain and "Emergency in the Horn of Africa" in the other European countries. Both campaigns are meant to fight child malnutrition.

The total number of employees that have contributed to the UNICEF campaign reached 358, and for each one of them the company donated 28 euros, adding up to a total amount of 10,024 euros. The amount is meant to save the lives of children and/ or giving water to families in Africa.

On the other side of the Atlantic, through the Volunteer Committee, employees donated new toys for the Marine Toys for Tots Foundation. 10 teams registered for the Donation Challenge and collected 824 toys which were enough to help nearly 300 families. On average, each participating employee donated 5 toys. Additionally, the Albany New York office collected and donated their toys to families in the Schoharie County, which was impacted by hurricane Irene.

Health and safety

Guaranteeing the health, safety and well-being of our employees is top priority at EDPR. This stern commitment is supported by our Health and Safety policies and initiatives, as well as, a strong track record.

In January 2011 a common Health & Safety policy based on EDP Group's Guidelines was approved by the Executive Committee. The harmonized policy reinforces prevention of occupational risks associated with our activities as a key priority of the company management.

"At all times and in any situation, (EDPR) is responsible for running its activities with a target of zero accidents."

Health & Safety policy

Our Health & Safety Policy is available to all our employees and contractors through our website. Our employees follow these guidelines rigorously and strive to achieve a healthy and safe workplace for all those who provide services in our facilities.

Health & Safety Management System

To achieve our zero accidents goal, we have implemented proper management systems of health and safety based on the OHSAS 18001:2007 specification. These systems are also adapted to the specific geography where they are utilized. H&S standards and procedures are also developed based on country regulation and industry best practices.

The health and safety management system is supported by different guides, control procedures, instructions and specifications. To this extent the Health and Safety Management Guide is the responsible for ensuring the effective execution of EDPR's H&S policy.

OHSAS 18001:2007 Certification

In Europe, in addition to the adoption of the OHSAS specification principles, our health and safety management system is being certified according to OHSAS 18001:2007.

During 2011, we renewed the OHSAS 18001:2007 certification of our previously certified wind farms. Furthermore, we extended the certification to all other wind farms in Spain where we have a stake greater than 50%. As a result, by the end of 2011, 2,127 MW in Spain are OHSAS 18001:2007 certified.

Moreover, in 2011 we developed the management occupational health and safety guides for the different European countries where we operate. As a result, our first six wind farms in France were audited and obtained the OHSAS certificate, totalling 67 MW EBITDA in France, which represents a 22% of the installed capacity in the country.

During 2012 we plan to renew the OHSAS 18001:2007 certification of our wind farms and continue extending it to all other wind farms in France. We also plan to implement our Health and Safety management systems in Poland and Romania.

WHAT IS OHSAS 18001:2007?

The OHSAS 18001:2007 – Occupational Health and Safety Assessment Specification – is a non-compulsory, highly esteemed international specification, granted by the British Standard Institute (BSI) that lays down a series of requirements related to occupational health and safety management systems. It has the same structure as the ISO 14001 "Environmental Management Systems" and the ISO 9001 "Quality Management System".

Employees and Contractors H&S training requirements

As an integral part of our health & safety strategy, we conduct several training courses and risk assessment activities according to the potential risks identified for each job position within the company.

In Europe, EDPR has conducted over 70 training activities related to the prevention of occupational hazards, representing over 2,700 hours of training. The activities carried out include first aid and fire fighting courses, electrical, mechanical specific preparation, chemical and heavy products handling, offshore safety instructions, emergency training, 4x4 vehicles driving and office specific training.

In the US, all EDPR workers attend H&S training designed to address the hazards associated with their job responsibilities, including electrical safety, tower climbing & rescue, crane safety, vehicles/driving and office safety. More than 2,300 hours of H&S training were completed in 2011. All contractors are required to provide applicable H&S training for their employees.

In Brazil, 100% of the operators' team was taught in safety measures and electricity services.

"A significant training effort is being made and it is well structured in the area of prevention, effectively covering the risks of the activity."

EDPR employee

In Spain, all EDPR workers have been provided the risk assessment associated with their job position, and a handbook with basic instructions for action. Moreover, we use a specific software tool that allows us to coordinate by sharing information and documentation, including risk guidelines, training of workers, etc. During 2012, we intend to extend the implementation of this tool to other countries in Europe.

Meanwhile, in 2011 we also performed in France and Belgium a risk assessment of each working area in order to define specific action plan to mitigate the most important risks. Contractors are required to present proof of having received the required training. Furthermore, preventive actions have been agreed upon with our contractors to ensure safety. In Romania, Poland and Italy we have already developed the documentation for the Health & Safety Management System and defined the health and safety specifications to be met by contractors that want to work in our facilities.

Emergency plans and safety drills

Each one of our offices and wind farms in Europe and the US has its own crisis plan with contact details and instructions to follow in case of an emergency. In 2011, we continued performing emergency drills to be prepared for crisis situations.

TORNADO HITS EDPR WIND FARM

On November 7th at 4:30 p.m. a tornado impacted EDPR's Blue Canyon wind farm in Oklahoma, US for the first time.

The night before, meteorologists provided a warning of severe thunderstorms and possibly tornados, triggering Blue Canyon employees to implement severe weather procedures to ensure their safety. As the storm approached, personnel and contractors were evacuated from the site. Fortunately, no one in the area or on site was injured.

In Spain, EDPR conducted 23 drills in our wind farms and trained over 40 employees from emergency teams. In France, as we enlisted the help of specialized firemen and rescue teams and plan to perform 3 emergency drills in 2012 in other French wind farms. In UK, members of our offshore project team underwent emergency training for offshore specific situations. Additionally, in our offices EDPR also performed emergency drills. In France we have scheduled an emergency drill for 2012.

"In cooperation with our O&M service contractors we conduct periodic safety drills to help reinforce safety procedures. Because you have to know what to do in emergency situations before they happen."

EDPR employee

Safety Committees

The implementation of health and safety measures is supported by committees and subcommittees created within the organization. Through these committees we collect information from different operational levels and involve employees in the definition and communication of a preventive plan.

In Spain, the internal commission on prevention is the highest governance body related to health and safety. It is led by the COO of Europe and holds regular meetings twice a year. Internal subcommittees per activity area meet every three months to implement, monitor and control prevention activities in their area of responsibility.

In France, we have established the committee on health, safety and working conditions, which represents all workers and is led by the country manager. Similar committees are intended to be created during 2012 in other European countries.

In the US, there is a health and safety committee for each site that includes both EDPR employees and O&M contractor site managers. There is also a management health and safety committee to communicate industry issues and develop organization objectives in the area.

During 2011, the total number of workers who attended health and safety committee meetings in Europe reached 20% of employees, in representation of 67% of our workers in Europe. In the US, 12% of EDPR NA employees participated on a safety committee, in representation of 100% of the workforce.

Health and safety indicators

The implementation of our health and safety management systems allows us to record and monitor the number of accidents in the different geographies to achieve our zero accidents goal. In 2011, we implemented a near miss system in Europe and North America, to record also near misses in order to proactively prevent incidents in the future.

H&S INDICATORS

	Europe	North America	Brazil	EDPR
COMPANY PERSONNEL				
Number of industrial accidents	2	0	0	2
Number of industrial fatal accidents	0	0	0	0
Working days lost by accidents caused	34	0	0	34
Injury Rate (IR) (1)	2.28	0.00	0.00	1.28
Lost work day rate (LDR) (2)	39	0	0	22
CONTRACTOR PERSONNEL				
Number of industrial accidents	16	2	1	19
Number of industrial fatal accidents	0	0	0	0
Working days lost by accidents caused	474	15	98	587
Injury Rate (IR) (1)	9.29	1.45	12.64	5.97
Lost work day rate (LDR) (2)	275	11	1,239	184
OHSAS 18001				
Installed capacity	55%	0%	0%	29%

(1) Injury Rate calculated as (# of accidents/Hours worked * 1,000,000)
(2) Lost Work Day Rate calculated as (# of working days lost/Hours worked * 1,000,000)

working with integrity

"Working with integrity and following the highest ethical standards is essential in any business. At EDPR we backup this claim with consistent improvements in our ethics, disclosure and corporate governance practices."

Ana Maria Fernandes, Chief Executive Officer

Ethics

The recognition that ethical behaviour is absolutely essential for the functioning of our economy has led to numerous regulatory changes and to a general heightened corporate consciousness on the issue.

EDPR recognizes the complexity and the importance of ethics in business, and is committed to address ethics and compliance in all its activities. It is also the responsibility of our employees to comply with EDPR's legal and ethical obligations.

Governance model for ethics

EDPR has a global Code of Ethics, adopted by all company employees, and to which they must comply with.

EDPR Code of Ethics was announced and published on the Company's intranet and sent by e-mail by the General Secretary of EDPR. For all new hires, the Code of Ethics is included in the welcome pack that each employee receives when entering the Company and needs to be signed by all of them.

Additionally, two complementary documents are also available to define the ethics governance model – Code of Ethics Regulation and Ethics Committee Regulation –, both approved in 2011.

Code of Ethics Regulation

The Code of Ethics regulation, adopted by the Board of Directors, aims to regulate the application within EDPR of the Code of Ethics. Particularly, it defines the procedures for the reception, registration and processing of information received by the Company concerning violations of the Code in matters of legislation, ethics, conduct in the work environment, human rights, equal opportunities, integrity, relations with customers and suppliers, environment and sustainability. The Regulation of the Code of Ethics features aspects such as:

- Job description and responsibilities;
- Procedures;
- Confirmation, investigation and corrective measures;
- Confidentially and anonymity; Management supervision and revision.

Ethics Committee Regulation

The Ethics Committee will receive, register, process and report to the Board of Directors all reports regarding violations of the Code in matters of legislation and ethics, establishing, if appropriate, corrective actions.

The Ethics Committee is composed of three members: the presidents of the Audit and Control Committee, the Related Parties Transactions Committee, and the Appointments and Remuneration Committee.

The Committee's main functions include:

- Proposing corporate ethics instruments, policies, goals and targets;
- Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries;
- Analyzing reported violations of the Code of Ethics, deciding on their relevance and admissibility;
- Deciding if there is any need for a more in-depth investigation to ascertain the implications and persons involved;
- Appointing the Ethics Ombudsman.

Ethics Ombudsman

In the first meeting of the Ethics Committee held in 2011, EDPR's Ethics Ombudsman was nominated.

The Ethics Ombudsmen plays an essential role in the ethics process. He guarantees impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

The full description of the Ethics governance model can be found in the Corporate Governance Report.

EDPR ethics process

EDPR ethics process is available for every employee through the Ethics communication channel (e-mail) and guarantees transparency and professional secrecy throughout the entire process.

Identify an alleged violation of the code of etichs	Reports of alleged violations of the Code of Ethics must be submitted to the Ethics Ombudsmen, indicating personal data and a detailed description of the situation.
Ombudsman performs a summary investigation	Ethics Ombudsmen first confirms the events reported and submits a preliminary report on the initial confirmations to the Ethics Committee.
Etichs Committee decides if the complaint portrays violation to the Code	Ethics Committee analyzes every situation reported and decides as to whether it should be classified as a violation of the Code of Ethics.
When a violation is confirmed, the Committee opens an investigation	When conducting an investigation, the Company shall abide by the law and its own in-house rules. After the investigation is complete, the Committees decides whether any corrective and/or disciplinary action is required.

Ethics program

Our commitment to ethics is reflected in our Ethics Program, launched in 2010, an important tool to assess the current status and promote awareness on the issue internally. The Program consists of an interpretative guide of the Code of Ethics, a survey to assess how ethics is understood by EDPR's workers and a training program.

In mid-2011 the survey allowed us to assess the knowledge that EDPR's employees have of the Code of Ethics, corresponding communication channels, the main causes for ethical misconduct, the biggest ethical risks for companies and the consequences of non compliance with the Code.

After analyzing the survey results, an explanatory guide was developed in order to create an easy-to-use tool, explaining the company perspective on each Code article, and providing clear examples to help decode the Code's language.

The training program then started with three initial sessions, with 4 hours each, for all country managers, directors and senior managers with a team from EDPR EU and EDPR Corporate, holding a double objective:

1. To enhance EDPR ethical process, and all the tools and documents available in the company;

2. To prepare them to give an ethics training to their teams.

Each manager is responsible for providing training to his/her team on the first quarter of 2012.

Compliance

In 2011, EDPR did not record any complaint against the Company for discrimination. EDPR has no knowledge of any activity carried out that could jeopardize the right of freedom of association or the right to adhere to collective bargaining agreements. The Company also did not identify any operation that could have a significant risk for incidents of child labour, forced and compulsory labour or indigenous rights.

In 2011, there were no recorded claims in the ethics communication channels. Furthermore, the company has no knowledge of corruption-related incidents and no legal actions for anti-competitive behavior, anti-trust, and monopoly practices were recorded.

EDPR also didn't identify incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, nor concerning marketing communications, nor complaints regarding breaches of customer privacy and losses of customer data, nor injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of disease.

Regarding laws and regulations, EDPR paid a sanction of 1,259 euros but did not record any sanction regarding laws and regulations in products and services.

In respect to environment two sanctions were imposed to EDPR that add up to 9,461 euros.

Human rights

The Code of Ethics contains specific clauses on the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labour and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations Universal Declaration of Human Rights, the International Labour Organization and the Global Compact.

Our Procurement Manual also includes a chapter that guides each Purchasing Department to put these principles into practice, therefore when procuring and contracting goods and services the Company appeals to all reasonable endeavours so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption.

Governance

Our governance model is designed to ensure the transparent, meticulous separation of duties and the specialization of supervision.

EDPR's governance structure comprises a General Meeting of Shareholders, and a Board of Directors that represents and manages the company.

In addition to constituting an essential instrument for ensuring the effective management and control of the Company's activities, EDPR's corporate governance system is meant to ensure:

- the creation of value for shareholders;
- the control of corporate risk;
- transparency for the market.

The Board of Directors ("BoD") is supported by:

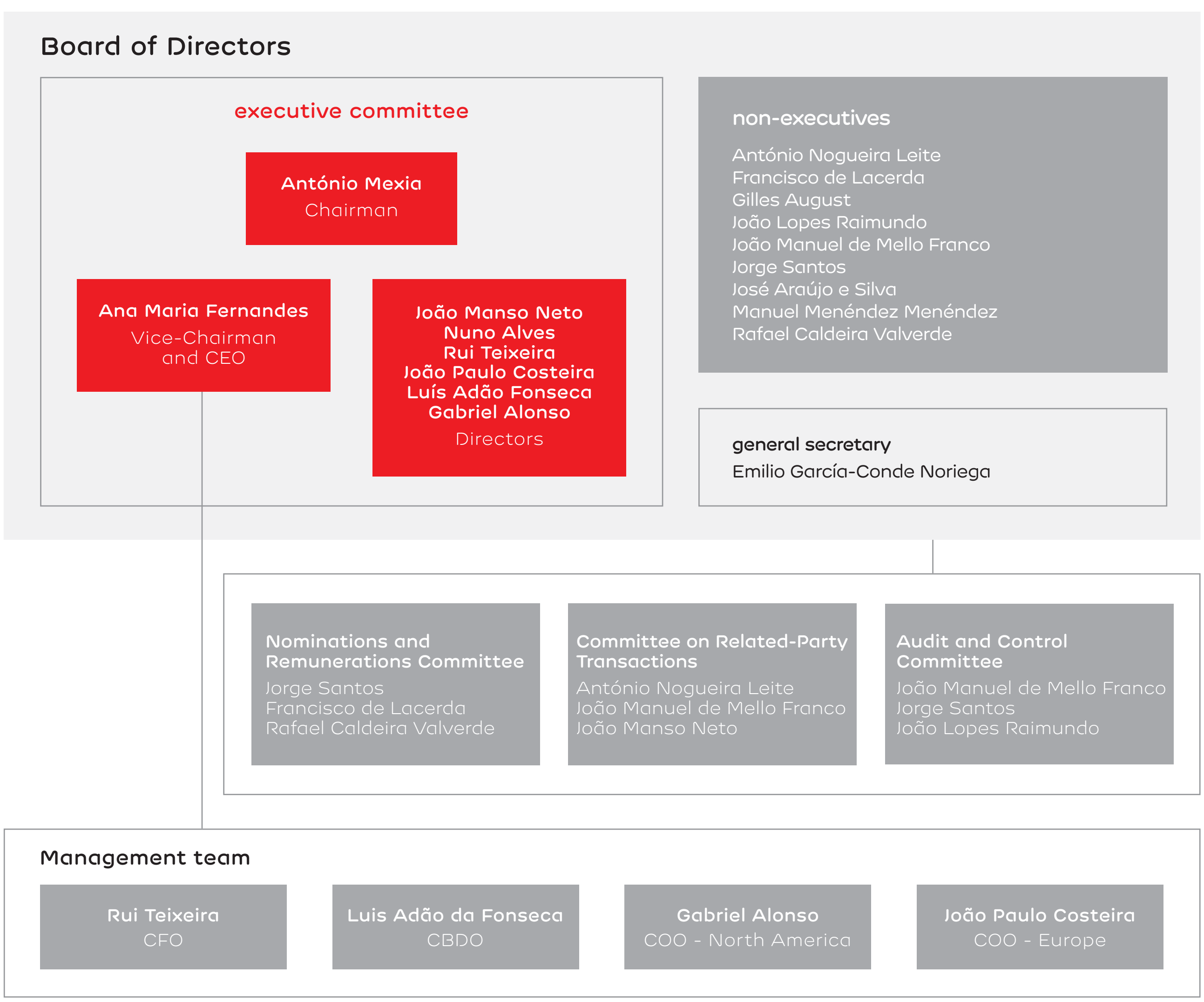
- an Executive Committee (EC);
- an Audit and Control Committee;
- a Nomination and Remuneration Committee;
- a Committee on Related Party Transactions.

The Board of Directors has transmitted the majority of the executive powers to the Executive Committee.

To support the CEO and the day-to-day management of the Company, the Executive Committee appointed a Management Team that consists, apart from the CEO itself, of:

- the Chief Financial Officer (CFO);
- the Chief Business Development Officer (CBDO);
- the Chief Operating Officer for Europe (COO EU);
- the Chief Operating Officer for North America (COO NA).

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2011 activity, please refer to the Corporate Governance section, at the end of this report.



Public policy

The renewable industry has been subject of public debate all over the world. EDPR is committed to contributing to public policy dialogue with key public institutions and local communities, generating effective initiatives and policy solutions that promote the development of renewable energy.

We are aware that only through legal and regulatory certainty, will we be able to provide a sustainable business in the long term, consistently adding value for all our stakeholders and providing a contribution in the challenge to provide clean and sustainable energy.

Affiliate organizations

We are a member of several energy associations in the countries where we have a presence, playing a relevant role in supporting the development of renewable energy.

A full list of the organizations can be found on our website: www.edprenovaveis.com.

We are also involved in public policy issues led by various associations ensuring EDPR's business objectives are supported on a global and local level. Some examples of our involvement are provided below.

Spain

EDPR is actively involved in various working committees such as Legal, Technical and Environmental created within the AEE (Asociación Empresarial Eólica) for the better development of its activities. During 2011, AEE has been very active in defending the interests of the sector in the regulatory framework.

Poland

EDPR's employees have participated in many professional oriented events and meetings organized by each one of the associations. As a result, EDPR Poland became a more recognized brand on the Polish market. By tightening cooperation with nongovernmental organizations, EDPR's employees are engaged in legislative initiatives as well as in gathering information about the Polish energy market, creating a vast data base about entities operating in the Polish power sector and a unique relationship with the sector's representatives.

Romania

EDPR is an active member of RWEA – Romanian Wind Energy Association, supporting the association in several fields of activity. Aside from the financial support and event organization, EDPR plays an active role in the task force group established for supporting the approval and implementation of the legislative framework.

France

EDPR has been involved in the activities of the French Wind Energy Federation (SER-FEE) performed in 2011, participating in several technical groups:

- Acoustic technical group;
- Dangers studies technical group;
- Environmental technical group;
- Security technical group;
- Economic technical group;
- Law and regulation technical group;
- Offshore and marine energy technical group;
- Site technical group.

EDPR PARTICIPATES IN EWEA 2011

The wind sector's most important business fair in Europe, EWEA, took place at the Brussels Exhibition Center, in March. EDPR was present once again as a sponsor.

As a sponsor, EDPR's corporate image appeared alongside several interactive screens and information on the different markets of the company within Europe, including information on sustainability and other topics.

North America

EDPR developed Grassroots activities in all states where we have projects and major development pipeline. Activities include – communications outreach and organized visits by county, state and national dignitaries.

In Indiana, and after years of effort, the industry was successful in passing a voluntary Clean Portfolio Standard (CPS). EDPR was actively involved in both the legislative push as well as the rulemaking process.

Wind Energy Whopping Crane Action Group (WEWAG) – EDPR continued its participation in WEWAG the industry work group that is working in coordination with the U.S. Fish and Wildlife Service and nine state wildlife agencies to develop a habitat conservation plan to address the potential impacts of wind energy development on the whooping crane and lesser prairie chicken within the central United States. This industry work group reached important milestones by working with the U.S. Fish and Wildlife Service to complete the first draft of the Preliminary Draft Habitat Conservation Plan and to start the Federal approval process through the National Environmental Policy Act (NEPA).

Contributions to political parties

In 2011, EDPR NA contributed $22,000, representing 0.004% of revenues in the US, of corporate funds to various campaigns including political action committees (PACs) and state political candidates that champion the company's goal of increasing opportunities for renewable energy in the United States. In total, EDPR NA corporate funds were disbursed to 28 campaigns in six states.

In EDPR EU and EDPR BR, there were no contributions to political parties in 2011.

annexes

Summary data tables

Creating value

Operational performance

INSTALLED CAPACITY (MW)	2011	2010	Δ MW
Europe	**3,977**	**3,439**	**+538**
Spain	2,201	2,050	+151
Portugal *	939	838	+101
France	306	284	+22
Belgium	57	57	–
Poland	190	120	+70
Romania	285	90	+195
US	**3,422**	**3,224**	**+198**
Brazil	**84**	**14**	**+70**
Total	**7,483**	**6,676**	**+806**

* Includes ENEOP - Eólicas de Portugal consortium (equity consolidated)

PRODUCTION (GWh)	2011	2010	Δ %
Europe	**7,301**	**6,632**	**+10%**
Spain	4,584	4,355	+5%
Portugal	1,391	1,472	(6%)
France	589	489	+20%
Belgium	117	107	+9%
Poland	376	194	+94%
Romania	245	15	–
US	**9,330**	**7,689**	**+21%**
Brazil	**170**	**31**	**–**
Total	**16,800**	**14,352**	**+17%**

NET CAPACITY FACTOR	2011	2010	Δ pp
Europe	**25%**	**27%**	**(2 pp)**
Spain	25%	27%	**(2 pp)**
Portugal	27%	29%	**(2 pp)**
France	23%	24%	**(0 pp)**
Belgium	23%	21%	**+2 pp**
Poland	27%	28%	**(0 pp)**
Romania	16%	–	**–**
US	**33%**	**32%**	**+1 pp**
Brazil	**35%**	**26%**	**+9 pp**
Total	**29%**	**29%**	**-**

TARIFF	2011	2010	Δ %
Europe (€)	**88.0**	**84.2**	**+5%**
Spain	82.5	79.1	+4%
Portugal	98.7	93.8	+5%
France	86.8	83.9	+3%
Belgium	112.0	112.0	+0%
Poland	108.8	111.5	(2%)
Romania	89.1	59.3	–
US ($)	**45.7**	**47.7**	**(4%)**
Brazil ($R)	**278.4**	**254.4**	**+9%**
Total	**57.7**	**58.4**	**(1%)**

Economic value analysis

ECONOMIC VALUE ANALYSIS	2011
Turnover	992
Other income	196
Gains/(losses) on the sale of financial assets	10
Share of profit in associates	5
Financial Income	62
Economic Value Generated	**1,265**
Cost of raw material and consumables used	35
Supplies and services	225
Other costs	57
Personnel costs	57
Financial expenses	341
Current tax	29
Dividends	0
Economic Value Distributed	**744**
Economic Value Accumulated	**521**

Financial performance

CONSOLIDATED INCOME STATEMENT (€m)

	2011	2010	Δ %
Revenues	**1,068.8**	**947.6**	**+13%**
Supplies and services	225.1	196.2	+15%
Personnel costs	60.8	54.8	+11%
Other operating costs (or revenues)	(17.8)	(16.2)	(10%)
Operating costs	**268.1**	**234.9**	**+14%**
EBITDA	**800.7**	**712.7**	**+12%**
EBITDA / Revenues	74.9%	75.2%	(0.3 pp)
Provisions for risks and contingencies	(0.3)	(0.2)	(71%)
Depreciation and amortization	468.5	434.4	+8%
Comp. of subsidized assets' depreciation	(15.0)	(11.4)	(31%)
EBIT	**347.5**	**289.9**	**+20%**
Capital gains / (losses)	10.5	0.0	–
Financial Income / (expenses)	(244.1)	(174.1)	(40%)
Income / (losses) from group and associated companies	4.8	5.0	(5%)
Pre-tax profit	**118.7**	**120.8**	**(2%)**
Income taxes	(28.0)	(37.8)	+26%
Profit of the period	90.6	83.0	+9%
Equity holders of EDPR	88.6	80.2	+10%
Non-controlling Interests	2.0	2.8	(29%)

BALANCE SHEET

ASSETS (€m)	2011	2010
Property, plant and equipment, net	10,455	9,982
Intangible assets, net	1,334	1,367
Financial Investments, net	61	64
Deferred Tax assets	56	39
Inventories	24	24
Accounts receivable - trade, net	146	144
Accounts receivable - other, net	763	680
Financial assets held for trading	0	36
Cash and cash equivalents	220	501
Total assets	**13,058**	**12,835**
Equity (€m)	2011	2010
Share capital + share premium	4,914	4,914
Reserves and retained earnings	325	274
Consolidated net profit attributable to equity holders of the parent	89	80
Non-controling Interest	127	126
Total equity	**5,454**	**5,394**
Liabilities (€m)	2011	2010
Financial Debt	3,826	3,534
Institutional Partnerships	1,024	1,009
Provisions	58	54
Deferred Tax liabilities	381	372
Deferred Revenues from Institutional Partnerships	773	635
Accounts payable - net	1,542	1,839
Total liabilities	**7,604**	**7,442**
Total equity and liabilities	**13,058**	**12,835**

CASH-FLOW (€m)

	2011	2010	Δ %
EBITDA	**801**	**713**	**+12%**
Income tax	(29)	(29)	+1%
Net financial interest	(189)	(167)	+14%
Income from group and associated companies	5	5	+8%
FFO (Funds from Operations)	**588**	**522**	**+13%**
Net interest costs	189	167	+14%
Income from group and associated companies	(5)	(5)	+8%
Non cash items adjustments	(158)	(143)	(11%)
Changes in working capital	29	26	+9%
Operating Cash-Flow	**643**	**567**	**+13%**
Capex	(829)	(1,401)	(41%)
Financial Investments (divestments)	(237)	(79)	+199%
Working capital related to PP&E suppliers	(23)	(20)	(12%)
Cash Grant	3	169	(98%)
Net Operating Cash-Flow	**(444)**	**(764)**	**+42%**
Proceeds (payments) from institutional partnerships in US	141	228	(38%)
Net financial costs (cash)	(156)	(167)	+7%
Forex & Other	(157)	(35)	(352%)
Decrease / (Increase) in Net Debt	**(616)**	**(737)**	**+16%**

Protecting the environment

Environment

ENVIRONMENTAL STUDIES

	Development	Construction	Operation
Europe	412	28	308
North America	58	7	147
Brazil	0	0	12
EDPR	**470**	**35**	**334**

EMISSIONS GENERATED AND AVOIDED (KT CO_2)

	2011	2010
Wind farms indirect emissions[1]	21.0	19.4
Offices indirect emissions[2]	1.4	0.9
Company Vehicle Fleet[3]	1.5	2.5
Business Travel[3]	2.0	4.0
Employee Commuting[4]	0.6	0.6
Emissions generated	**26.6**	**27.4**
Emissions avoided[5]	**9,461**	**7,332**

[1] 2010 data does not include Brazil
[2] 2011 data does not include some offices in Europe
[3] Transport emissions calculated according to the GHG Protocol
4 Employee commuting emissions calculated from data collected from employees in 2010
5 Greenhouse gases avoided converted to CO_2 equivalent emissions

WASTE GENERATED IN WIND FARMS

	2011[1]	2010[1]
Total waste (t)	708	567
Total hazardous waste (t)	393	272
Total waste (t)/production (GWh)	0.042	0.039

[1] Brazil not included

Supporting social development

Economic development of the local communities

ECONOMIC BENEFITS (€m)

	Infrastructure investments	Taxes and share of revenues	Community projects
Europe	12.17	25.15	0.727
North America	21.40	17.86	0.477
Brazil	n/a	0.06	n/a
EDPR	**33.57**	**43.07**	**1.20**

% OF LOCAL

	New hires	Spending in suppliers
EDPR Corporate	72%	n/a
Europe	94%	72%
North America	88%	51%
Brazil	100%	100%

Developing human capital

Workforce profile

WORKFORCE BREAKDOW

	Female	Total
BY CONTRACT TYPE		
Full time	30%	777
Part time	95%	19
Permanent	32%	789
Temporary	29%	7
BY PLATFORM		
EDPR Corporate	29%	127
EDPR EU	28%	393
EDPR NA	38%	260
EDPR BR	25%	16
BY COUNTRY		
Spain	30%	308
Portugal	12%	67
France	25%	32
Belgium	0%	2
Poland	33%	33
Romania	37%	19
Italy	33%	15
UK	41%	22
USA	38%	282
Brazil	25%	16

WORKFORCE ELIGIBLE TO RETIRE

	SP	PT	PL	UK	US	BR	All
ELIGIBLE TO RETIRE IN 5 YEARS							
Senior Managers	1						**1**
Managers	1				3		**4**
Administratives	1	1			2		**4**
Professionals	1						**1**
EDPR	**4**	**1**	**0**	**0**	**5**	**0**	**10**
ELIGIBLE TO RETIRE IN 10 YEARS							
Directors					4	1	**5**
Senior Managers	2	1		1			**4**
Managers			1		7	1	**9**
Administratives	1	2			1		**4**
Professionals	2	2			1		**5**
EDPR	**5**	**5**	**1**	**1**	**13**	**2**	**27**

SALARY DISTRIBUTION BY EMPLOYEE CATEGORY

	Headcount	M/F Salary (%)
Directors	66	103%
Senior Managers	59	102%
Managers	394	97%
Professionals	206	92%
Administratives	71	86%
Total	**796**	

EMPLOYEE TURNOVER

	New hires		Departures	
BY GENDER				
Female	41	32%	48	31%
Male	89	68%	106	69%
BY AGE				
Less than 30 years old	66	51%	34	22%
Between 30 and 39 years old	50	38%	57	37%
Over 40 years old	14	11%	63	41%
BY COUNTRY				
Spain	30	23%	34	22%
Portugal	7	5%	0	0%
France	6	5%	1	1%
Poland	22	17%	9	6%
Romania	8	6%	2	1%
Italy	1	1%	1	1%
UK	9	7%	1	1%
USA	43	33%	101	66%
Brazil	4	3%	5	3%

MATERNAL AND PATERNAL LEAVE

	Maternal	Paternal
Spain	10	17
Portugal	0	2
France	0	3
Belgium	0	0
Poland	0	1
Romania	0	0
Italy	0	0
UK	1	0
USA	3	17
Brazil	2	0
Total	**16**	**40**

EXPATS

	2011	2010	Var (%)
EDPR Corporate	9	5	+80%
EDPR EU	6	8	(25%)
EDPR NA	4	5	(20%)
EDPR BR	1	1	0%
Total	**20**	**19**	**+5%**

Labour relations

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

	Employees	%
Spain	101	33%
Portugal	67	100%
France	32	100%
Belgium	0	0%
Poland	0	0%
Romania	0	0%
Italy	15	100%
UK	0	0%
USA	0	0%
Brazil	16	100%
Total	**231**	**29%**

Health and safety

HEALTH & SAFETY

	EU	NA	BR	EDPR
EMPLOYEES AND CONTRACTORS				
Total number of industrial accidents	18	2	1	21
Number of industrial fatal accidents	0	0	0	0
Working days lost by accidents caused	508	15	98	621
Injury Rate (IR)1	6.93	0.98	8.62	4.42
Lost work day rate (LDR)2	196	7	844	131
OHSAS 18001				
% installed capacity	55%	0%	0%	29%

GRI Evaluation

This sustainability report responds to the GRI G3.1 Guidelines indicators, and provides also information on the additional electricity sector supplement indicators directly related to the company business, which is the power generation from renewable sources, basically wind.

EDP Renováveis is not considered an Utility company. In both cases (GRI indicators and Sector Supplement indicators) exceptions that may exist are explained, due primarily to the fact that the Company's core business is based in generation from renewable sources and does not include power distribution nor power commercialization. We also consider as our final product the electricity produced by our wind energy assets. EDP Renováveis is committed to the progressive improvement of the information provided.

The company self-declares to have reached the level A+, as confirmed by KPMG. This report has also been GRI-check to confirm that the report addresses GRI's standard disclosures.

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PART I	PROFILE DISCLOSURES						
1.	**Strategy and Analysis**						
1.1.	Statement from the most senior decision-maker of the organization.	Fully	6-9				
1.2.	Description of key impacts, risks, and opportunities.	Fully	59-60, 72, 142-144				
2.	**Organizational Profile**						
2.1.	Name of the organization.	Fully	4				
2.2.	Primary brands, products, and/or services.	Fully	21-23, 66				
2.3.	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	21-23				
2.4.	Location of organization's headquarters.	Fully	EDPR head offices are located in Madrid (Spain)				
2.5.	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	21-23				
2.6.	Nature of ownership and legal form.	Fully	146, 177				
2.7.	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	22-23				
2.8.	Scale of the reporting organization.	Fully	14-15, 177				
2.9.	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	4, 146, 195-197				
2.10.	Awards received in the reporting period.	Fully	18-19				
	Electric Utility Sector – Specific Organizational Profile Disclosures						
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Fully	14, 21-23				
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Fully	14, 38-45				
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Not			Not Applicable	The company does not have final customers	
EU4	Length of above and underground transmission and distribution lines by regulatory regime	Not			Not Applicable	The company business is related to wind energy production	
EU5	Allocation of CO_2 emissions allowances or equivalent, broken down by carbon trading framework.	Not			Not Applicable	The company business is related to wind energy production	
3.	**Report Parameters**						
3.1.	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	4				
3.2.	Date of most recent previous report (if any).	Fully	4				

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
3.3.	Reporting cycle (annual, biennial, etc.)	Fully	4				
3.4.	Contact point for questions regarding the report or its contents.	Fully	"Contact us" at www.edprenovaveis.com				
3.5.	Process for defining report content.	Fully	4, 64, 69				
3.6.	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	4, 177, 244-250				
3.7.	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	4, 106-117, 177				
3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	4				
3.9.	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	4, 106-117 To consolidate economic and social data, the exchange rates used were those of the financial reporting.				
3.10.	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	4				
3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	4				
3.12.	Table identifying the location of the Standard Disclosures in the report.	Fully	106-117				
3.13.	Policy and current practice with regard to seeking external assurance for the report.	Fully	4, 106, 118-120				
4.	**Governance, Commitments, and Engagement**						
4.1.	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	129-137				
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	131				
4.3.	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	131				
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	64-69, 87, 96, 144-145				
4.5.	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	148-150				
4.6.	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	96-97, 140-141, 144-145				
4.7.	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	129-130, 161-165				
4.8.	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	20, 28, 96-97				

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
4.9.	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	4, 64, 69				
4.10.	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	148-150				
4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	59-60, 72, 140-144				
4.12.	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	4, 28, 96-97, 99				
4.13.	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which the organization: • Has positions in governance bodies; • Participates in projects or committees; Provides substantive funding beyond routine membership dues; or • Views membership as strategic.	Fully	99 Please refer to our website: www.edprenovaveis.com				
4.14.	List of stakeholder groups engaged by the organization.	Fully	64				
4.15.	Basis for identification and selection of stakeholders with whom to engage.	Fully	64, 69 The identification of the stakeholders groups with whom the company works with is the result of an internal reflection process of the company management. In addition, to ensure a transparent and trustworthy dialogue with our stakeholders, during 2011 we have initiated a specific study of the stakeholders engagement that was initiated with a stakeholders identification process involving different departments across the company, as explained in page 70.				
4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	64-69 Each one of the channels available allows a particular frequency and intensity for the relationship with our stakeholders. The company engages continuously with them through the websites, mailboxes and specific departments that relate daily with employees, investors, media and suppliers. Internal and external surveys are also performed periodically. The company offers other means of engagement that are not periodic to ensure that stakeholders concerns are completely addressed.				
4.17.	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	69				
PART II	DISCLOSURES ON MANAGEMENT APPROACH (DMAS)						
DMA EC	**Disclosure on Management Approach EC**						
	Economic performance	Fully	38-45,48-58				
	Market presence	Fully	21-25				
	Indirect economic impacts	Fully	80-81				

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Availability and reliability	Not			Not Applicable	Does not relate to the Company business	
EU6	Management approach to ensure short and long-term electricity availability and reliability	Not			Not Applicable	Does not relate to the Company business	
	Demand-side management	Not			Not Applicable	Does not relate to the Company business	
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	Not			Not Applicable	Does not relate to the Company business	
	System efficiency	Not			Not Applicable	Does not relate to the Company business	
	Research and development	Fully	26-27, 46-47				
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Fully	During 2011, we invested 28.6 million Euros in innovation projects within various areas of our Company, namely off-shore wind and solar development and our partnership with EDP Inovação.				
	Plant decommissioning	Not			Not Applicable	Does not relate to the Company business	
EU9	Provisions for decommissioning of nuclear power sites	Not			Not Applicable	Does not relate to the Company business	
DMA EN	**Disclosure on Management Approach EN**						
	Materials	Not			Not material	The amount of materials used for wind generation is not significant and therefore they have not been measured yet.	
	Energy	Fully	74, 77				
	Water	Not			Not Applicable	Wind generation does not have significant impact in Water	
	Biodiversity	Fully	73-77				
	Emissions, effluents and waste	Not	74, 77		Not material	The company business does not produce relevant NOx, SOx, and other significant air emissions nor significant effluents.	
	Products and services	Not			Not material	Electricity consumption does not have significant impacts in the environment	
	Compliance	Fully	97				
	Transport	Fully	77				
	Overall	Fully	73				
DMA LA	**Disclosure on Management Approach LA**						
	Employment	Fully	86-88				
EU14	Processes and processes to ensure the availability of a skilled workforce	Fully	88-90				
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Fully	104				
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	Fully	92-93				
	Labor/management relations	Fully	90-91				
	Occupational health and safety	Fully	92-93				
	Training and education	Fully	89-90				
	Diversity and equal opportunity	Fully	88, 104				
	Equal remuneration for women and men	Fully	88, 105				
DMA HR	**Disclosure on Management Approach HR**						
	Investment and procurement practices	Fully	96-97				
	Non-discrimination	Fully	96-97				

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Freedom of association and collective bargaining	Fully	91, 96-97, 105				
	Child labor	Fully	96-97				
	Forced and compulsory labor	Fully	96-97				
	Security practices	Not			Not Applicable	The company does not have relevant security personnel	
	Indigenous rights	Fully	96-97				
	Assessment	Fully	96-97				
	Remediation	Fully	96-97				
DMA SO	**Disclosure on Management Approach SO**						
	Community	Fully	64-68, 80-83				
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Fully	64, 69				
EU20	Approach to managing the impacts of displacement	Not			Not Applicable	The company does not produce displacements	
	Corruption	Fully	96-97				
	Public policy	Fully	99				
	Anti-competitive behavior	Fully	96-97				
	Compliance	Fully	96-97				
	Disaster/Emergency planning and response	Fully	92-93				
EU21	Contingency planning measures, disaster/ emergency management plan and training programs, and recovery/restoration plans.	Fully	92-93				
DMA PR	**Disclosure on Management Approach PR**						
	Customer health and safety	Not			Not Applicable	Does not relate to the Company business	
	Product and service labelling	Not			Not Applicable	Does not relate to the Company business	
	Marketing communications	Fully	65-66, 97				
	Customer privacy	Not			Not Applicable	Does not relate to the Company business	
	Compliance	Fully	97				
	Access	Not			Not Applicable	Does not relate to the Company business	
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Not			Not Applicable	Does not relate to the Company business	
	Provision of information	Not			Not Applicable	Does not relate to the Company business	
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	Not			Not Applicable	Does not relate to the Company business	
PART III	PERFORMANCE INDICATORS						
	Economic						
	Economic performance						
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	15, 102				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	59-60, 72, 142-144				
EC3	Coverage of the organization's defined benefit plan obligations.	Partially	199 93% of employees are eligible for the retirement plan	The company does not report on the level of participation in retirement plans.	Not Available	The company information was not available during the reporting process to give a consolidated response according to GRI completeness principle.	2014

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EC4	Significant financial assistance received from government.	Fully	146 In 2011, the company received 132 M€ in Tax Savings, Cash Grants and Federal and State Production Tax Credits				
	Market presence						
EC5	Range of ratios of standard entry level wage and gender compared to local minimum wage at significant locations of operation.	Partially	88 EDPR EU: 170,6% EDPR NA: 194,8% EDPR BR: 468,7% We considered significant locations all the countries where we have presence.	We do not disclose range ratios by gender and country.	Proprietary information	Information not disclosed to protect employees' data privacy in specific cases.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	81 By "local" we refer to each one of the countries where we have a significant presence.				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	81				
	Indirect economic impacts						
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	80-83				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	80-83				
	Availability and reliability						
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
	System efficiency						
EU11	Average generation efficiency of thermal plants by energy source and regulatory regime.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
EU12	Transmission and distribution losses as a percentage of total energy.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
	Environmental						
	Materials						
EN1	Materials used by weight or volume.	Not			Not material	The amount of materials used for wind generation is not significant and therefore they have not been measured yet.	
EN2	Percentage of materials used that are recycled input materials.	Not			Not material	The amount of materials used for wind generation is not significant for the company's main business activities.	
	Energy						
EN3	Direct energy consumption by primary energy source.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
EN4	Indirect energy consumption by primary source.	Fully	74, 77				
EN5	Energy saved due to conservation and efficiency improvements.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	77	The company does not report the extent to which indirect energy use has been reduced during the reporting period and underlying assumptions and methodologies used to calculate other indirect energy use and indicate the source of information.	Not material	The Company's core business is power generation from renewable sources.	
	Water						
EN8	Total water withdrawal by source.	Not			Not Applicable	Wind generation does not have significant impact in Water	
EN9	Water sources significantly affected by withdrawal of water.	Not			Not Applicable	Wind generation does not have significant impact in Water	
EN10	Percentage and total volume of water recycled and reused.	Not			Not Applicable	Wind generation does not have significant impact in Water	
	Biodiversity						
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	75 Please refer to our website www.edprenovaveis.com				
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	73-77				
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	Fully	73-77				
EN13	Habitats protected or restored	Fully	73-77				
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	73-77				
	Emissions, effluents and waste						
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	74, 77 Gas consumption emissions were estimated according to the GHG protocol. Electricity consumption emissions were calculated with the global emission factors of each country and state within the US.				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	74, 77 Indirect emissions from business travel and employee commuting has been estimated according to the GHG protocol.				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	74, 77 Our core business activity, wind production, already implies reducing GHG emissions. To calculate emissions avoidance, the energy generation has been multiplied by the CO_2 eq emission factors of each country and state within the US, considering just fossil and nuclear energy. In Spain and Portugal were EDP has also generation business from other sources, EDP generation mix in the country was used.				
EN19	Emissions of ozone-depleting substances by weight.	Not			Not material	The company business does not produce relevant emissions of ozone-depleting substances	
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not			Not material	The company business does not produce relevant NOx, SOx, and other significant air emissions	

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN21	Total water discharge by quality and destination.	Not			Not material	The company business does not use water as relevant resource	
EN22	Total weight of waste by type and disposal method.	Partially	74-75 In Europe and Brazil, the method of disposal has been indicated by the waste hauler, while in the US the disposal method has been determined by the organizational defaults of the waste hauler.	The company does not break down the total amount of waste (hazardous & nonhazardous by type: composting, for incineration (or use as fuel), for deep well injection, for on-site storage.	Not Available	The company differentiates hazardous & nonhazardous waste by the following treatment methods: recycled, recovered (not recycled), send to landfill disposal and other means of disposal.	2015
EN23	Total number and volume of significant spills.	Fully	74 We consider a spill to be significant if it was about 0,16m³ and reached the ground.				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not			Not Applicable	The company business does not include transport, import, export, or treatment of waste.	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not			Not Applicable	The company business does not use water as relevant resource.	
	Products and services						
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Not	73-77		Not material	Electricity consumption does not have significant impacts in the environment.	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not Applicable	Does not relate to the Company business, as the company end product is energy.	
	Compliance						
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	97				
	Transport						
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	77				
	Overall						
EN30	Total environmental protection expenditures and investments by type.	Partially	73	The company does not report the total environmental protection expenditures broken down by waste disposal, by emissions treatment, remediation and prevention costs and environmental management costs.	Not Available	The company uses a different categorization of environmental protection expenditures and investments that the one defined by GRI.	2014
	Social: Labor Practices and Decent Work						
	Employment						
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	86-87, 104				
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	86, 105				
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	Fully	397,872 days worked by our contractors, excluding overtime				
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Fully	92-93				

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Fully	91				
LA15	Return to work and retention rates after parental leave, by gender.	Partially	105 Just one employee did not return and extended the parental leave after it ended.	The company does not report the number of employees who returned to work after the parental leave ended who are still employed twelve months after their return to work.	Not Available	The company started reporting this indicator for 2011 and the missing information was not available during the reporting process to give a consolidated response according to GRI completeness principle.	2016
	Labor/management relations						
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	91, 105				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	90-91				
	Occupational health and safety						
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	93				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	93 Minor first-aid injuries are not included. Days = scheduled work days Average number of independent contractors EU : 877 NA : 700 BR: 30	The company does not report occupational diseases rate and absentee rate.	Not Available	The company information was not available during the reporting process to give a consolidated response according to GRI completeness principle.	2015
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Partially	92-93	The company does not report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	Not Available	The company information was not available during the reporting process to give a consolidated response according to GRI completeness principle.	2015
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	The large majority of EDPR collective bargaining agreements address employees' rights and duties of the company regarding Health & Safety.				
	Training and education						
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	89-90 53.3 hours per employee	The company does not break down total hours of training by employee category or gender.	Not Available	The information is not broken has not been consolidated following these categories. Instead courses are reported by field.	2015
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partially	89-90	The company does not report whether transition assistance programs to support employees who are retiring or who have been terminated provide any preretirement plan for intended retirees; any retraining for those intending to continue working; any severance pay (if severance pay is provided, does it take into account employee age and years of service); any job placement services; and any assistance on transitioning to a nonworking life.	Not material	Our workforce is young and we will not be facing these issues in the near future.	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	87-88				

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Diversity and equal opportunity						
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	86-87, 104, 161-165	The company does not report the percentage of employees in minority groups and individuals within the organization's governance bodies in minority groups.	Not material	There are not significant minority groups within the company.	
	Equal remuneration for women and men						
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Partially	105	We do not disclose rates by country.	Proprietary information	Information not disclosed to protect employees' data privacy in specific cases.	
	Social: Human Rights						
	Investment and procurement action						
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	96-97				
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	Fully	96-97 As the business culture in the countries in which we operate is entirely respectful of human rights, the company has not undergone any human rights screening of suppliers or contractors and its investment agreements do not include human rights clauses.				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	96-97				
	Non-discrimination						
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	97				
	Freedom of association and collective bargaining						
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	97				
	Child Labor						
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	97				
	Forced and compulsory labor						
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms forced or compulsory labor.	Fully	97				
	Indigenous rights						
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	97				
	Assessment						
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	97 EDPR has more than 200 wind farms and operates in 11 markets, all of which are within scope of the Code of Ethics premises and regulation.				
	Remediation						
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	Fully	96-97				

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Social: Society						
	Community						
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting and percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	64-69, 73-75, 81-83				
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Not			Not Applicable	The company does not produce displacements	
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	64-69, 73-75, 81-83				
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	64-69, 73-75, 81-83				
	Corruption						
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	97				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	97				
SO4	Actions taken in response to incidents of corruption.	Fully	97				
	Public policy						
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	99 Please refer to our website: www.edprenovaveis.com				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	99				
	Anti-competitive behavior						
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	97				
	Compliance						
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	97				
	Social: Product Responsibility						
	Customer health and safety						
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not			Not Applicable	Our core business and H&S initiatives are focused on the electricity production facilities and not in its final consumption	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not			Not Applicable	Our core business and H&S initiatives are focused on the electricity production facilities and not in its final consumption	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	Fully	97				
	Product and service labeling						
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Not			Not Applicable	Does not relate to the Company business	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not			Not Applicable	Does not relate to the Company business	

Profile Disclosure	Description	Reported	Cross-reference/ Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not			Not Applicable	Does not relate to the Company business	
	Marketing communications						
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not			Not Applicable	Does not relate to the Company business as the company does not perform product-related marketing communications.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	97				
	Customer privacy						
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not			Not Applicable	Does not relate to the Company business	
	Compliance						
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	97				
	Assess						
EU26	Percentage of population unserved in licensed distribution or service areas.	Not			Not Applicable	Does not relate to the Company business	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Not			Not Applicable	Does not relate to the Company business	
EU28	Power outage frequency.	Not			Not Applicable	Does not relate to the Company business	
EU29	Average power outage duration.	Not			Not Applicable	Does not relate to the Company business	
EU30	Average plant availability factor by energy source and by regulatory regime.	Not			Not Applicable	Does not relate to the Company business	

Independent assurance report

KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Assurance Report to the Management of EDP Renováveis, S.A.

We performed a limited assurance review on the non-financial information contained in EDP Renováveis, S.A., (hereinafter EDP Renováveis) Annual Report for the year ended 31 December 2011, specifically in the "Overview", "Partnering with our stakeholders", "Protecting the environment", Supporting social development", "Developing human capital" and "Working with integrity" chapters (hereinafter 'the Report').

Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in the "GRI Evaluation" section of the Report. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for determining EDP Renováveis' objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to issue, based on the work performed, an independent report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Accountants Institute of Spain (*Instituto de Censores Jurados de Cuentas de España*). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with the independence requirements included in the International Ethics Standards Board for Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct.

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

- Interviews with relevant EDP Renováveis staff concerning the application of sustainability strategy and policies for material issues.
- Interviews with relevant EDP Renováveis staff responsible for providing the information in the Report.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report and verifying the reliability of the information using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of EDP Renováveis.
- Verifying that the financial information reflected in the Report was taken from the annual accounts of EDP Renováveis, which were audited by independent third parties.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided. Also, this report should not be considered an audit report.

Our multidisciplinary team included specialists in social, environmental and economic business aspects.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Annual Report of EDP Renováveis for the year ended 31 December 2011 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with A+ Application Level of the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the "GRI Evaluation" section of the Report.

Under separate cover, we will provide EDP Renováveis management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

José Luis Blasco Vázquez

14 March 2012

Statement gri application level check

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **EDP Renováveis** has presented its report "Annual Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 7th 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

The "+" has been added to this Application Level because EDP Renováveis has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on February 23rd 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

corporate governance

Statement of compliance

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) is a Spanish company listed on a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to the recommendations contained in the Portuguese Corporate Governance Code ("Código de Governo das Sociedades") approved by the 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 fully adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exception of Recommendation II.2.2 of the code, which has not been adopted for the reasons 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.

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
I. GENERAL MEETING OF SHAREHOLDERS		
I.1 General Meeting Board		
I.1.1 The Presiding Board of the General Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Adopted	1.2.1
I.1.2 The remuneration of the Presiding Board of the General Meeting shall be disclosed in the Annual Report on Corporate Governance.	Adopted	5.8
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 meeting shall not exceed 5 working days.	Adopted	4.4
I.2.2 Should the General 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	4.4
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	4.6
I.3.2 The statutory deadline for receiving early voting ballots by mail, may not exceed three working days.	Adopted	4.6
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	4.5
I.4 Resolution Fixing-Quorum		
I.4.1 Companies shall not set a resolution-fixing quorum that outnumbers what is prescribed by law.	Adopted	4.7
I.5 Minutes and Information on Resolutions Passed		
I.5.1 Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within five days period after the General 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	4.8
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	4.9
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	4.9
II. BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1 General Points		
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-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	1.1/1.1.1
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	3

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
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	1.2.2/1.2.4/3
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	3.2
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	1.2.2/1.2.4
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	1.2.2
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	1.3
II.1.2.3 The independency 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 independency 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	Statement on Compliance with Independence Criteria
II.1.3 Eligibility and Appointment 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	1.2.4
II.1.3.2 The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	Adopted	1.4
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	3.4
II.1.4.2 The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance.	Adopted	3.4
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	5.1/5.2/5.3
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 19th, shall contain, in addition to the content therein stated, adequate information on: 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	5.2/5.4
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	5.4
II.1.5.4 A proposal shall be submitted at the General 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 Meeting.	Adopted	5.2/5.3/5.4/5.7
II.1.5.5 Doesn't exist	-	
II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders.	Adopted	5.6
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	5.3

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
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	1.2.3
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: 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 to 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").	-
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.	Adopted	1.2.2
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	1.2.2
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	-
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	1.2.3
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	1.2.3
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	1.2.4
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	1.2.4
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	1.2.4/3.3
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 Meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	1.2.4/3.3
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	1.2.4
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	1.1/1.1.1/1.2.3/1.2.4/1.2.5/1.2.6

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
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.	Not applicable ("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 Meeting of Shareholders and for its allocation to the different members of the Board of Directors to be decided on by the Board itself.").	1.2.5
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.	Adopted	1.2.5
II.5.4 All the Committees shall draw up minutes of the meetings held.	Adopted	1.2.3/1.2.4/ 1.2.5/1.2.6
III. INFORMATION AND AUDITING		
III.1 General Disclosure Obligations		
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.	Adopted	6.3
III.1.2 The following information that is made available on the company's Internet website shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Portuguese Commercial Companies Code; b) Articles of Association; c) Credentials of the Members of the Board of Directors and the Market Liaison Officer; d) Investor Relations Office, its functions and contact information; e) Financial statements; f) Half-yearly calendar of company events; g) Proposals submitted for discussion and voting at general meetings; h) Invitation to general meetings.	Adopted	6.3
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.	Adopted	3.3
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.	Adopted	3.3
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.	Adopted	5.9
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	2
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)	1.2.6

Statement of compliance with independence criteria

The Articles of Association of EDPR, which are available for consultation on its website, (www.edprenovaveis.com), contain the rules on independence for the fulfilment of duties in any body of the Company.

The Article 20.2 of the EDPR's Articles of Association defines as independent members of the Board of Directors 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.

The Board of Directors of EDPR considers that the following Directors meet the independence and incompatibility criteria's required by law and the Articles of Association.

Name	Position	Date of Appointment	End of Term
Antônio Nogueira Leite	Director (Independent) Chairperson of the Related-Party Transactions Committee	21/06/2011	21/06/2014
Francisco José Queiroz de Barros de Lacerda	Director (Independent) Member of the Nominations and Remunerations Committee	21/06/2011	21/06/2014
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

1. Corporate governance structure

1.1. Corporate governance model and supervision

EDPR has adopted the governance structure in effect in Spain. It comprises a General Meeting of Shareholders, and a Board of Directors that represents and manages the company.

As required by law and the Articles of Association, 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 and the Committee on Related-Party Transactions as mentioned below.

The governance model of EDPR is designed to ensure the transparent, meticulous separation of duties and the specialization of supervision. The most important bodies in the management and supervision model at EDPR are the following:

- General Meeting of Shareholders;
- Board of Directors;
- Executive Committee;
- Audit and Control Committee;
- External auditor.

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, insofar 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 is essentially an attempt to establish compatibility between two different systems of company law, which can be considered applicable to this model.

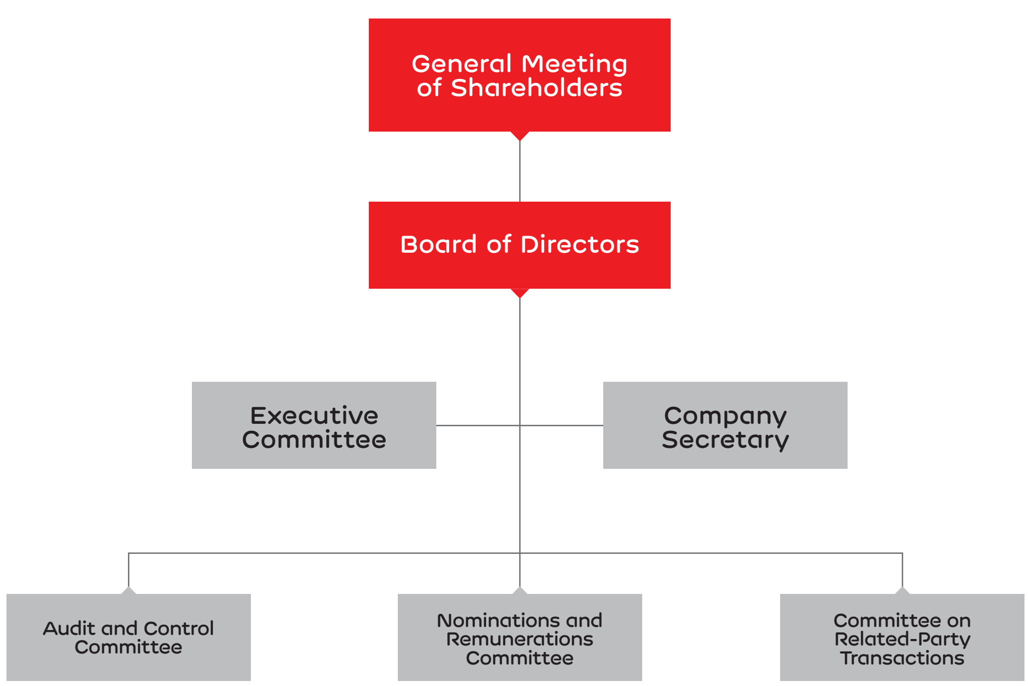
The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organization of EDPR activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different specialized 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 of internal harmony conducive to the development of the company's business.

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

1.1.1. Statement on the governance structure

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 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.



1.2. Structure, competences and functioning of the corporate bodies

1.2.1. General Meeting of Shareholders

The General Meeting of Shareholders is the body where the shareholders participate and when properly convened, has the power to deliberate and adopt, by majority, decisions on matters that the law and Articles of Association reserve for its decision and are submitted for its approval. In particular, it is responsible for:

- Appointment of auditors;
- Increasing and reducing the share capital and delegating to the Board of Directors, if applicable, within the legal time limits, the power to set the date or dates, who may use said delegation wholly or in part, or refraining from increasing or reducing the capital in view of the conditions of the market or the Company or any particularly relevant fact or event justifying such a decision in their opinion, reporting it at the first General Meeting of Shareholders held after the end of the time limit for its execution;
- Delegating to the Board of Directors the power to increase the share capital pursuant to Article 297 of Royal Legislative Decree 1/2010 of July 2nd 2010, which approves the Revised Text of the Law on Public Limited Companies (Spanish Companies Law);
- Issuing bonds;
- Amending the Articles of Association;
- Dissolving, merging, spin off and transformation the Company;
- Deciding on any matter submitted to it for decision by the Board of Directors, which shall be obliged to call a General Meeting of Shareholders as soon as possible to deliberate and decide on concrete decisions included in this article submitted to it, in the event of relevant facts or circumstances that affect the Company, shareholders or corporate bodies;
- Decision on the matters proposed by the Board of Directors;
- All other matters provided in the law in force.

The decisions of the General Meeting are binding on all shareholders, including those voting against and those who did not participate in the meeting.

A General Meeting may be ordinary or extraordinary. In either case, it is governed by the law and Articles of Association.

An Ordinary General Meeting must be held in the first six (6) months of each year for the review of the performance of the company's management, to approve the annual report and accounts of the previous year, the proposal for appropriation of profits and to approve the consolidated accounts, if appropriate. The General Meeting also decides on any other matters falling within its powers and included in the agenda.

Board of the General Meeting

The Chairperson of the General Meeting is appointed by the shareholders and must be a person who meets the same requirements of independence as for the independent Directors. The appointment is for three years and may only be re-elected once.

The position of Chairperson of the General Meeting has been held by Rui Chancerelle de Machete, whose professional address is PLMJ, A.M. Pereira, Sáragga Leal, Oliveira Martins, Júdice e Associados, RL, Av. da Liberdade, 224, Edifício Eurolex, 1250-148 Lisboa, Portugal. The Chairperson of the General Meeting was re-elected on April 11th, 2011.

In addition to the Chairperson, the Board of the General Meeting is constituted by the Chairperson of the Board of Directors, or his substitute, the other Directors and the Secretary of the Board of Directors. The Board of the General Meeting of Shareholders', through the Chairperson of the General Meeting, is responsible for organizing its proceedings.

The position of Secretary of the General Meeting is held by the non-member Secretary of the Board of Directors, Emilio García-Conde Noriega, whose professional address is that of the Company.

The Chairperson of the General Meeting of EDPR has the appropriate human and logistical resources for his needs, considering the economic situation of EDPR, in that, 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.

General Meeting of Shareholders in 2011

On April 11th 2011, took place in Oviedo the Ordinary General Meeting of Shareholders of EDPR.

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

- 270 shareholders were present, holding 35,323,880 shares making up for 4.049% of the share capital;
- 167 shareholders were represented, holding 707,886,379 shares making up for 81.151% of the share capital.

A total of 437 shareholders attended the General Meeting, including those present and those represented, holding a total of 473,210,259 shares which constitutes a nominal amount of EUR 3,716,051,295.00 of the share capital, that is, 85.200% of the mentioned share capital.

The nine proposals submitted to approval at the General Meeting were all approved. Extracts of the 2011 General Meeting minutes and the invitation, agenda, motions submitted to the General Meeting and forms of participation are available on the company's website www.edprenovaveis.com

On June 21st, 2011, took place in Oviedo an Extraordinary General Meeting of Shareholders of EDPR.

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

- 334 shareholders were present, holding 40,342,213 shares making up for4.625% of the share capital;
- 164 shareholders were represented, holding 710,064,406 shares making up for 81.401% of the share capital.

A total of 508 shareholders attended the General Meeting, including those present and those represented, holding a total of 750,406,619 shares which constitutes a nominal amount of EUR 3,752,033,095.00 of the share capital, that is, 86.025% of the mentioned share capital.

On the Extraordinary General Meeting of Shareholders some important amendments to the Company's By-Laws were approved:

- Amendment of Article 12.4 of the Articles of Association to adapt the formalities of the General Shareholders' Meeting Summon to the requirements of the Spanish Companies Law;
- Amendment of Article 12.6 of the Articles of Association to allow the General Shareholders' Meeting being held in any city of Spain according to the faculty included in the Spanish Companies Law;
- Amendment of Article 26 of the Articles of Association to add a new paragraph, 26.4, and the enumeration of the other paragraphs of this article, with the purpose of limiting any kind of remuneration received by the members of the Board of Directors, besides the one described on paragraphs 1 and 2 of the said Article, to a maximum annual amount to be established by the General Shareholders' Meeting;
- Amendment of Article 27.3 of the Articles of Association with to increase the number of members of the Executive Committee to a minimum of six (6) and maximum of nine (9).

The six proposals submitted to approval at the General Meeting were all approved. Extracts of the 2011 General Meeting minutes and the invitation, agenda, motions submitted to the General Meeting and forms of participation are available on the company's website www.edprenovaveis.com.

1.2.2. 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 three (3) years, and they may be re-elected once or more times for equal periods.

The Board of Directors currently consists of the following seventeen (17) members:

On 2011, Mr. Antônio Martins da Costa, Mr. José Silva Lopes and Mr. Daniel Kammen ended their terms as Board members. Four members of the Management Team, Mr. Rui Teixeira, Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Gabriel Alonso were appointed as Board members and the others members were re-elected for a new term.

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. Annex IV also gives a brief description of the Directors' professional and academic careers.

Finally, the shares of EDPR owned by each Director are described in the table in Annex V.

Competences

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, by delegation from the General Meeting, may decide to increase the share capital once or several times. This delegation, which may be the subject of replacement, can include the power to demand a pre-emptive right in the issue of shares that are the subject of delegation and with the requirements established by law.

Board Member	Position	Date of first Appointment	Date of Re-election	End of Term
António Mexia	Chairperson and Director	18/03/2008	21/06/2011	21/06/2014
Ana Maria Fernandes	Vice-Chairperson, CEO	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
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	Director	21/06/2011	–	21/06/2014
Luis Adão da Fonseca	Director	21/06/2011	–	21/06/2014
Gabriel Alonso	Director	21/06/2011	–	21/06/2014
Manuel Menéndez Menéndez	Director	4/06/2008	21/06/2011	21/06/2014
António Nogueira Leite	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Francisco José Queiroz de Barros de Lacerda	Director (Independent)	4/06/2008	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
Rafael Caldeira Valverde	Director (Independent)	4/06/2008	21/06/2011	21/06/2014

On the other hand, the General 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 Meeting. This delegation may be the subject of replacement. 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 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 Meeting of Shareholders 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 from the date of 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

In addition to the Articles of Association and the law, the Board of Directors is governed by the regulations approved on May 3rd, 2008. The regulations on the functioning of the Board are available to the public at the website www.edprenovaveis.com.

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, shall convene a Board meeting whenever he deems it necessary for the Company's interests. The Board of Directors held eight (8) meetings during the year ended at December 31st, 2011.

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. Exceptionally, 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 shall 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 established 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 channelled 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 channelled 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.

With the mechanisms set forth in the regulations, non-executive Directors have encountered no difficulties in performing their duties.

In 2011, 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. João Manuel Manso Neto.

Chairperson and Vice-Chairperson of the Board of Directors

Chairperson of the Board
António Mexia

The Chairperson of the Board is the Chairperson of the Company and fully represents it, using the company name, implementing decisions of the General Meeting, Board of Directors and the Executive Committee.

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 employers bodies.

The Chairperson of the Board is appointed by the members of the Board of Directors, unless this is done by the General Meeting. The current Chairperson was elected on March 18th, 2008.

Vice-Chairperson of the Board
Ana Maria Fernandes

It is the Vice-Chairperson who 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 appointed by the Board of Directors on the proposal of the Chairperson. The Vice-Chairperson was elected on May 14th, 2008.

Chief Executive Officer

CEO
Ana Maria Fernandes

The Board of Directors may appoint one or more Chief Executive Officers. Chief Executive Officers are appointed by a proposal of the Chairperson or two-thirds of the Directors. Chief Executive Officers are appointed 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, with the only requirement being that they are delegable under the law and Articles of Association.

The Chief Executive Officer was re-elected on June 21st, 2011 with competences including coordination of the implementation of Board and Executive Committee decisions, monitoring, leading and coordinating the management team appointed by the Executive Committee, 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 Regulations. In particular, in accordance with the Board 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's 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 appointed on December 4th, 2007.

1.2.3. 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.

Its constitution, the appointment 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 committee currently consists of eight (8) members, plus the Secretary. Mr. António Mexia, Mrs. Ana Maria Fernandes, Mr. João Manso Neto and Mr. Nuno Alves were re-elected on June 21st, 2011, at the Board of Directors. Mr. Rui Teixeira was appointed in April 11th, 2011 and re-elected on June 21st, 2011. Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Gabriel Alonso were appointed on June 21st, 2011.

Executive Committee	
Chairperson	António Mexia
Vice-Chairperson and CEO	Ana Maria Fernandes
	Gabriel Alonso João Manso Neto João Paulo Costeira Luis Adão da Fonseca Nuno Alves Rui Teixeira
Secretary	Emilio García-Conde Noriega

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

Competences

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

- Election of the Chairperson of the Board of Directors;
- Appointment of Directors by cooption;
- Requests to convene or convening of General Meetings;
- Preparation and drafting of the Annual Report and Accounts and submission to the General Meeting;
- Change of registered office;
- Drafting and approval of mergers, spin off or transformation of the company.

The Executive Committee members have been delegated 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

In addition to the Articles of Association, this committee is also governed by the regulations approved on June 4th, 2008 and also by the Board Regulations. The committee's 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 Executive Committee held thirty (30) meetings during the year ended on December 31st, 2011.

The Executive Committee shall draft minutes for each of the meetings held and shall inform the Board of Directors of its decisions at the first Board meeting held after each committee meeting.

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

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 corporate bodies whenever requested to do so.

1.2.4. Audit and Control Committee

Pursuant to Article 28 of the Articles of Association, the Audit and Control Committee consists of no fewer than three (3) and no more than five (5) Directors. The majority of the members shall be independent.

The Audit and Control Committee is a permanent body and performs supervisory tasks independently from the Board of Directors.

The committee currently consists of three (3) members, plus the Secretary. The three (3) members are independent Directors, as well as the Chairperson. The Chairperson of the Committee was re-elected on 2011 and the other two members, Mr. Jorge Santos and Mr. João Lopes Raimundo were appointed on June 21st, 2011 at the Board of Directors.

Audit and Control Committee	
Chairperson	João Manuel de Mello Franco
	João Lopes Raimundo Jorge Santos
Secretary	Emilio García-Conde Noriega

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.

Competences

Pursuant to Article 28 of the Articles of Association, the members of the Audit and Control Committee are appointed 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.

Concerning the recommendations introduced in 2010 by the Portuguese Code of Corporate Governance the referred competences were reinforced as mentioned below, with the following changes introduced on the Audit and Control Committee Regulations, to guarantee the compliance of the referred code:

- Reporting, through the Chairperson, at General Meetings on questions falling under its jurisdiction;
- Proposing the appointment of the Company's auditors to the Board of Directors for subsequent approval by the General 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 auditor appointments (to comply with Recommendation III.1.5 of the Portuguese Corporate Governance Code of 2010);
- Supervising the financing 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 a 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

In addition to the Articles of Association and the law, this committee is governed by the regulations approved on June 4th, 2008 amended on May 4th, 2010 and also by the Board regulations. The committee's regulations are at the shareholders' disposal at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit. In 2011, the Audit and Control Committee met six (6) times.

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.

The meetings of the Audit and Control Committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

2011 Activity

In 2011, the Audit and Control Committee's activities included the following: (I) to monitor the closure of quarterly accounts in the first half-year, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities; (II) analysis of relevant rules to which the committee is subject in Portugal and Spain, (III) assessment of the external auditor's work, especially concerning with the scope of work in 2011, and approval of all "audit related" and "non audit" services, (IV) supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analyzed and discussed, (V) drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly and yearly basis (VI) pre-approval of the 2011 Internal Audit Action Plan, (VII) supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing, (VIII) reflection on the corporate governance system adopted by EDPR, (IX) analysis of the evolution of the SCIRF project, (X) information about the whistle-blowing.

The Audit and Control Committee found no constraints during its control and supervision activities.

A report on the activities of the Audit and Control Committee in the year ended on December 31st 2011 is available to shareholders at www.edprenovaveis.com.

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

The members of the committee should 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 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 extend possible with the recommendation indicated in point II.5.2 of the Portuguese Code of Corporate Governance.

The Nominations and Remunerations Committee currently consists of three (3) independent members, plus the Secretary. Mr. Jorge Santos and Mr. Rafael Caldeira Valverde were re-elected on 2011 and Mr. Francisco Queiroz de Barros de Lacerda was appointed on June 21st, 2011 at the Board of Directors.

Nominations and Remunerations Committee	
Chairperson	Jorge Santos
	Francisco Queiroz de Barros de Lacerda Rafael Caldeira Valverde
Secretary	Emilio García-Conde Noriega

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.

Competences

The Nominations and Remunerations Committee is a permanent body 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 appointments (including by cooption), re-elections, dismissals and remunerations of the Board and its positions, about the composition of the Board and the appointment, 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 senior management. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and appointment of its members;
- Proposing the appointment and re-election of Directors in cases of appointment of co-option and in other cases for submission to the General Meeting by the Board;
- Proposing to the Board of Directors who the members of the different committees should be;
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method and amounts payable to Directors. Making proposals to the Board on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the appointment 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

In addition to the articles of association, the Nominations and Remunerations Committee is governed by the 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 decisions that it makes at the first Board meeting held after each committee meeting.

The meetings of this committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the deciding vote in the event of a tie.

2011 Activity

In 2011 the main proposals made by the Nominations and Remunerations Committee were:

- Propose the names of the candidates for the re-election and appointment for a new term of the members of the Board of Directors;
- Propose the candidates' names for a new term for the Committees of EDPR;
- The Annual Report on the Fixed remuneration and annual and multi-annual variable remuneration for the period 2011-2013;
- Performance evaluation of the Board of Directors and the Executive Committee.

1.2.6. Related Party Transactions Committee

Pursuant to Article 30 of the Articles of Association, the Board 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, João Manuel Manso Neto.

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 applicable legislation.

The committee currently consists of three (3) members, who were re-elected on June 21st, 2011, by the Board of Directors plus the Secretary.

Committee on Related-Party Transactions	
Chairperson	António Nogueira Leite
	João Manso Neto João Manuel de Mello Franco
Secretary	Emilio García-Conde Noriega

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.

Competences

The Related Party Transactions Committee is a body belonging to the Board of Directors and 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 EDP or related entities and EDPR or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDP Group and the EDPR Group, and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDP and/or related entities with EDPR 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 EDP and EDPR 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 business or legal relations between EDP or its related parties and EDPR 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 it approval.

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

Functioning

In addition to the Articles of Association, the Related Party Transactions Committee is governed by the regulations approved on June 4th, 2008 and by the Board 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.

The meetings of this committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

2011 Activity

In 2011, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter 2 of this report includes a description of the fundamental aspects of the agreements and contracts between related parties, the object of which does not pertain to the ordinary course of EDPR business.

The Related Party Transactions Committee was informed that in 2011, the average value and the maximum value regarding the transactions analyzed by the Committee was EUR 1,575,657 and EUR 3,132,771, respectively.

The total value of the operations with the EDP Group in 2011 was EUR 17 million which corresponds to a 7.6% of the total value of S&S, and EUR 225 million for total operational costs.

1.3. Incompatibility and independence

Following the recommendations of CMVM, Article 12 of the Board regulations requires at least twenty-five percent (25%) of the Directors to be independent Directors, who are considered to be those who can perform their duties without being conditioned by relations with the Company, its significant shareholders or Directors and, if applicable, meet the requirements of applicable laws.

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;

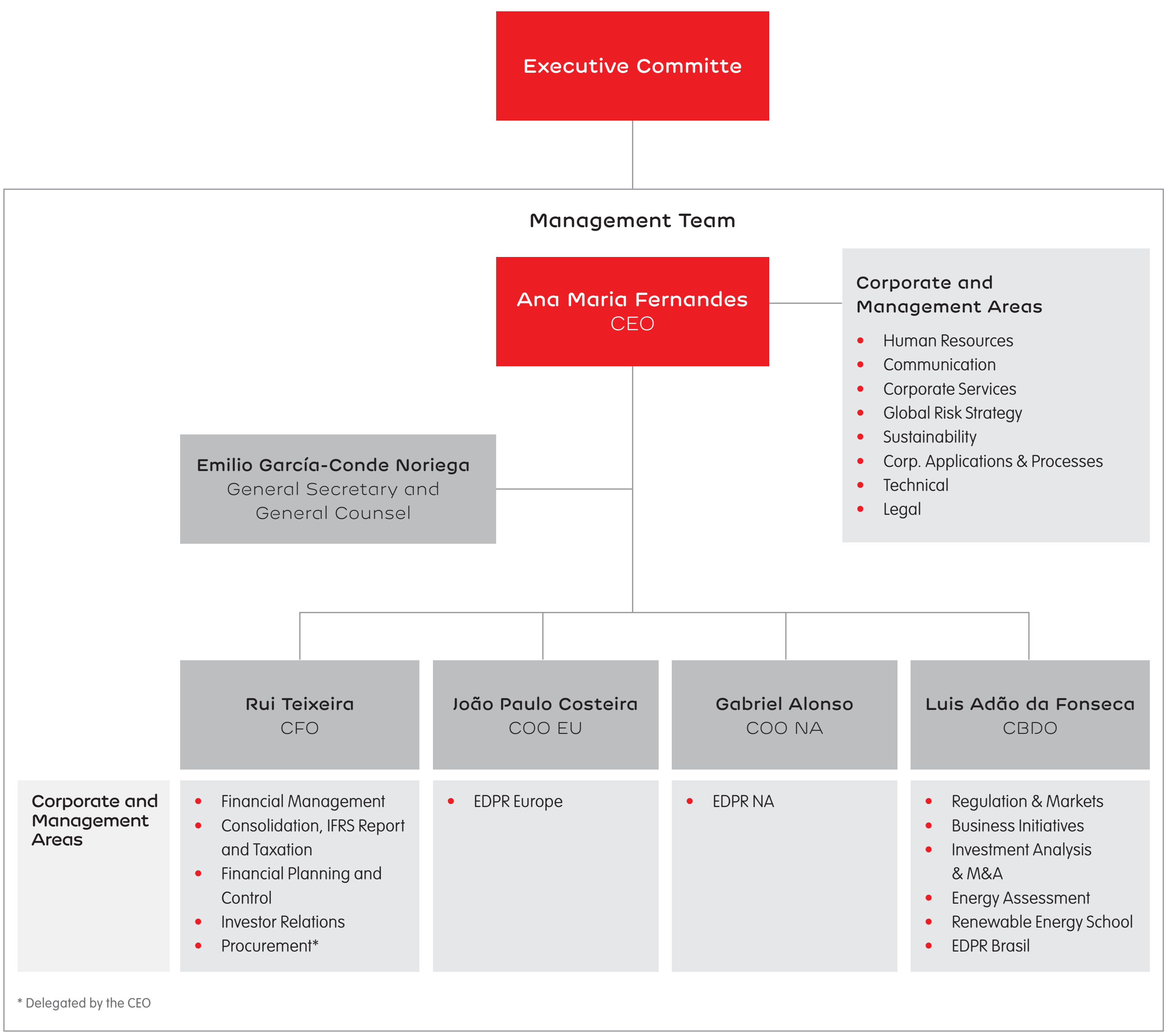
- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are I) aged under eighteen (18) years, (II) disqualified, III) competitors; (IV) convicted of certain offences or (V) hold certain management positions are not allowed to be Directors.

1.4. Rules of appointment and discharge of the 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 candidates that the Committee considers having the best qualities to fulfil the role of Board Member. The Board of Directors presents the proposal to the General Meeting of Shareholders that will approve by majority for an initial period of three (3) years and may be re-elected 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 appoint those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the appointment of the other members of the Board of Directors.

If there is 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 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.

1.5 Management structure



2. Transactions between the company and members of the company's governing bodies or group companies

During 2011, 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 1.2.6. 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 fulfil 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 appoints more than 50% of its Directors.

Executive management services agreement

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement and was renewed on May 4th, 2011 and effective from March 18th, 2011.

Through this contract, EDP provides management services to EDPR, including matters related to the day-to-day running of the Company. Under this agreement EDP appoints three people from EDP to be part of EDPR's Executive Committee, for which EDPR 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 EUR 380.400 corresponding to the fixed remuneration, for the management services rendered by EDP in 2011.

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 on arm's length basis. As at December 31st, 2011, 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 at December 31st, 2011, such counter-guarantee agreements totalled EUR 155,169,622 and USD 573,208,391.

Current account agreement

EDP Sucursal and EDPR signed an agreement through which EDP Sucursal manages EDPR' cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As at December 31st 2011, the current account had a balance of EUR 158,622,803 and USD 50,011,596 both in favour of EDPR.

The agreement is automatically renewable on a yearly basis.

Cross currency interest rate swaps

Due to the net investment in EDPR NA, the company and Group accounts of EDPR and the accounts of EDP Sucursal, were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDP Group settled a cross currency interest rate swap (CIRS) in USD and EUR, between EDP Sucursal and EDPR for a total amount of USD 2,632,613. Also a CIRS in PLN and EUR, between EDP Sucursal and EDPR was settled for a total amount of PLN 309,307,188 related with the net investment in polish companies.

Hedge agreements – exchange rate

EDP Sucursal and EDPR entered into several hedge agreements with the purpose of managing the transaction exposure related with the investment payments to be done in Poland, fixing the exchange rate for EUR/PLN in accordance to the prices in the forward market in each contract date. At December 31st 2011, a total amount of EUR 38,803,000 remained outstanding.

Hedge agreements – commodities

EDP and EDP EU entered into hedge agreements for a total volume of 1,599 MWh for 2011 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 2011 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 appoint 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 2011 the estimated cost of these services is EUR 3,132,771.00. This was the total cost of services provided for EDPR, EDPR 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.

In June 2011 EDPR requested EDP Inovação the development of services related to certain renewables projects, which are currently under execution.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or appoints the majority of the members of the Board and Executive Committee of the parties to the agreement.

Management support service 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 2011 totalled EUR 945,458.

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 techonology 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 2011 totalled EUR 2,483,227.

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 Hidroeletrica 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 2011 totalled BRL 1,383,840.

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.

3.Internal control systems and risk management

3.1. Internal control system over financial reporting

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of internal control, whose mechanisms are beginning to be generally applicable to listed companies.

SCIRF covers the main aspects of the COSO (Committee of Sponsoring Organizations of the Treadway Commission): maintaining a control environment for the preparation of a financial reporting of quality, assessment of the risks of financial information, existence of control activities that mitigate risks of error, transparent communication and reporting procedures and mechanisms of the SCIRF both internally and externally and continuous supervision of the design and operation of the system.

SCIRF provides a control environment in EDPR in many ways, embodied in the Entity Level Controls. These controls cover aspects such as:

- Existence of government bodies with regulated activities (the Regulations of the Audit Committee specifies the supervision and evaluation of the financial reporting process and operation of internal control systems and risk management);
- Adequacy of the organizational structure and delegation of authority to the needs of EDPR, and their evaluation and updating;
- Existence of conditions to ensure effective supervision capacity, monitoring and evaluation of activities of the Executive Committee;
- Existence and dissemination of a Code of Ethics and a channel of communication of bad practice;
- Risk identification, assessment and management by conducting continuous analysis, update and monitor;
- Existence of an internal control system supervised and evaluated, with structure and specific conceptual model, specific methodology and supporting documentation available and suitable.

One aspect covered by SCIRF is the risk assessment of financial information. The way in which this point is dealt with by SCIRF is evidenced by the existence of processes that establish the responsibility for developing and supervising the accounts and the frequency with which financial information is reported, with the corresponding controls that allow the minimization of the occurrence of errors and irregularities. These controls satisfy the following control objectives: (I) completeness (the product of event and transaction processing presents no omissions or duplications), (II) accuracy (no data is missing or wrong), (III) validity (events and transactions are subject to formal approval) and (IV) restricted access (existence of adequate protection of resources).

In the processes set down, information capture mechanisms are specified, as well as the steps that are performed for the preparation of financial information which forms part of EDPR's financial statements. Likewise, there is a process for the communication to markets of all kinds of information required, whether financial, operational or on any relevant matter contemplated by the regulatory bodies.

Besides the elements already mentioned, SCIRF has a wide variety of control activities (embodied in Process controls and General Computer Controls) covering the various phases of activity of EDPR, from the initial promotion stage to the beginning of exploitation and sale of energy produced by the facilities, including the reflection of these activities in the accounting as well as the work necessary for the individual and consolidated accounts disclosures or for the obtaining of financing for the management of the business.

EDPR's SCIRF Control activities also cover the systems and information technologies (General Computer Controls), following an international reference model such as COBIT (Control Objectives for Information and related Technologies). The importance of this aspect is that information systems are the tools with which financial information is prepared, thus being relevant for transactions conducted with them. It includes activities such as access control to applications and systems, management of corrective and evolutive maintenance, new projects implementation, systems, facilities and operations (back-ups, security, incidents) management and administration, and their monitoring and proper planning. These activities are developed taking into account the requirements of control and supervision.

For contracted entities that provide relevant services that support processes of financial reporting preparation, specifically in the field of information technologies, the entities are required to meet the same minimum requirements for internal control in line with those of EDPR.

As noted above, SCIRF undergoes a process of supervision and evaluation.

- In compliance with SCIRF's supervision and through various meetings throughout the year, the Audit Committee approved the planning work to be done in the exercise and reviewed the evolution of the various aspects of the internal control cycle (update of the scope, consolidation and incorporation of new territories in the scope, SCIRF's maintenance, adaptation and management through monitoring the implementation of resolution plans for improvement opportunities identified by the external auditor in previous cycles) and assessments by Internal Audit;

- As in the previous year, in 2011 the assessment of EDPR's SCIRF has been conducted by auditor KPMG in line with the strategic objectives of the group. KPMG issued a favourable opinion.

The SCIRF activities and their progress have been quarterly reported to the Audit and Control Committee, complying with its supervision and follow-up missions regarding the company's internal control systems and risk management.

At the year-end in accordance with CMVM Recommendation III.1.4 the external auditors, within the scope of their powers, verified the efficiency and functioning of the Internal Control Systems and reported their conclusions to the Audit and Control Committee. Additionally, KPMG reported the result of their review of SCIRF to the Audit and Control Committee.

With this report and the teamwork of the Internal Auditors the Audit and Control Committee in accordance with CMVM Recommendation II.1.1.3 made its final assessment report and presented to the Board.

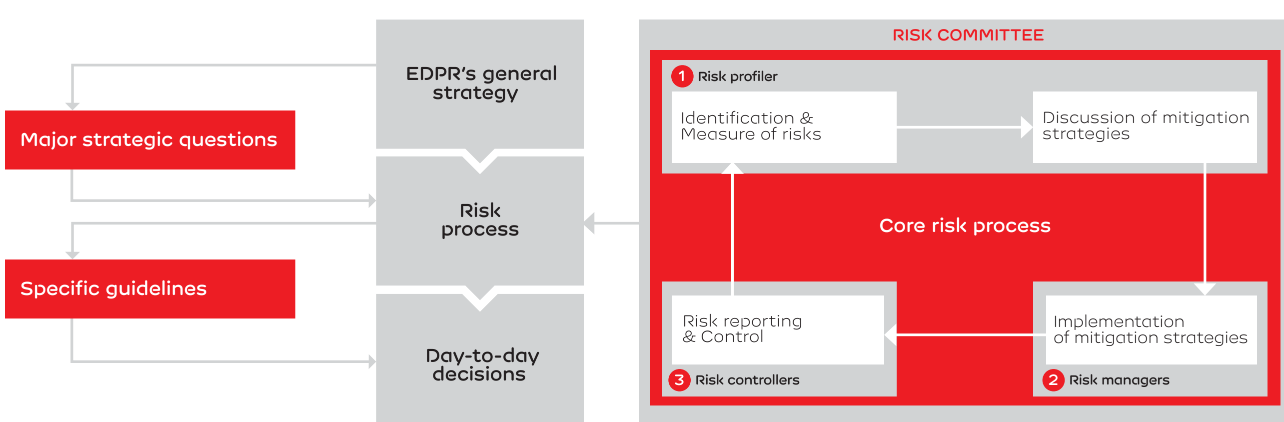
3.2. Risk management

EDPR's risk framework was designed to be not 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.

3.2.1. Risk framework and process

In EDPR's risk framework, risk process aims to link the company's overall strategy into 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.



3.2.2. 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 management & 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 Committee integrates and coordinates all the risk functions and assures the link between risk strategy and the company's operations.

EDPR's Risk Committee intends to be the forum to discuss how EDPR can optimize its risk-return position according to its risk profile. The key responsibilities of this committee are:

- To analyze EDPR overall exposures and propose actions;
- To follow-up the effectiveness of the mitigation actions;
- To review transactional limits, risk policies and macro-strategies;
- To review reports and significant findings of the risk profiler analysis and the risk control areas;
- To review the scope of the work of the risk profiler and its planned activities.

3.2.3. 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 all its planned Capex; EDPR may not be able to fulfil 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 suffers delays and/or anticipations in its installation;
6. **Operations -** Projects may deliver a volume different from expected.

3.2.4. Countries and regulations

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.

Support for renewable energy sources has been strong in previous years, and both the European Union and various US federal and state bodies have regularly reaffirmed their wish to continue and strengthen such support.

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.

Management of regulatory risks

EDPR is managing its exposure to regulatory risks trough diversification (being present in several countries) and by being an active member in several wind associations.

3.2.5. Revenues

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. On the markets where there is expected short term volatility on 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 it may face 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, although both are in a process to change into feed in tariff.

In the case of North America, EDPR focus is developing strategy on the States which by having an RPS program in place provides higher revenues visibility, through the REC (Renewable Energy Credit) system and by non-compliance penalties. The North America market does not provide any 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, selling price is defined through a public auction which is later translated into a long-term contract.

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, assessing in which markets financial hedges may be more effective to correct it. In 2011, in order to manage such exposure, EDPR financially hedged a significant part of its generation in Spain while it closed a significant portion of its exposure through several physical and financial deals for the long-term in the US.

Risk related to volatility of energy production

The amount of electricity generated by EDPR on its wind farms, and therefore EDPR's profitability, are 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 speeds 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 the geographical diversification – in each country and in different countries – of its asset base. This "portfolio effect" enables 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.

3.2.6 Financing

Risks related to the exposure to financial markets

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated using fixed rates and hedging instruments, including interest rate swaps.

Also because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial condition and results of operations. EDPR may attempt to hedge against currency fluctuations risks by natural hedging strategies, as well as by using hedging instruments, including forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR hedging efforts will minimize but not 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 following the recommendation of the risk committee.

Taking into account the risk management policy and exposure limits previously approved, the Financial Department identifies, evaluates and submits for the Board's approval the financial strategy appropriate to each project/location

The execution of the approved strategies is also undertaken by the Financial Department, in accordance with the policies previously defined and approved.

Fixed rate, Natural hedging and Financial instruments are used to minimize potential adverse effects resulting from the interest rate and foreign exchange rate risks on its financial performance.

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 issuing 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.

Management of Interest rate risk

EDPR has a portfolio of interest-rate derivatives with maturities between approximately 2 and 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 rate markets.

Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, main currency exposure is the U.S. USD/EUR currency fluctuation risk that results principally from the shareholding in EDPR NA. With the ongoing increasing capacity in others non-euro regions, EDPR will become also exposed to other local currencies (Poland, Romania and Brazil).

Management of exchange rate risk

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

Counterparty credit risk

Counterparty risk is the default risk of the other party in an agreement, either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

EDPR 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.

Liquidity risk

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

Management of liquidity risk

EDPR's 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 in unacceptable losses or risking damage to EDPR's reputation.

3.2.7 Wind turbine contracts

Wind turbine supply risk

Wind turbine generators (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 its profitability. WTG represents the majority of a wind farm capital expenditure (on average, between 70% and 80%).

Management of wind turbine supply risk

EDPR faces limited risk to the availability and prices' increase of WTG due to its framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to reduce its dependency on any one supplier being one of the worldwide wind energy developers with a more diversified and balanced portfolio.

3.2.8 Pipeline development

Permitting risks

Wind farms are subject to strict international, national, state, regional and local regulations relating to the development, construction, licensing, grid interconnection and operation of power plants. Among other things, these laws regulate: land acquisitions, leasing and use; building, transportation and distribution permits; landscape and environmental permits; and regulations on energy transmission and distribution network congestions.

Management of permitting risk

EDPR mitigates this risk 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 maturity stages. 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.

3.2.9 Operations

Wind turbine performance risk

Wind farms output depend 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 implies that the energy output is not the expected.

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.

Most recently, and following the general trend in the wind sector, EDPR is externalizing some pure technical O&M activities of its wind farms.

3.3. External auditor

The Audit and Control Committee is responsible for proposing to the Board of Directors for submission to the General Meeting the appointment 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.

EDPR's External Auditor is, since the year 2007, KPMG Auditores S.L.., therefore there is still no need to rotate the auditor according to Recommendation III.1.3 of the Portuguese Corporate Governance Code.

In 2011, 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 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.

3.4 Whistle-blowing 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 2011 there were no communications regarding any irregularity at EDPR.

3.5 Ethics

EDPR is governed by a strong sense of ethics, whose principles are embodied in the day-to-day activities of its employees, according to ethical practices generally considered to be consensual but which, for reasons of appropriate disclosure, transparency and impartiality, the company decided to provide details on.

For that purpose, EDPR developed and approved a global Code of Ethics, to be adopted by all company's employees, without prejudice to other legal or regulating provisions. EDPR Employees' must comply with the Code of Ethics and with the approved corporate policies, which provide those practices and should follow main principles such as:

- Transparency, honesty and integrity;
- Working environment;
- Development of human capital;
- Human rights;
- Non-discrimination and equal opportunities;
- Integrity;
- Environment and sustainability;
- Disciplinary action.

The Code of Ethics has been disseminated to all employees.

On 2011, the Board of Directors approved the creation of an Ethics Committee.

The Ethics Committee is a standing committee which objective is to ensure the Code of Ethics compliance within the company, processing all information received to this extent and establishing, if appropriate, corrective actions.

The main functions of the Ethics Committee are the receipt, registration, processing and reporting to the Board of Directors of information and reports received by the employees regarding violations of the Code in matters of legislation and ethics, conduct in the work environment, human rights and equal opportunities, integrity, relations with customers and suppliers, the environment and sustainability. These functions include the following:

- Proposing corporate ethics instruments, policies, goals and targets;
- Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries;
- Analyzing reported violations of the Code of Ethics, deciding on their relevance and admissibility;
- Deciding if there is any need for a more in-depth investigation to ascertain the implications and persons involved. The Ethics Committee may, for this purpose, use internal auditors or hire external auditors or other resources to assist in the investigation;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

On September 15th, 2011, the Ethics Committee was formed. The members of the Ethics Committee are the Chairpersons of the Board of Director's Committees:

Ethics Committee	
Chairperson	João Manuel de Mello Franco
	Antônio Nogueira Leite Jorge Santos
Secretary	Emilio García-Conde Noriega

On that meeting it was also nominated an Ethics Ombudsmen, Carlos Alberto Silva Almeida Loureiro. According to the Ethics Code regulation, the Ethics Ombudsmen is responsible for:

- Receiving reports and preparing and documenting cases and submitting them to the Ethic Committee;
- Monitoring each violation case that they have prepared until its conclusion and liaising with the complainant whenever necessary and appropriate;
- Drafting quarterly reports on the organization's performance in terms of compliance with the Code of Ethics.

A "Code of Ethics" e-mail channel is available for the communication of any breach to the Code articles. In 2011 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

4. Shareholder structure and exercise of shareholders' rights

4.1. Capital structure

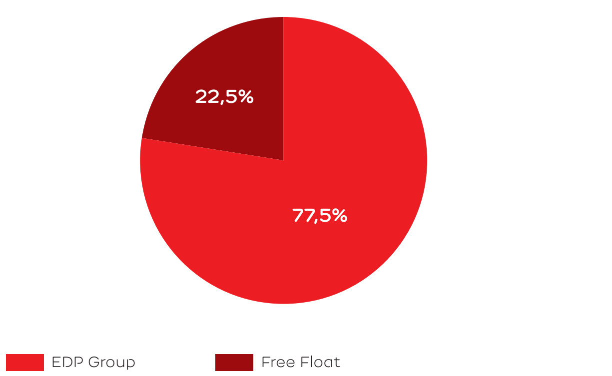
The EDPR share capital of EUR 4,361,540,810 is represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid. There are no holders of special rights and pursuant to the Article 8 of the Company's Articles of Association, 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 regarding the company.

4.2. 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.

EDPR SHAREHOLDER STRUCTURE

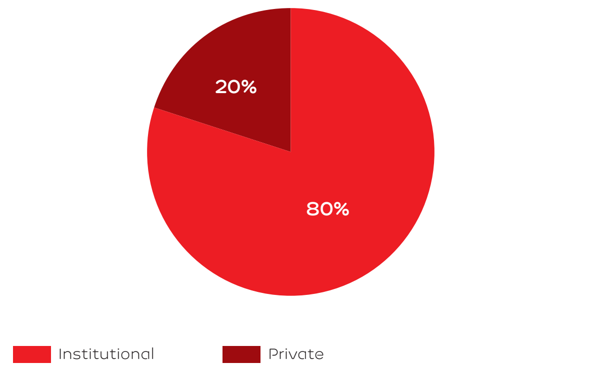


Free-float descripton

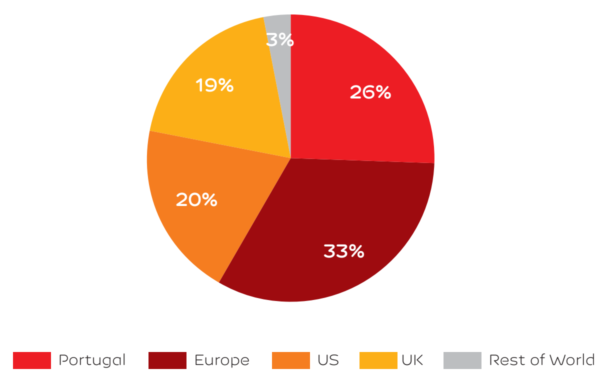
By Dec. 31st, 2011, EDPR's free-float comprised about 110,000 institutional and private investors spread across more than 35 different countries with special focus on Portugal, United States, and United Kingdom. Rest of Europe most represented countries are Switzerland, France and Norway.

Institutional investors represented 80% of EDPR's free-float (79% in 2010) while private investors, mostly Portuguese, stand for the remaining 20%.

FREE-FLOAT BY INVESTOR TYPE



FREE-FLOAT BY GEOGRAPHY



4.3. Qualifying holding

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%**

4.4. Right to attend

All shareholders, irrespective of the number of shares that they own, may attend a General 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 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 Meeting.

Moreover, although there is no express provision on the matter in the Articles of Association, in the event of the suspension of a General 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.

Any shareholder with the right to attend may send a representative to a General 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 Meeting, in writing or by remote means of communication, such as post.

4.5. Voting and voting rights

Each share entitles its holder to one vote.

Shares issued without this right do not have voting rights, with the exception of cases set forth by current legislation.

There is no employee share-owning system at EDPR and so no relevant control mechanisms on the exercise of voting rights by employees or their representatives have been set up.

4.6. Mail and electronic communication votes

Shareholders may vote on points 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 Meeting.

Votes by mail shall be sent in writing to the place indicated on the invitation to the meeting accompanied by the documentation indicated in the Shareholder's Guide.

In order to vote by electronic communication, shareholders must express this intention to the Chairperson of the General Meeting of the in the form indicated in the invitation to the meeting, sufficient time in advance to permit the vote within the established time limit. They will then receive a letter containing a password for voting by electronic communication within the time limit and in the form established in the call of the General 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 Meeting by the shareholder who cast the vote or his/her representative.

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

4.7. Quorum for constituting and adapting decisions of the general meeting

Both ordinary and extraordinary General 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 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 Meeting.

4.8. Minutes and information on decisions

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

Given the personal nature of the information involved, the history does not include attendance lists at general meetings, although, in accordance with CMVM Circular nr. 156/EMIT/DMEI/2009/515, when General Meetings are held, EDPR plans to replace them by statistical information indicating the number of shareholders present and distinguishing between the number of physical presences by mail.

EDPR therefore publishes on its website an extract of the minutes of General Meetings with all information on the constitution of the General Meeting and decisions made by it, including motions submitted and any explanations of votes.

The website also provides EDPR shareholders with information on: I) requirements for participating in the General Meeting, II) mail and electronic communication votes III) information available at the registered office.

4.9. Measures regarding control and changes of control of the company

The Company has taken no defensive measures that might seriously 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 CMVM Code of Corporate Governance.

On the other hand, EDPR has not entered into any agreements (current or future) 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.

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

5. Remuneration

5.1. Remuneration of the members of the Board of Directors and its Audit and Control Committee

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 Meeting for the whole Directors and expenses for attending Board meetings.

The above 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 Meeting and comply with current legal provisions.

The maximum remuneration approved for each fiscal year by the General Meeting of Shareholders, 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 Meeting of Shareholders for this Variable remuneration in 2011 for all the members of the Board of Directors is EUR 600,000.

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 Meeting. It can also propose to the Board the terms of contracts with the Directors. The distribution and exact amount paid to each Director and the frequency and other details of the remuneration shall be determined by the Board on the basis of a proposal from the Nominations and Remunerations Committee.

5.2. Performance-based components, variable component and fixed amount

The remuneration of the Executive Committee and the Management Team is built in three blocks: fixed remuneration, annual and multi-annual bonus.

The annual bonus is defined as a maximum of 68% of the annual salary and is 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, (PSI-20 and peers);
- EDP Renováveis growth (MW and pipeline);
- The risk – result of EDP Renováveis (ROIC Cash; market exposure, EBITDA and net result);
- Efficiency (technical availability, OPEX/MW, CAPEX/MW).

The multi-annual bonus is defined as a maximum of 102% of the annual salary and is calculated based on the same drivers as for annual bonus but measured on a multi-year timeframe to be paid at the end of the period and with additional environmental and social perspectives including, (I) the performance of the Sustainability Index applied to EDPR (DJSI method), (II) Employee satisfaction survey, (III) Appreciation of the Nominations and Remunerations Committee.

According to the Remuneration Policy approved at the General Meeting of Shareholders', the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

The remuneration to the CEO and the Executive Committee Directors that are also members of the Management Team was paid directly by EDPR while for the other members of the Executive Committee there was no direct payment to its members.

Although the remuneration for all the members of the Board of Directors is provided for the members of the Executive Committee with the exception of the CEO and those members that could likewise be part of the Management Team (who devote most of their work to the activity of EDPR) are not remunerated by EDPR.

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 the executive 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.

5.3. Annual remuneration of the Board of Directors including the Audit and Control Committee

The remuneration of the members of the Board of Directors for the year ended on December 31st 2011 was as follows:

Remuneration (€)	Fixed	Variable		Total
		Annual	Multi-annual	
EXECUTIVE DIRECTORS				
António Mexia *	–	–	–	–
Ana Maria Fernandes (CEO)	384,000	167,362	–	551,362
João Manso Neto *				
Nuno Alves *	–	–		–
António Martins da Costa *	–	–	–	–
Rui Teixeira	–	–	–	–
João Paulo Costeira	–	–	–	–
Luis Adão da Fonseca	–	–	–	–
Gabriel Alonso	–	–	–	–
NON-EXECUTIVE DIRECTORS				
António Nogueira Leite	35,000	–	–	35,000
Daniel M. Kammen	22,500	–	–	22,500
Francisco José Queiroz de Barros de Lacerda	55,000	–	–	55,000
Gilles August	45,000		–	45,000
João Lopes Raimundo	58,333	–	–	58,333
João Manuel de Mello Franco	80,000	–	–	80,000
Jorge Santos	60,000	–	–	60,000
José Araújo e Silva	26,250	–	–	26,250
José Silva Lopes	30,000	–	–	30,000
Manuel Menéndez Menéndez	45,000	–	–	45,000
Rafael Caldeira Valverde	55,000	–	–	55,000
Total	**896,083**	**167,362**		**1,063,445**

* With exception of the CEO and Executive Committee Directors that are also members of the Management Team, the members of the Executive Committee have not received any remuneration from EDPR. EDPR has entered in an Executive Management Services Agreement with EDP pursuant to which EDPR is due to pay to EDP EUR 380,400, corresponding to the fixed remuneration, for the management services rendered by EDP in 2011.

In 2011, Mr. António Martins da Costa, Mr. José Silva Lopes and Mr. Daniel Kammen ended their terms as Board members. The remuneration mentioned above refers only to the months when these Board members were still on duty.

The retirement savings plan for the members of the Executive Committee, excluding the Management Team members, 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 as members of one or more committees.

In 2011, the remuneration of the members of the Management Team, as EDPR employees, excluding the Chief Executive Officer, was the following:

Remuneration (€)	Fixed	Variable*		Total
		Annual	Multi-annual	
Rui Teixeira	242,575	75,000	138,279	455,854
João Paulo Costeira	250,000	75,000	154,320	479,320
Luis Adão da Fonseca	242,575	75,000	138,279	455,854
Gabriel Alonso	250,000	75,000	141,357	466,357
Total	**985,151**	**300,000**	**572,235**	**1,857,386**

* Corresponds to the 2010 annual variable remuneration and 2009-2010 multi-annual variable remuneration accrued before their incorporation to the Board of Directors.

The retirement savings plan for the members of the Executive Committee that are also members of the Management Team, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary.

The Directors do not receive any relevant non-monetary benefits as remuneration.

5.4. Statement on remuneration policy

The definition of the proposal of the remuneration policy for the members of the Board is of the responsibility of the Nominations and Remunerations Committee and is approved by the General Shareholders Meeting.

This Committee defined the remuneration to be attributed to Directors and members of the Management Team, 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 maximisation 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 Remunerations Committee for the period 2011-2013, 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 and the Management Team.

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, revise the KPIs (Key Performance Indicators) for variable multi-annual and annual components, and unify for Executive Committee and Management Team the implementation of the Correlation Matrix of Goals Achievements to determine the variable remuneration.

5.5. General Meeting's assessment of company remuneration policy and performance evaluation of its governing bodies

The General 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.

One of the General Meeting's duties includes appraising the above mentioned statement.

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

5.6. Attendance at the ordinary General Meeting of Shareholders of a representative of the Nominations and Remunerations Committee

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

5.7. Proposal on the approval of plans on share remuneration and/or share purchase options or on the basis of share price fluctuations

The Company has not approved any plans for share remuneration or share purchase options or plans based on share price fluctuations.

5.8. Remuneration of the President of the General Meeting

In 2011, the remuneration of the Chairperson of the General Meeting of EDPR was EUR 15,000.

5.9. Auditor's remuneration

For the year ended on December 31st, 2011, the fees paid to KPMG Auditores, S.L. for the audit and statutory audit of accounts and financial statements, other assurance and reliability services, tax consultancy services and other services unrelated to statutory auditing are as follows:

REMUNERATION (€)

	Portugal	Spain	Brazil	USA	Other	Total	%
Audit and statutory audit of accounts and financial statements	166,000	638,829	83,102	688,241	307,749	1,883,921	85.2%
Other assurance and reliability services (*)	180,000	60,895		31,173	12,750	284,818	12.9%
Sub-total audit related services	346,000	699,724	83,102	719,414	320,499	2,168,739	98.1%
Tax consultancy services	–	–		24,067	9,000	33,067	1.5%
Other services unrelated to statutory auditing	9,500	–				9,500	0.4%
Sub-total non-audit related services	9,500	–		24,067	9,000	42,567	1.9%
Total	**355,500**	**699,724**	**83,102**	**743,481**	**329,499**	**2,211,306**	**100%**

(*) The fees of Portugal regarding the inspection of the internal control system (SCIRF) include the Spanish subsidiaries (EUR 80,000) and EDPR NA (EUR100,000) 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 2011.

6. Capital markets

6.1. Share performance and dividend policy

Share description

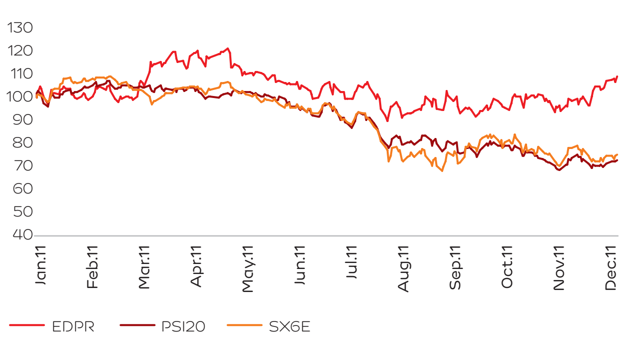
The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008. Since then the free float level is unchanged at 22.5%.

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 4th, 2008
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

Share price performance

EDPR's equity market value at December 31st 2011 was EUR 4.12 billion, the equivalent to EUR 4.73 per share. In 2011, the share price improved 9%, outperforming the PSI-20 (the NYSE Euronext Lisbon reference index), the Euronext 100 and the Dow Jones Eurostoxx Utilities ("SX6E") which suffered a general depreciation in 2011. The year's low was recorded on August 9th (EUR 3.89) and the year's high was reached on May 2nd (EUR 5.25).

SHARE PRICE PERFORMANCE

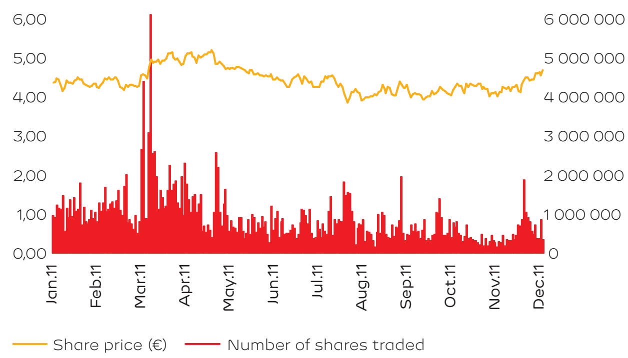


PSI-20 Best & Worst Performers in 2011			
Jerónimo M.	+12.19%	BCP	-74.82%
EDPR	+9.02%	Sonae Indús.	-66.75%
Cimpor	+4.87%	BPI	-61.80%
EDP	-4.01%	Banif	-60.92%
Sonaecom	-10.00%	BES	-53.13%

SX6E Best & Worst Performers in 2011			
Gas Natural	+15.45%	Veolia Env.	-61.28%
Enel Green P.	+2.09%	Areva	-47.70%
EDP	-4.01%	RWE	-45.40%
Enagas	-4.19%	Suez Env.	-42.39%
Red Electrica	-6.07%	EDF	-38.75%

In 2011 were traded more than 232 million EDPR shares, representing 25% year-on-year decrease in its liquidity, and corresponding to a turnover of approximately EUR 1.06 billion. On average, 0.9 million shares were traded per day. The total number of shares traded represented 27% of the total shares admitted to trading and to 118% of the company's free float.

EDPR SHARE PRICE AND TRANSACTIONS

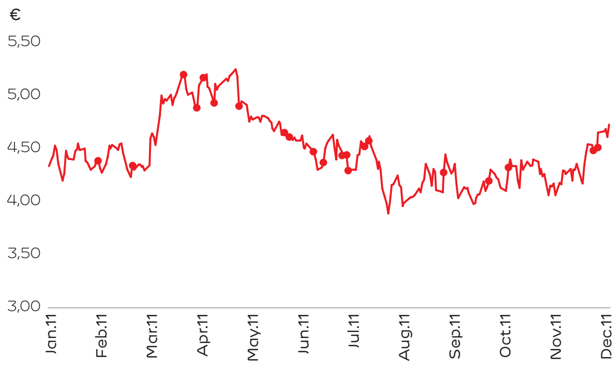


Capital market Indicators

	2011	2010	2009	2008
EDPR SHARES IN NYSE EURONEXT LISBON (€)				
Opening price	4.34	6.63	5.00	8.00
Closing price	4.73	4.34	6.63	5.00
Peak price	5.25	7.01	7.75	8.00
Minimum price	3.89	3.72	5.00	3.45
VARIATION IN SHARE PRICE AND REFERENCE INDICES				
EDP Renováveis	9%	-35%	33%	-37%
PSI20	-28%	-10%	33%	-51%
Dow Jones Eurostoxx Utilities	-25%	-15%	-1%	-38%
Euronext 100	-14%	1%	25%	-45%
LIQUIDITY OF EDPR SHARES IN THE MARKET				
Turnover in NYSE Euronext (€m)	1,060.3	1,539.2	1,676.0	1,646.0
Daily average turnover (€m)	4.1	6.0	6.4	11.0
Number of shares traded (million)	232.3	311.2	257.0	216.0
Daily Average traded shares (million)	0.9	1.2	1.0	1.5
Total shares issued (million)	872.3	872.3	872.3	872.3
Number of own shares (million)	-	-	-	-
Free-float (million)	196.3	196.3	196.3	196.3
Annual rotation of capital (% of total shares)	27%	36%	29%	25%
Annual rotation of capital (% of free-float)	118%	159%	131%	110%
EDPR MARKET VALUE (€m)				
Market capitalisation at end of period	4,124	3,783	5,783	4,364

The graph below shows the evolution in EDPR prices over the year and all announcements and relevant events that may had impact on them.

MAIN EDPR EVENTS IN 2011



#	Date	Descripton	Share Price (€)
1	2/Feb	EDP Renováveis discloses 2010 provisional data	4.38
2	24/Feb	EDP Renováveis announces 2010 results	4.35
3	30/Mar	EDPR takes full control of Genesa	5.20
4	7/Apr	EDP Renováveis sells its financial stake in a Spanish wind farm	4.90
5	11/Apr	EDP Renováveis Annual Shareholder Meeting	5.17
6	18/Apr	EDP Renováveis discloses 1Q2011 provisional data	4.93
7	4/May	EDP Renováveis discloses 1Q2011 financial results	4.90
8	3/Jun	EDP Renováveis is awarded new long-term contract in the US	4.65
9	6/Jun	EDP Renováveis establishes a partnership for the development of 2.4 GW of wind offshore capacity in the UK	4.61
10	21/Jun	EDP Renováveis Extraordinary Shareholder Meeting	4.48
11	21/Jun	EDP Renováveis executes project finance for 138 MW in Romania	4.48
12	28/Jun	EDPR is granted 127 MW by the Aragón Government – Spain	4.37
13	11/Jul	EDP Renováveis executes project finance for 90 MW in Romania	4.44
14	13/Jul	EDP Renováveis establishes a new institutional partnership structure and secures USD 116 million	4.44
15	14/Jul	EDP Renováveis discloses its 1H2011 provisional data	4.30
16	25/Jul	EDP Renováveis executes project finance for 70 MW in Brazil	4.53
17	27/Jul	EDP Renováveis discloses its 1H2011 financial results	4.58
18	14/Sep	EDP Renováveis secures a new PPA for 101 MW in the US	4.27
19	13/Oct	EDP Renováveis discloses its 9M2011 provisional data	4.20
20	26/Oct	EDP Renováveis discloses its 9M2011 financial results	4.32
21	20/Dec	EDP Renováveis is awarded long term contracts for 120 MW at the Brazilian energy auction	4.48
22	21/Dec	EDP Renováveis executes through its associated company ENEOP – Eólicas de Portugal, S.A. project finance for 376 MW in Portugal	4.51
23	22/Dec	EDP Renováveis: EDP and China Three Gorges establish a strategic partnership	4.51
24	22/Dec	EDP Renováveis establishes a new institutional partnership structure for 99 MW in the US	4.51

6.2. 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 Meeting to allocate to dividends of the outstanding shares;
- The amount agreed by the General 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 IPO, is to propose dividends' distribution each year representing at least 20% of EDPR's distributable profit. Also as announced in the IPO, EDPR Board of Directors can adjust this dividend policy as required to reflect, among other things, changes to our business plan and our capital requirements, and there can be no assurance that in any given year a dividend will be proposed or declared.

In light of a challenging economic and regulatory environment in the countries in which EDPR holds investments, of the net financial results obtained in the fiscal year of 2011 and of the company's capital requirements in a harsh financial environment, the Board of Directors will propose at the Shareholder's Meeting, to be held in 2012, to retain the 2011 results as voluntary reserves.

6.3. Communication with capital markets

Communication policy

The Communication Policy of EDPR seeks to provide to shareholders, potential 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 look for to provide investors with information that can support them make informed, clear, 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.

EDPR make use of its corporate website as a major channel to publish all the material information and ensures that all the relevant information on its activities and results is always up-to-date and available.

Investor relations department

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 encompass developing and implementing

EDPR's communication strategy and preserve 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 CMNV – Comisíon 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 – 7th Floor Phone: +34 902 830 700 Fax: +34 914 238 429 E-mail: ir@edpr.com

Activity in 2011

Last year was particularly challenge for the stock markets, requiring the biggest effort from the EDPR management and the IR team to best deliver a clear and realistic message to all entities in the financial markets to attempt to ease concerns and to avoid investment decisions supported by speculative news flow. In 2011, we were able to discuss the investors' main topics of concerns, namely related to the perceived sector regulatory uncertainty in some European markets, the difficult market in the US, the impact from the sovereign debt crisis in Europe, the Portuguese financial assistance program from the IMF/ECB/EU and the outcome for EDPR from the 8th privatization phase of EDP – Energias de Portugal, our principal shareholder. The merger between Iberdrola and Iberdrola Renovables, the tender offer launched by EDF over EDF Energies Nouvelles and the EDPR's strategic plan pos-2012 were also relevant topics of discussion.

During 2011 EDPR was present in several events reinforcing its value creation proposition to its shareholders while prospecting new ones. In the year, the EDPR management and the IR team held more than 300 meetings in the Company's Offices and in 15 of the major financial cities of Europe and of the US, in a strong evidence of investor's interest in the company.

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 also 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 updated 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.

At the IR Department of EDPR, we remained 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 2011, as far we are aware of the sell-side analysts issued more than 200 reports evaluating EDPR's performance.

Analysts

As a world leader in renewable energy, one of the biggest listed companies in the sector and one of the biggest companies of PSI20, EDPR is permanently under analysis and valuation.

At the end of the 2011, as far as the company is aware of, there were 28 institutions elaborating research reports and following actively the Company's activity. As of December 31st 2011, the average price target of those analysts was of €5.39 per share with most of them reporting "Buy" recommendations on EDPR's share: 17 Buys, 7 Neutrals, 3 Sell and only 1 Suspended.

Company	Analyst	Recommen-dation	Price Target (€)	Last Report Issued
Banesto	António Cruz-Guzmán	Overweight	6.86	22/07/2011
Banif	Sofia Cordeiro	Buy	5.46	05/05/2011
Barclays Capital	Rupesh Madlani	Equalweight	4.75	01/11/2011
BBVA	Daniel Ortea	Outperform	5.30	05/05/2011
BCP	Vanda Mesquita	Buy	6.00	14/10/2011
Berenberg	Benita Barretto	Buy	6.50	21/10/2011
BES	Fernando Garcia	Buy	4.90	26/09/2011
BNP Paribas	José Fernandez	Underperform	4.20	20/10/2011
BoAML	Matthew Yates	Buy	5.25	27/10/2011
BPI	Flora Trindade	Buy	6.00	19/09/2011
Caixa BI	Helena Barbosa	Suspended	–	16/12/2011
Cheuvreux	José Porta	Underperform	5.19	27/07/2011
Citigroup	Manuel Palomo	Buy	5.00	30/09/2011
Deutsche Bank	Virginia Sanz de Madrid	Hold	5.00	26/10/2011
Fidentiis	Daniel Rodríguez	Buy	5.59	04/08/2011
Goldman Sachs	Matija Gergolet	Neutral	5.90	29/12/2011
HSBC	James Magness	Overweight	7.25	14/10/2011
ING	Maurice Rosenthal	Sell	3.30	14/12/2011
Jefferies	Gerard Reid	Buy	5.85	26/10/2011
JP Morgan	Sarah Laitung	Overweight	5.10	13/10/2011
Macquarie	Shai Hill	Outperform	5.25	06/07/2011
Morgan Stanley	Allen Wells	Overweight	5.40	12/10/2011
Natixis	Céline Chérubin	Neutral	4.70	27/10/2011
Redburn Partners	Archie Fraser	Buy	6.11	07/02/2011
Sabadell	Jorge Gonzalez	Buy	5.06	26/10/2011
Santander	Joaquín Ferrer	Hold	6.20	23/05/2011
Société Générale	Jorge Alonso	Hold	4.50	27/10/2011
UBS	Alberto Gandolfi	Neutral	5.00	08/09/2011

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	√	√	√
Market Liaison Officer	√	√	√
Credentials of the Members of the Board of Directors	√	√	√

MAIN POSITIONS HELD BY MEMBERS OF BOARD OF DIRECTORS IN THE LAST FIVE YEARS

Board Member	Position
António Mexia	
	CEO of EDP - Energias de Portugal, S.A. Member of the General Supervisory Board of Banco Comercial Português S.A.
Ana Maria Fernandes	
	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
João Manso Neto	
	Chairperson of the Executive Committee of EDP Produção CEO and Vice-Chairperson of Hidroeléctrica del Cantábrico, S.A. Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
Nuno Alves	
	Executive Director of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CFO)
Rui Teixeira	
	Chief Financial Officer of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
João Paulo Costeira	
	Chief Operating Officer for Europe of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
Luis Adão da Fonseca	
	Chief Business Development Officer of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
Gabriel Alonso Imaz	
	Chief Operating Officer for North America of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
António Nogueira Leite	
	Director of the Instituto Português de Relações Internacionais, UNL Director of Reditus, SGPS, S.A. Managing Director José de Mello, SGPS, S.A. Director of Companhia União Fabril CUF, SGPS, S.A. Director of Quimigal, S.A. Director of CUF - Químicos Industriais, S.A. Director of ADP, S.A.-CUF Adubos Director of Sociedades de Explosivos Civic, SEC, S.A. Director of Brisa, S.A. Director of Efacec Capital, SGPS, S.A. Director of Comitur, SGPS, S.A. Director of Comitur Imobiliária, S.A. Director of Expocomitur - Promoções e Gestão Imobiliária, S.A. Director of Herdade do Vale da Fonte - Sociedade Agrícola, Turística e Imobiliária, S.A. Director of Sociedade Imobiliária e Turística do Cojo, S.A. Director of Sociedade Imobiliária da Rua das Flores, nº 59, S.A. Director of José de Mello Saúde, SGPS, S.A. Vice-Chairperson of the Advisory Board of Banif Banco de Investimentos Chairperson of the General Supervisory Board of Opex, S.A. Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade Director of José de Mello Investimentos, SGPS, S.A. Director of Fundação de Aljubarrota Chairperson of Associação Oceano XXI (cluster do Mar)
Francisco José Queiroz de Barros de Lacerda	
	Member of the Executive Board of Directors of Banco Comercial Português, S.A. and several subsidiaries Director of Mague - SPGS, S.A. CEO of CIMPOR – Cimentos de Portugal, SGPS, S.A.
Gilles August	
	Co-founder of August & Debouzy. He now manages the firm's corporate department.
João Lopes Raimundo	
	Chairperson of the Board of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Director of Banque Orive BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millenniun Angola Director of Banco Millennium BCP de Investimento Vice-Chairperson of the Board of Millennium Bank, NA (USA) Director of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of BCP Holdings USA, Inc Managing Director of Banco Comercial Português
João Manuel De Mello Franco	
	Director of Portugal Telecom SGPS, S.A. 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.

Board Member	Position
Jorge Santos	
	Full Professor of Economics at Instituto Superior de Economia e Gestão, da Universidade Técnica de Lisboa Member of the Assembly of Representatives of Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
José Araújo e Silva	
	Director of Corticeira Amorim, SGPS, S.A. Member of the Executive Committee of Corticeira, SGPS, S.A. Director of Caixa Geral de Depósitos
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. Director of EDP Renewables Europe, SL Member of the Board of Directors of EDP Renováveis, S.A. Representative of Peña Rueda, SL in the Board of Directors of Enagas, S.A. Member of the Board of Confederación Española de Cajas de Ahorro 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.

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.

Board Member	Position
António Mexia	
	Member of the General Supervisory Board of Banco Comercial Português, S.A.
Ana Maria Fernandes	
	N/A
João Manso Neto	
	N/A
Nuno Alves	
	N/A
Rui Teixeira	
	N/A
João Paulo Costeira	
	N/A
Luis Adão da Fonseca	
	N/A
Gabriel Alonso Imaz	
	N/A
António Nogueira Leite	
	Director of the Instituto Português de Relações Internacionais, UNL Director of Reditus, SGPS, S.A. Managing Director José de Mello, SGPS, S.A. Director of Companhia União Fabril CUF, SGPS, S.A. Director of Quimigal, S.A. Director of CUF – Químicos Industriais, S.A. Director of ADP, S.A.-CUF Adubos Director of Sociedades de Explosivos Civic, SEC, S.A. Director of Brisa, S.A. Director of Efacec Capital, SGPS, S.A. Director of Comitur, SGPS, S.A. Director of Comitur Imobiliária, S.A. Director of Expocomitur – Promoções e Gestão Imobiliária, S.A. Director of Herdade do Vale da Fonte – Sociedade Agrícola, Turística e Imobiliária, S.A. Director of Sociedade Imobiliária e Turística do Cojo, S.A. Director of Sociedade Imobiliária da Rua das Flores, nº 59, S.A. Director of José de Mello Saúde, SGPS, S.A. Vice-Chairperson of the Advisory Board of Banif-Banco de Investimentos Chairperson of the General Supervisory Board of Opex, S.A. Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade Director of José de Mello Investimentos, SGPS, S.A. Director of Fundação de Aljubarrota Chairperson of Associação Oceano XXI (cluster do Mar)
Francisco José Queiroz de Barros de Lacerda	
	CEO of Cimpor – Cimentos de Portugal, SGPS, S.A. Chairperson of Cimpor Inversiones, S.A. Chairperson of Sociedade de Investimento Cimpor Macau, S.A. Manager of Deal Winds – Sociedade Unipessoal, Lda
Gilles August	
	Co-founder of August & Debouzy. He now manages the firm's corporate department.
João Lopes Raimundo	
	Director of CIMPOR – Cimentos de Portugal SGPS, S.A. Chairperson of the Board of BCP Holdings USA, Inc Managing Director of Banco Comercial Português
João Manuel de Mello Franco	
	Director of Portugal Telecom SGPS, S.A. 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	
	Full Professor of Economics at Instituto Superior de Economia e Gestão, da Universidade Técnica de Lisboa Member of the Assembly of Representatives of Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
José Araújo e Silva	
	Director of Corticeira Amorim, SGPS, S.A. Member of the Executive Committee of Corticeira, SGPS, S.A. Director of Caixa Geral de Depósitos Director of Artlant, S.A. Director of Caetano Auto SGPS Director of Cartolinas do Prado
Manuel Menéndez Menéndez	
	Chairperson and CEO of Liberbank, S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Representative of Peña Rueda, SL in the Board of Directors of Enagas, S.A. Member of the Board of Confederación Española de Cajas de Ahorro 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.

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	Nuno Alves	Ana Maria Fernandes	João Manso Neto	Manuel Ménendez Menéndez	Rui Teixeira	João Paulo Costeira	Luis Adão da Fonseca	Gabriel Alonso
EDP – Energias de Portugal, S.A.	CEBD	D	D	D	–	–	–	–	-
EDP – Gestão da Produção de Energia, S.A.	–	–	–	CBD	–	–	–	-	-
EDP – Energias do Brasil, S.A.	CBD	D	D	–	–	–	–	–	–
EDP – Estudos e Consultoria, S.A.	–	CBD	–	–	–	–	–	–	–
EDP – Imobiliária e Participações, S.A.	–	CBD	–	–	–	–	–	–	–
EDP Valor – Gestão Integrada de Serviços, S.A.	–	CBD	–	–	–	–	–	–	–
Sãvida – Medicina Apoiada, S.A.	–	CBD	–	–	–	–	–	–	–
SCS – Serviços Complementares de Saúde, S.A.	–	CBD	–	–	–	–	–	–	–
Energia RE S.A.	–	CBD	–	–	–	–	–	–	–
Hidroeléctrica del Cantábrico, S.A.	–	D	D	VCBD/CEO	CBD	–	–	–	–
Hidrocantábrico Energia, SAU				CBD					
Eléctrica de la Ribera de Ebro, SL				CBD					
Naturgás Energia Grupo, S.A.	–	–	–	VCBD	CBD	–	–	–	–
EDP Gás – SGPS, S.A.	–	–	–	CBD	–	–	–	–	–
Balwerk – Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.	–	M	–	–	–	–	–	–	–
EDP – Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	PR	–	–	–	–	–
EDP Gás.com – Comércio de Gás Natural, S.A.				D	–	–	–	–	–
EDP Finance BV	R	R	R	R	–	–	–	–	–
Electricidade de Portugal Finance Company Ireland Lt.	–	D		–	–	–	–	–	–
Empresa Hidroeléctrica do Guadiana, S.A.	–	–	–	CBD	–	–	–	–	–
EDP Projectos SGPS, S.A.	–	–	–	D	–	–	–	–	–
EDP Energia Ibérica S.A.				D	–	–	–	–	–
EDP Inovacão, S.A.	–	–	–	–	–	–	–	D	–
Operacão e Manutencão Industrial, S.A.	–	–	–	–	–	–	D	–	–

CEBD – Chairperson Executive Board of Directors
CBD – Chairperson of the Board of Directors/ CEO – Chief Executive Officer
VCBD – Vice–Chairperson of the Board of Directors
D – Director
R – Representative
PR – Permanent Representative
M – Manager

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	Nuno Alves	Ana Maria Fernandes	João Manso Neto	Manuel Ménendez Menéndez	Rui Teixeira	João Paulo Costeira	Luis Adão da Fonseca	Gabriel Alonso
EDP Renewables North America LLC	–	–	–	–	–	–	–	–	CEO
EDP Renewables Europe, S.L.	–	–	CBD	–	D	D	D	D	–
ENEOP – Eólicas de Portugal, S.A.	–	–	CBD	–	–	–	–	–	–
EDP Renováveis Brasil, S.A.	–	–	CBD	–	–	D	–	D	
EDP Renováveis Portugal, S.A.	–	–	–	–	–	D	CBD	D	–
EDP Renewables Romania SRL	–	–	–	–	–	–	CBD	D	–
EDP Renewables UK Ltd	–	–	–	–	–	–	D	D	–
EDP Renewables France SA	–	–	–	–	–	–	CBD	–	–
EDP Renewables Polska, SP, z.o.o.	–	–	–	–	–	D	D	D	–
EDP Renewables Italia, SRL	–	–	–	–	–	–	D	D	–
ENEOP 2 S.A	–	–	–	–	–	–	CBD	–	–
Generaciones Especiales I SL	–	–	–	–	–	D	D	D	–
EDP Renewables Canada, Ltd	–	–	–	–	–	D		D	–
Greenwind, S.A.	–	–	–	–	–	–	CBD	–	–

CBD – Chairperson of the Board of Directors
CEO – Chief Executive Officer
D – Director

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 41.

Board of Directors

António Luís Guerra Nunes Mexia
(Chairperson)

Born on July 12th, 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 served as Vice-Chairperson of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998 was Director of Banco Espírito Santo de Investimentos and, in 1998, was appointed Chairperson of the Board of Directors of Gás de Portugal and Transgás. In 2000 joined Galp Energia as Vice-Chairperson of the Board of Directors. From 2001 to 2004, 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 appointed 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, was appointed 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 appointed Chairperson of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

Ana Maria Machado Fernandes
(Vice-Chairperson and Chief Executive Officer)

Born on 1st November, 1962. She graduated in Economics from the Faculty of Economics at Oporto (1986). She received a postgraduate degree in Finance from the Faculty of Economics of Universidade do Porto and an MBA from the Escola de Gestão do Porto (1989). She lectured at the Faculty of Economics of Universidade do Porto from 1989 until 1991. Began her professional career in 1986 at Conselho – Gestão e Investimentos, a company of the Banco Português do Atlântico Group, in the capital markets, investments and business restructuring field. In 1989 began working at Efisa, Sociedade de Investimentos, in the area of corporate finance, and was later made a director of Banco Efisa. In 1992 joined the Grupo Banco de Fomento e Exterior as director in the area of investment banking and was Head "Corporate Finance" at BPI between 1996 and 1998. In 1998 joined Gás de Portugal as Director of Strategic Planning and M&A and, in 2000, became Director of Strategy and Portfolio Management of Galp Business. She later became President of Galp Power and Director of Transgás. From 2004 until 2006 was director of the Board of Galp Energia. On 30th March 2006, was appointed member of EDP's Executive Board of Directors to start the term of office on 30th June 2006. She was reappointed on 15th April 2009.

João Manuel Manso Neto

Born on April 2nd, 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 1988 to 1995 worked at Banco Português do Atlântico, occupying the positions of Supervisor for the International Credit Division, Head of the International Credit Division, Department Director, Deputy Central Director for International Management and Central Director of Financial Management and Retail Commerce South. From 1995 to 2002 worked at the Banco Comercial Português, where he held the posts of General Director of Financial Management, General Manager of Large Institutional Businesses, General Manager of the Treasury, member of the Board of Directors of BCP Banco de Investimento and Vice-Chairperson of BIG Bank Gdansk. From 2002 to 2003, in Banco Português de Negócios, was the Chairperson of BPN Serviços ACE, Director of BPN SGPS, Director of Sociedade Lusa de Negócios and a member of the Board of Banco Efisa. He is still a voting Member of the OMEL Board of Directors. From 2003 to 2005 worked at EDP as Director-General and Administrator of EDP Produção. In 2005 was appointed Adviser at HC Energía, Chairperson of Genesa and Director of Naturgas Energia and OMEL. On 30th March 2006, was appointed member of EDPS' Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

Nuno Maria Pestana de Almeida Alves

Born on April 1st, 1958. He received an undergraduate degree in Engineering and Naval Construction in 1980 and an MBA in 1985 from the University of Michigan. He began his professional career in 1988 as Supervisor in the Studies and Planning Directorate at Banco Comercial Português, where he took on the role of Sub-Director of Financial Investment in 1990. In 1991, became Director of Investor Relations. In 1994, became the Director of Private Retail Coordination. In 1996, served as Director of Capital Markets for Banco CISF, the investment bank of Banco Comercial Português, and was promoted to Director of Investment Banking in 1997. In 1999, became Chairperson of the Board of Directors of CISF Dealer, where he remained until 2000, when became Director of Milleniumbcp Investimento (formerly Banco CISF), responsible for Capital Markets and Treasury of the BCP Group. Has served as Director-General of BCP from 2000 to 2006. On 30th March 2006, was appointed member of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

annex IV

Rui Teixeira

Born in 1972. Mr. Teixeira is a member of the Board of Directors of EDP Renováveis, S.A., member of the Executive Committee, member of the Management Team and is the Chief Financial Officer of the Company. From 1996 to 1997, Mr. Teixeira was assistant director of the commercial naval department of Gellweiler – Sociedade Equipamentos Maritimos e Industriaies, Lda. From 1997 to 2001, Mr. Teixeira 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, Mr. Teixeira 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 Mr. Teixeira has also served as Chief Financial Officer of EDP Renewables Europe SL (former NEO). He was appointed Chief Financial Officer of the Company in 2008. Mr. Teixeira is also a Director on the board of directors of a number of subsidiaries of the Company's Group.
Mr. Teixeira holds a master of science degree in naval architecture from the Institute Superior Técnico de Lisboa and a master of business administration degree from the Universidade Nova de Lisboa.

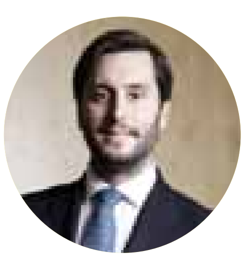
João Paulo Costeira

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, as General manager of Lisboagás (Lisbon's Natural gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), or Managing Director of Lusitaniagás (Natural gas LDC). He also was a member of the Management Team of GalpEmpresas and Galpgás. In 2006 he became 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 of EDP Renováveis S.A., member of the Management Team, member of the Executive Committee and Executive Board Member of EDP Renováveis S.A.. He is also Vice-President of the European Wind Association and the Spanish Wind Association (Asociación Empresarial Eólica).
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).

Luis Adão da Fonseca

Born in 1975. In 1998 Mr. Adão da Fonseca held the position of assistant lecturer in the Economics and Business Sciences School and in the Human Sciences School of Universidade Católica Portuguesa, until leaving later the same year to become a consultant for McKinsey & Company. Mr. Adão da Fonseca left McKinsey & Company in July 2000 to enter into a Master in Business Administration degree program at INSEAD, which he concluded with distinction in 2001. He then assumed the role of management for renewable energy development projects with the EDP Group M&A and Business Development Division. Mr. Adão da Fonseca was appointed as Chief Financial Officer of NEO (now EDP Renewables Europe SL) in January 2005, a position he held until becoming Chief Development Officer of EDP Renewables Europe SL (former NEO) in 2007. Currently he is member of the Board of Directors of EDP Renováveis S.A. and EDP Inovação.
Mr. Adão da Fonseca holds a master's degree in economics from the Universidade Católica Portuguesa, a Master of Business Administration degree from INSEAD, as well as a postgraduate degree in leading change and organizational renewal from the Stanford Graduate School of Business. In 2011 Mr. Adão da Fonseca has also received a Master Degree for Risk Management from the Stern School of Management – NYU.

Gabriel Alonso



Born in 1973. He has been working in the wind energy industry for over 14 years in several countries in Europe, North America and North Africa.
Gabriel 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 a key member of the initial public offering (IPO) of EDPR in June 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.
Gabriel Alonso is currently Chief Executive Officer for EDP Renewables North America LLC (EDPR NA), member of the Executive Committee and Board of Directors of EDP Renewables S.A. (EDPR), and member of the Executive Committee and 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.

António Nogueira Leite

Born in 1962. Between 1988 and 1996, held the position of consultant to several national and international institutions, including the Bank of Portugal, the OECD and the EC. Between 1995 and 1998, was general secretary of APRITEL, and between 2000 and 2002 was a Director of APRITEL. From 1997 to 1999, was a Director of Soporcel, S.A., between 1998 and 1999, was a Director of Papercel, S.A., and in 1999, was a Director of MC Corretagem, S.A. Also in 1999, was appointed chairperson of the board of directors of Bolsa de Valores de Lisboa and became a member of the executive committee of Associação de Bolsas Ibero Americanas. Since 2000, Mr. Nogueira Leite has been a member of the consultative council of Associação Portuguesa para o Desenvolvimento das Comunicações. Between 2000 and 2002, was a consultant for Vodafone – Telecomunicações Pessoais,S.A., between 2001 and 2002, was a consultant of GE Capital, and in 2002 was a member of the consultative council of IGCP. Since 2002, he has held various positions within the José de Mello group and has held Directorships with numerous other entities including Reditus, SGPS, S.A., Quimigal, S.A, Brisa, S.A., ADP, S.A., Comitur, SGPS, S.A., Comitur Imobiliária, S.A., Expocomitur – Promoções e Gestão Imobiliária, S.A., Herdade do Vale da Fonte – Sociedade Agrícola, Turística e Imobiliária, S.A., e SGPS, S.A., Efacec Capital, SGPS, S.A., and Cuf – Químicos Industriais, S.A. He held a further Directorship with Sociedade de Explosivos Civis, SEC, S.A. from 2007 to March 2008. Between October 1999 and August 2000, was Secretary of State for Treasury and Finance and Governor Substitute of the European Bank of Investments. Additionally held positions with the European Bank for Reconstruction and Development, the International Monetary Fund and was a member of the Financial and Economic Council of the European Union. He was vice-chairperson of the consultative council of Banif Banco de Investimento, S.A., and chairperson of the general and supervision council of OPEX, S.A. He is Chairperson of Associação Oceano XXI (cluster do Mar). Since 2008 is Non-Executive Director of EDPR'S Board of Directors and member of the Related-Party Transactions Committee.

Has an undergraduate degree in economics from the Universidade Católica Portuguesa, a master of science degree in economics, and a Ph.D. in economics from the University of Illinois.

Francisco José Queiroz de Barros de Lacerda

Born in 1960, he graduated with the highest grade on Business Administration in 1982 from Universidade Católica Portuguesa, where he returned as assistant professor in 1984 and 1985. Between 1982 and 1990 he held positions of analyst, manager and director of Locapor (Leasing), CISF and Hispano Americano Sociedade de Investimentos. Between 1990 and 2000 he developed his main activity at Banco Mello, as Executive Member of the Board of Directors since 1990 and as CEO between 1993 and 2000, being after 1997 also Vice-Chairperson, and, over that period, Chairperson or Director of several banks and financial companies' part of the Banco Mello group. He was simultaneously member of the top management team of the José de Mello group and a non-executive director of Insurance Company Império. Between 2000 and 2008, he was a member of the Executive Board of Directors of Banco Comercial Português, S.A., and in this capacity was responsible for the activities of the banking group in Central, Eastern & South-eastern Europe and in investment banking. Since 2010 he is CEO of Cimpor, a large multinational cement group. He is also Member of the Remuneration Committee of Portugal Telecom SA since 2009 and Member of the Advisory Boards of the Católica Lisbon's Master in Finance since 2006 and of Nova Business & Economics since 2009. Since 2008 is a Non-Executive Director of EDPR's Board of Directors, was member of the Audit and Control Committee from 2008 till 2011 and in 2011 was appointed member of the Nominations and Remunerations Committee.

Gilles August

Born in 1957, between 1984 and 1986, was a Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC. Between 1986 and 1991he 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. Has been a Lecturer at École Supérieure des Sciences Economiques et Commerciales and at Collège de Polytechnique and is currently giving lecturres at CNAM (Conservatoire National des Arts et Métiers). He is Knight of the Lègion d'Honneur. Since 2009 is a Non-Executive Director of EDPR's Board of Directors.

He has a Master in Laws 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 Ècole Supérieure des Sciences Economiques et Commerciales (ESSEC).

João José Belard da Fonseca Lopes Raimundo

Born in 1960. Between 1982 and 1985, he was senior auditor of BDO – Binder Dijker Otte Co. Between 1987 and 1990, he was director of Banco Manufactures Hanover (Portugal), S.A. and between 1990 and 1993 was a member of the board 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 Director of Nacional Factoring. In 1998, he was appointed to the board of several companies, including Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring. From 1999 to 2000, he was a Director of BCP Leasing, BCP Factoring and Leasefactor SGPS. From 2000 to 2003, He was appointed Chairperson of the Board of Directors of Banque BCP (Luxemburg) and Chairperson of the Executive Committee of Banque BCP (France). Between 2003 and 2006 he was a member of management of Banque Prive BCP (Switzerland) and was general director of private banking of BCP. Since 2006, he has been a Director of Banco Millennium BCP de Investimento, and general Director of Banco Comercial Português and Vice-Chairperson and CEO of Millenniumbcp bank, NA. Mr. Lopes Raimundo is presently Director of CIMPOR - Cimentos de Portugal SGPS, S.A., and Chairperson of the Board of BCP Holdings USA, Inc. Since 2008 is 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 appointed member of the Audit and Control Committee.

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

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 chairperson of the executive committee 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 is 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, S.A. between 2003 and 2008.

Since 2011 he is also 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

Born in 1951. From 1997 to 1998, 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 co-ordinator 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 was elected president of the general assembly of IDEFE. Since 2008 is a Non- Executive Directors of EDPR's Board of Directors, Chairperson of the Nominations and Remunerations Committee and in 2011 was appointed 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 appointed 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. 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 is a Non-Executive Director of EDPR's Board of Directors.

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.

Manuel Menéndez Menéndez

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 of ENAGAS, 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 is 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 thesis', 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

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 appointed 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 is a Non-Executive Director of EDPR's Board of Directors and member of the Nominations and Remunerations Committee.

Has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

Secretary of the Board

Emilio García-Conde Noriega

Born in 1955. In 1981, he joined Soto de Ribera Power Plant, which was owned by a consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico, as legal counsel. In 1995, he was appointed general counsel of Soto de Ribera Power Plant, and also chief of administration and human resources of the consortium. In 1999, he was appointed as legal counsel at Hidrocantábrico, and in 2003 was appointed 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 Director and/or secretary on Boards of Directors of a number the Company's subsidiaries in Europe.

Holds a master's degree in law from the University of Oviedo.

SHARES OF EDP RENOVÁVEIS OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AS AT 31.12.2011

Board Member	Direct	Indirect	Total
António Luis Guerra Nunes Mexia	3,880	320	4,200
Ana Maria Machado Fernandes	1,510	0	1,510
João Manuel Manso Neto	0	0	0
Nuno Maria Pestana de Almeida Alves	5,000	0	5,000
Rui Manuel Rodrigues Lopes Teixeira	10,135	370	10,505
João Paulo Nogueira de Sousa Costeira	3,000	0	3,000
Luis de Abreu Castelo-Branco Adão da Fonseca	1,200	0	1,200
Gabriel Alonso Imaz	18,503	0	18,503
Francisco José Queiroz de Barros de Lacerda	310	310	620
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
Rafael Caldeira de Castel-Branco Valverde	0	0	0
António do Pranto Nogueira Leite	0	0	0
João José Belard da Fonseca Lopes Raimundo	170	670	840
Manuel Menéndez Menéndez	0	0	0
Gilles August	0	0	0

financial statements

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement for the years ended 31 December 2011 and 2010

	Notes	2011	2010
(thousands of Euros)			
Revenues	6	957,217	840,642
Income from institutional partnerships in US wind farms	7	111,610	107,005
		1,068,827	**947,647**
Other operating income / (expenses):			
Other operating income	8	84,544	73,025
Supplies and services	9	-225,069	-196,211
Personnel costs and employee benefits expenses	10	-60,832	-54,846
Other operating expenses	11	-66,732	-56,866
		-268,089	**-234,898**
		800,738	**712,749**
Provisions		266	155
Depreciation and amortisation expense	12	-468,493	-434,403
Amortisation of deferred income (government grants)	12	14,986	11,406
		347,497	**289,907**
Gains / (losses) from the sale of financial assets	13	10,499	-
Financial income	14	61,555	44,305
Financial expenses	14	-305,685	-218,451
Share of profit of associates		4,796	5,036
Profit before tax		**118,662**	**120,797**
Income tax expense	15	-28,038	-37,759
Profit for the year		**90,624**	**83,038**
Attributable to:			
Equity holders of EDP Renováveis	29	88,604	80,203
Non-controlling interests	31	2,020	2,835
Profit for the year		**90,624**	**83,038**
Earnings per share basic and diluted (Euros)	**29**	**0.10**	**0.09**

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 2011 and 2010

	2011		2010	
	Equity holders of the parent	**Non--controlling Interests**	**Equity holders of the parent**	**Non--controlling Interests**
(thousands of Euros)				
Profit for the year	**88,604**	**2,020**	**80,203**	**2,835**
Fair value reserve (cash flow hedge)	-10,827	-1,109	-27,727	115
Tax effect from the fair value reserve (cash flow hedge)	1,622	200	6,079	-33
Fair value reserve (available for sale investments)	-7,673	844	2,321	2,082
Actuarial gains / (losses)	17	-	-	-
Tax effect of actuarial gains/(losses)	-5	-	-	-
Exchange differences arising on consolidation	-15,686	-1,357	-15,886	-506
Other comprehensive income for the year, net of income tax	**-32,552**	**-1,422**	**-35,213**	**1,658**
Total comprehensive income for the year	**56,052**	**598**	**44,990**	**4,493**

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Financial Position for the years ended 31 December 2011 and 2010

	Notes	2011	2010
(thousands of Euros)			
ASSETS			
Property, plant and equipment	16	10,454,621	9,981,771
Intangible assets	17	21,819	22,727
Goodwill	18	1,311,845	1,344,006
Investments in associates	19	51,381	45,871
Available for sale financial assets	20	9,618	18,380
Deferred tax assets	21	55,558	38,519
Debtors and other assets from commercial activities	24	64,211	62,752
Other debtors and other assets	25	198,272	60,559
Total Non-Current Assets		**12,167,325**	**11,574,585**
Inventories	22	23,751	24,162
Trade receivables	23	146,105	143,650
Debtors and other assets from commercial activities	24	80,029	91,419
Other debtors and other assets	25	379,246	383,901
Current tax assets	26	41,288	81,050
Financial assets at fair value through profit or loss	27	211	35,744
Cash and cash equivalents	28	219,922	500,639
Total Current Assets		**890,552**	**1,260,565**
Total Assets		**13,057,877**	**12,835,150**
EQUITY			
Share capital	29	4,361,541	4,361,541
Share premium	29	552,035	552,035
Reserves	30	-40,545	-9,249
Other reserves and Retained earnings	30	365,531	283,440
Consolidated net profit attributable to equity holders of the parent		88,604	80,203
Total Equity attributable to equity holders of the parent		**5,327,166**	**5,267,970**
Non-controlling interests	31	126,559	125,541
Total Equity		**5,453,725**	**5,393,511**
LIABILITIES			
Medium / Long term financial debt	32	3,691,068	3,325,943
Employee benefits	33	163	95
Provisions	34	57,982	53,787
Deferred tax liabilities	21	381,468	371,600
Institutional partnerships in US wind farms	35	1,796,809	1,644,048
Trade and other payables from commercial activities	36	404,233	416,731
Other liabilities and other payables	37	189,250	337,260
Total Non-Current Liabilities		**6,520,973**	**6,149,464**
Short term financial debt	32	135,054	207,647
Trade and other payables from commercial activities	36	707,590	734,383
Other liabilities and other payables	37	189,119	301,399
Current tax liabilities	38	51,416	48,746
Total Current Liabilities		**1,083,179**	**1,292,175**
Total Liabilities		**7,604,152**	**7,441,639**
Total Equity and Liabilities		**13,057,877**	**12,835,150**

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Cash Flows for the years ended 31 December 2011 and 2010

(thousands of Euros)	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	987,826	812,999
Cash paid to suppliers	-276,080	-230,612
Cash paid to employees	-56,807	-59,203
Concession rents paid	-	-979
Other receipts/(payments) relating to operating activities	13,197	95,887
	668,136	**618,092**
Income tax received/(paid)	-25,604	-50,645
Net cash flows from operating activities	**642,532**	**567,447**
Continuing activities	**642,532**	**567,447**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipts resulting from:		
Proceeds from sale of financial assets	66,644	7,124
Proceeds from sale of property, plant and equipment	40,075	1,996
Other proceeds related to fixed assets	605	128
Interest received	8,409	7,209
Dividends received	2,488	1,799
	118,221	**18,256**
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-262,944	-59,575
Acquisition of property, plant and equipment	-892,409	-1,421,493
	-1,155,353	**-1,481,068**
Net cash flows from investing activities	**-1,037,132**	**-1,462,812**
Continuing activities	**-1,037,132**	**-1,462,812**
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase or sale of non-controlling interests	3,879	-
Receipts/(payments) of loans	147,987	537,136
Interest and similar costs	-164,089	-111,560
Governmental grants received	2,587	169,304
Increases in capital and share premium	5,863	4,977
Receipts/(payments) from derivative financial instruments	-5,726	487
Dividends paid	-7,365	-1,361
Receipts/(Payments) from institutional partnership (EDPR NA)	141,111	228,359
Net cash flows from financing activities	**124,247**	**827,342**
Continuing activities	**124,247**	**827,342**
Net increase/(decrease) in cash and cash equivalents	**-270,353**	**-68,023**
Effect of exchange rate fluctuations on cash held	-10,364	40,277
Cash and cash equivalents at the beginning of the period (*)	500,639	528,385
Cash and cash equivalents at the end of the period (*)	**219,922**	**500,639**

(*) See Note 28 of the Annual Accounts for a detailed breakdown of Cash and cash equivalents.

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Changes in Equity for the year ended at 31 December 2011 and 2010

	Total Equity	Share Capital
(thousands of Euros)		
Balance as at 31 December 2009	**5,327,555**	**4,361,541**
Recognised income and expense for the year		
Fair value reserve (available for sale financial assets) net of taxes	4,403	-
Fair value reserve (cash flow hedge) net of taxes	-21,566	-
Exchange differences arising on consolidation	-16,392	-
Profit for the year	83,038	-
Total recognised income and expense for the year	49,483	-
Dividends attributable to non-controlling interests	-1,363	-
Share capital increase in EDP Renovaveis Brazil	2,463	-
Share capital increase in EDPR EU companies	2,749	-
Non-controlling interests arising from Parque Eólico Altos del Voltoya business combination	9,706	-
Other	2,918	-
Balance as at 31 December 2010	**5,393,511**	**4,361,541**
Recognised income and expense for the year		
Fair value reserve (available for sale financial assets) net of taxes	-6,829	-
Fair value reserve (cash flow hedge) net of taxes	-10,114	-
Actuarial gains/(losses) net of taxes	12	-
Exchange differences arising on consolidation	-17,043	-
Profit for the year	90,624	-
Total recognised income and expense for the year	56,650	-
Dividends attributable to non-controlling interests	-3,419	-
Share capital increase in EDP Renovaveis Brazil	1,493	-
Changes resulting from acquisitions / sales and equity increases	5,215	-
Other	275	-
Balance as at 31 December 2011	**5,453,725**	**4,361,541**

The following notes form an integral part of these Consolidated Annual Accounts

Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non-controlling interests
552,035	**280,522**	**570**	**16,735**	**8,659**	**5,220,062**	**107,493**
-	-	-	-	2,321	2,321	2,082
-	-	-	-21,648	-	-21,648	82
-	-	-15,886	-	-	-15,886	-506
-	80,203	-	-	-	80,203	2,835
-	80,203	-15,886	-21,648	2,321	44,990	4,493
-	-	-	-	-	-	-1,363
-	-	-	-	-	-	2,463
-	-	-	-	-	-	2,749
-	-	-	-	-	-	9,706
-	2,918	-	-	-	2,918	-
552,035	**363,643**	**-15,316**	**-4,913**	**10,980**	**5,267,970**	**125,541**
-	-1,268	-	-	-6,405	-7,673	844
-	-	-	-9,205	-	-9,205	-909
-	12	-	-	-	12	-
-	-	-15,686	-	-	-15,686	-1,357
-	88,604	-	-	-	88,604	2,020
-	87,348	-15,686	-9,205	-6,405	56,052	598
-	-	-	-	-	-	-3,419
-	-	-	-	-	-	1,493
-	2,810	-	-	-	2,810	2,405
-	334	-	-	-	334	-59
552,035	**454,135**	**-31,002**	**-14,118**	**4,575**	**5,327,166**	**126,559**

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2011 and 2010

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47

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 2011 the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext Lisbon.

As at 31 December 2011, 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") 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.

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, SA (wind farms in Portugal), Genesa (renewable resources electricity generation in Spain), Agrupación Eólica (wind farms in Spain and France), Greenwind, SA (wind farms in Belgium - partnership with local investors), EDP Renewables Polska, SPZOO (wind farms in Poland), EDP Renewables Romania, SRL (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy) and EDPR UK (offshore development projects).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America.

The purpose of EDP Renováveis Brasil is to establish a new business unit to aggregate all the investments in the renewable energy market of Brazil.

As at 31 December 2011, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a fully consolidated installed capacity of 7,157 MW (6,437 MW as at 31 December 2010), operating in Spain 2,201 MW (2,050 MW as at 31 December 2010), in Portugal 613 MW (599 MW as at 31 December 2010), in France 306 MW (284 MW as at 31 December 2010), in Belgium 57 MW (57 MW as at 31 December 2010), in Poland 190 MW (120 MW as at 31 December 2010), in Romania 285 MW (90 MW as at 31 December 2010), in the United States 3,422 MW (3,224 MW as at 31 December 2010) and in Brazil 84 MW (14 MW as at 31 December 2010). Additionally, through its interest in ENEOP- Eólicas de Portugal, S.A. is attributable to EDPR - equity consolidated - 326 MW (239 MW as at 31 December 2010).

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.

Royal Decree 436 of 12 March 2004 was published on 24 March 2004 and set out the methodology to be used for updating and systematizing the legal and economic regime relating to electrical power production under the special regime, which included the generation of electricity using renewable sources of energy, cogeneration, biomass and waste. This Royal Decree replaced the former Royal Decree 2818/1998 and unified regulations applicable to special regime energies. The Royal Decree also defined a system whereby the owners of the electrical installation are entitled to sell the production or surplus electrical power to distributors. A regulated price was fixed for this sale, or production and surplus could be sold directly on the daily market, futures market or through a bilateral agreement, in which case a market-negotiated price would be received, plus an incentive for participation in the market and a premium if the installation was entitled to receive it.

Royal Decree 661 of 25 May 2007 was published on 26 May 2007 and regulates electrical power produced under the special regime. This Royal Decree replaces Royal Decree 436 of 12 March 2004 and updates regulations on electrical power production under the special regime, whilst maintaining the basic structure of the regulation. The economic framework set out in this Royal Decree maintains the same system of payment for power produced under the special regime, whereby the owner of the installations can opt to sell its power at a regulated price, for all the programming periods only, or sell the power directly on the daily market, futures market or through a bilateral agreement, in this case receiving the negotiated price plus a premium.

The main changes to the Royal Decree include a modification to the regulated price and premiums and the introduction of a variable premium system for certain technologies, such as wind power. The owners of wind power installations officially entering into service prior to 1 January 2008 can opt to adhere to the transitory regime established in the first transitory provision, which stipulates that the owners of this installations may maintain the prices and premiums (with some exceptions) established in the aforementioned Royal Decree until 31 December 2012.

RD 6/2009 of May 7 was approved and is aimed at eliminating the tariff deficit from 2013. Among other measures, it introduces a pre-allocation register for new renewable energy capacity for renewable-energy installations to obtain the entitlements set in RD 661/2007. Installations will be registered in chronological order until the government 's target is met (20,155 MW) and new remuneration scheme should be approved for following projects.

The decision on 19 November 2009 allowed in the register around 6 GW in wind projects and 2.4 GW in solar thermal generation capacity in one go. The entire 8.4 GW in projects registered will receive the remuneration set in RD 661/2007. Under this decision, around 1,700 MW in wind and 500 MW in solar thermal generation will be allowed each year until 2012. The 15th of December 2009 the Spanish Government released the list of wind facilities included in the administrative register. Out of the 6,389 MW of wind capacity assigned by the Spanish Government, EDPR obtained 840 gross MW corresponding to 31 wind farms which represents 13% of the total allocated capacity.

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.

The Decree-Law 14/2010, of 23 December, established several measures to reduce the tariff deficit, among other, a generation rate of 0.5 €/MWh applicable to ordinary and special regime generators.

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-assignation registry. Despite this regulation, the Government has emphasised its commitment towards achieving the 2020 Renewable Energy Target for Spain. Within EDPR's pipeline, wind farms already included in the registry will not be affected by this new regulation. Projects not included in the registry, and therefore, ruled by Royal-Decree-law 1/2012, didn´t have beforehand a defined incentive scheme. Accordingly, EDPR planned and valued its pipeline using conservative criteria that was not counting on the existence of a new regulatory scheme. Therefore, the new Royal-Decree Law doesn´t have, in practice, any economic impact either on the value of EDPR´s pipeline or the overall company. A sensitivity analysis considering one-year delay in the construction of wind farms affected by this new regulation does not induce to any impairment of relevance in the assets' value.

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 1998, as amended by Decree-Law No. 168/99 dated 18 May 1999, Decree-Law No. 312/2001 dated 10 December 2001, and Decree-Law No. 339-C/2001 dated 29 December 2001. Also relevant is Decree-Law No. 33-A/2005, dated 16 February 2005 ("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 main feature of the legal framework for renewable energy power generation in Portugal is that the national grid operator or the regional distribution operator must purchase all electricity produced by renewable producers who hold an operating license. The construction and operation of a wind farm depends on the allocation of a grid connection point issued by the State Energy Department (Direcção Geral de Geologia e Energia) ("DGGE"). The issue of the point of connection by the DGGE occurs upon the request of the promoters during limited periods of time set by the DGGE or by means of a public tender procedure. Award by direct negotiation is exceptional.

Decree-Law No. 225/2007 dated 31 May, establishes a set of regulations associated to renewable energies, predicted in National Strategy for Energy, and has reviewed the formula used in estimating the remuneration of electricity supply generated by renewable power stations, and delivered to the grid of National Electric System, as well as the definition of attribution procedures of available power in the same grid and deadlines to obtain the establishment license to renewable power stations.

Since July 1, 2007, the Iberian electricity financial market ("MIBEL") has been fully operational, with daily transactions from both Portugal and Spain, including a forwards market that has operated since July 2006.

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. The operation of wind facilities in France is also subject to the provisions of the French environmental and construction code. Article 10 of Act 2000-108 requires non-nationalized electric power distributors to enter into purchase obligation contracts to buy electricity produced by: (i) installations that extract energy from household or similar waste or that use such sources to provide heat to a district heating system; and (ii) installations that use renewable energy sources (including mechanical energy from wind, for which special provisions apply).

Installations that use renewable energy sources, with the exception of those using mechanical wind energy that are located in areas connected to the continental metropolitan grid or that implement energy-efficient technology such as cogeneration, do not qualify for the power purchase obligation unless they comply with defined installed capacity limits. These limits are set by a decree of the Conseil d'Etat (Decree 2000-1196 of 6 December 2000) for each category of installation eligible to benefit from the power purchase obligation. With the new regulation, only wind farms operating within a ZDE (zone de développement éolien) can benefit the power purchase obligation and may exceed the former 12 MW cap. The power purchase contracts with non-nationalized distributors of electricity are premised on the rates set by ministerial order for each source of renewable energy and according to a model contract approved by the energy minister.

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.

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New Decree approved on December 15th, 2009 set the following wind target: 11,500 MW in 2012 and 25,000 MW in 2020. These targets include also wave and tidal energy.

Regulatory framework for the activities in the United States of America

Federal, state and local energy laws and regulations regulate the development, ownership, business organization and operation of electric generating facilities and the sale of electricity in the United States. All project companies within the Group in the United States operate as exempt wholesale generators ("EWGs") or qualifying facilities ("QFs") under federal law or are dually certified. In addition, most of the project companies in the United States are regulated by the Federal Energy Regulatory Commission ("FERC") and have market-based rates on file with FERC.

The federal government regulates the wholesale electric energy sale and transmission business in interstate commerce through the Federal Energy Regulatory Commission ("FERC"), which draws its jurisdiction from the Federal Power Act (the "FPA"), and from other federal legislation such as the Public Utility Regulatory Policies Act of 1978 ("PURPA 1978"), the Energy Policy Act of 1992 ("EPACT 1992") and the Energy Policy Act of 2005 ("EPACT 2005"), which, among other things, repealed and replaced the Public Utility Holding Company Act of 1935 with the Public Utility Holding Company Act of 2005 ("PUHCA 2005").

All of our project companies in the United States operate as exempt wholesale generators ("EWGs") under PUHCA 2005 or qualifying facilities under PURPA 1978. In addition, most of the project companies are regulated by FERC under Part II of the FPA and have market-based rates on file with FERC.

EWGs are owners or operators of electric generation (including producers of renewable energy, such as wind projects) that are engaged exclusively in the business of owning and/or operating generating facilities and selling electric energy at wholesale rates. An EWG cannot make retail sales of electric energy and may only own or operate the limited interconnection facilities necessary to connect its generating facility to the grid.

The Energy Policy Act of 2005 amended the FPA to grant FERC jurisdiction over all users, owners, and operators of the bulk power system for purposes of approving and enforcing compliance with certain reliability standards. Reliability standards are requirements to provide for the reliable operation of the bulk power system. Pursuant to its authority under the FPA, FERC certified the North American Electric Reliability Corporation ("NERC") as the entity responsible for developing reliability standards, submitting them to FERC for approval, and overseeing and enforcing compliance with reliability standards, subject to FERC review. FERC also authorized NERC to delegate certain functions to eight regional entities. All users, owners, and operators of the bulk power system that meet certain materiality thresholds are required to register with NERC and comply with numerous FERC-approved reliability standards. Violations of mandatory reliability standards may result in the imposition of civil penalties of up to $1 million per day per violation. All of our project companies in the United States that meet the relevant materiality thresholds have registered with NERC and are required to comply with applicable FERC-approved reliability standards.

In certain states, approval of the construction of new electricity generating facilities, including renewable energy facilities such as wind farms, is obtained from a state agency, with only limited ministerial approvals required from state and local governments. However, in many states the permit process for power plants (including wind farms) also remains subject to land-use and similar regulations of county and city governments. State-level authorizations may involve a more extensive approval process, possibly including an environmental impact evaluation and opposition by interested parties or utilities.

Both 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 EPACT 1992, which is currently set to expire by the end of 2012. As part of the American Recovery and Reinvestment of 2009, the federal government also encourages renewable energy development through investment tax credits and cash grants from 2009 through 2013. 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.

American Recovery and Reinvestment Act of 2009 includes a number of energy related tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit ("ITC") that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year extension of the ITC, which allow the companies to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012.

It is also in place a depreciation bonus on new equipment placed in service allowing businesses to depreciate 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 of 100% in 2011 and is 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"). The Energy Act implemented provisions (i) of Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity, (ii) of Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas, and (iii) of Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market. Detailed regulations regarding the scope of the energy sector are included in the relevant secondary regulations adopted under the Energy Act. On the basis of the Energy Act, the national energy regulatory authority—the president of the Energy Regulatory Authority (the "ERA President") — was established.

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 or 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 or 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.

The minimum limit of electricity generated from renewable sources in the total annual volume of electricity delivered to the end users is specified in the ordinance of Ministry of Economy adopted under the Energy Act. In 2008, this minimum limit was 7% and will increase each year up to 12.9% in 2017. These quotas were originally fixed until 2014 but a new regulation approved in August 2008 fixed the quotas for years 2015-2017 and increased the quota for 2013 and 2014.

The Energy law has been amended on January 2010. The main aim was to limit speculative action in the reservation of interconnection power for wind farms in the energy system. Pursuant to the new provisions, the obligation to prepare an assessment of the impact of the installations being interconnected on the grid lies with the grid company. Within this new regulation, the entity applying for the conditions of interconnection must pay in advance towards the grid interconnection fee of 30 PLN per KW of interconnection capacity.

Another measure aimed at reinforcing the credibility of the project is the obligation to attach to the application for interconnection conditions an excerpt from the local master plan or, if there is no such plan, the planning permit for the real property to which the application relates. The new legislation also introduces new obligations for wind generators, among which, the obligation to prepare a forecast for 15 years when the installed capacity is of at least 50 MW.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by 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.

In view of the allocation of responsibilities between the federal government and the regions, there currently exist four energy regulators: (a) the federal Commission for Electricity and Gas Regulation ("CREG"); (b) the Flemish Electricity and Gas Regulatory Body ("VREG"); (c) the Walloon Energy Commission ("CwaPE"); and (d) the Regulatory Commission for Energy in the Brussels-Capital Region ("BRUGEL").

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. However, GCs issued in one region or by the Federal government in respect of offshore plants are not recognized automatically in the other regions.

The GC system aims at creating a market for GC parallel to the market of sale of electricity. In March 2009 an exchange market for GCs has been launched. Besides the GC market, there is a minimum guaranteed price system at the federal level (obligations imposed on the transmission system operator) or at a regional level (the production aid regime in Flanders and Wallonia).

New quotas of renewable generation are in a late stage of approval in Wallonia. New quotas proposed by the Government are: 11.25% in 2011, 13.50% in 2012 and 15.75% in 2013. New quotas to be approved are considerably higher than previous ones (11%, 12% and 13% for 2011,2012 and 2013).

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. Romania must comply with its target of 33% of gross electricity consumption from renewable energy in 2010. The regulatory authority establishes a fixed quota of electricity produced from RES which suppliers are obliges to buy, and, annually reviews applications form green generators in order to be awarded green certificates. Law 220/2008 of November, 3 introduced some changes in the green certificates system. Today producers of wind energy receive 1 green certificates for each but law 220 that is likely to come into force in January 2010 (once the European Commission approves it) will allow wind generators to receive 2GC/MWh until 2015. GC can be sold separately from the physically delivered electricity. 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 parallel 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. In 2007 a new Energy Law was approved (Law 13/2007). This new regulation sets July 1st 2007 as deadline for the legal unbundling in Romania and defines the role of Implicit Supplier and of the Supplier of Last Resort.

The Romanian Parliament's proposal that regulates renewable energy was published on July 12, 2010. The proposal that has been signed into law and includes the following: (i) increases the mandatory quotas for electricity produced from renewable sources which benefit from the green certificate's promotion system. 2012 quota increases from 8.3% to 12% of the electricity production, escalating by 1%/year to reach 20% by 2020 (ii) extends until 2017 (previously until 2015 the right to collect two green certificates per MWh generated by wind farms (one certificate from 2018 onwards) and (iii) reaffirms the current green certificate's floor and cap prices at 27€/MWh and 55€/MWh and increases the penalty by non-compliance to 110€ for each missing green certificate. Current cap, floor and penalty prices are set in € and indexed to euro-inflation.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brasil is regulated by Federal Law nr 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nr 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nr 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 nr 10,762 of 11 November 2003 and Law nr 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power and; Subsequent amendments to the legislation.

The Decree nr 5,025 of 30 March 2004, regulates the Federal Law nr 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.

The Decree nr 5,163 of 30 July 2004 regulates the Federal Law nr 10,762, establishing the possibility of distribution companies and authorized agents to buy "Distributed Energy" (Local Generation), by observing a limit of 10% of the total demand of each distribution agent. In addition, the Law nr 10,762 establishes the possibility of an Alternative Source Electricity Producer to sell directly to the final consumer(s) (aggregated demand > 500kW), at any voltage level. As part of the regulatory incentive framework, Renewable Energy producers (or buyers) are granted a discount on the Distribution and Transmission System Use Tariff (TUSD and TUST). Public Electricity Auctions are technically lead by the state "Energy Planning and Research Company" (EPE), who registers, analyses and allows potential participants.

In addition, the Law nr 10,438 has also regulated the use of a special sector fund, the Fossil Fuel Consumption Quota (CCC), to low cost financing of Renewable ventures that are able to replace fossil fuel based energy production.

On December 20, 2011, ANEEL conducted an Power Supply Auction named Auction A-5/2011 with the objective to sell the energy produced from new power plants, by Hydro, Wind and Thermal (Biomass and Natural Gas by combined cycle) power sources in the so named Regulated Contract Ambient (ACR). The power supply will commence in January 1st, 2016. In this auction EDPBR sold a 20 year product from Baixa do Feijão I, Baixa do Feijão II, Baixa do Feijão III and Baixa do Feijão IV power plants, totalizing 120 MW of installed capacity.

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 annual accounts for 2011 and 2010 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2011 and 2010, 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 annual accounts 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 2011. 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 annual accounts in accordance with the EU-IFRS 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).

In 2011 annual accounts (with 2010 comparatives), in order to increase the fair view of the assets, liabilities, revenues / income and expense / costs, the Management of EDPR has further disclosed in the consolidated income statement what are in fact the core business revenues and income, as well as in the consolidated statement of financial position the "Debtors and other assets" and "Trade payables and other liabilities".

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b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The annual accounts of subsidiaries are included in the consolidated annual accounts 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 annual accounts 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 annual accounts 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 condensed consolidated annual accounts. 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 annual accounts 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

Until 31 December 2009 EU-IFRS 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 derivate 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:

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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47

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 that a financial asset or group of financial assets is impaired, namely when losses may occur in future estimated cash-flows of the financial asset or group of financial assets, and it can be reliably measured.

If there is objective evidence of impairment, the recoverable amount of the financial assets is determined, the impairment losses being recognised through the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of loss as a result of one or more events that occurred after their initial recognition, such as: (i) for listed securities, a significant or prolonged decline in the fair value of the security below its cost, and (ii) for unlisted securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

If there is objective evidence that an impairment loss on available for sale financial assets has been incurred, the cumulative loss recognised in equity, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is taken to the income statement.

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 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 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 annual accounts 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, revised on 16 December 2004.

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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47

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 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.

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 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 (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 annual accounts.

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, is recorded as non-current deferred income and is recognized as Revenue on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of PTC delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interests for the duration of its membership in the structure. The non-controlling interests percentages range from 2.5% to 6% across all structures except for 20% at Blue Canyon I. EDPR NA also has an option to purchase the institutional investor's residual interests at fair market value on the Flip Date for PTC structures and the earlier of the flip date or five years for cash grant structures. 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 Annual Accounts.

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2011 and 31 December 2010, 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.

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 annual accounts 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 annual accounts 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 EDPR 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 EDPR Group, in the different geographies (Europe and North America), considering assumptions and estimated that requires judgements. The estimated impact of this change was approximately 81 millions of Euros (pre tax).

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 annual accounts.

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 EDPR'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, raising 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 (see note 39).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2011 and 2010, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2011 and 2010

	31 Dec 2011			
	Profit or loss		Equity	
(thousands of Euros)	+10%	-10%	+10%	-10%
USD / EUR	10,516	-12,853	-	-
PLN / EUR	-	-	3,309	-4,044
	10,516	**-12,853**	**3,309**	**-4,044**

	31 Dec 2010			
	Profit or loss		Equity	
(thousands of Euros)	+10%	-10%	+10%	-10%
USD / EUR	9,527	-11,644	-	-
PLN / EUR	-	-	3,584	-4,381
	9,527	**-11,644**	**3,584**	**-4,381**

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 15 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 2011 and 2010 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2011			
	Profit or loss		Equity	
(thousands of Euros)	+ 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**

	31 Dec 2010			
	Profit or loss		Equity	
(thousands of Euros)	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	28,154	-30,933
Unhedged debt (variable interest rates)	-2,168	2,168	-	-
	-2,168	**2,168**	**28,154**	**-30,933**

This analysis assumes that all other variables, namely foreign exchange rates, remain unchangeable.

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 2011, market price risk affecting the EDP Renováveis Group is not significant. In the case of EDPR NA, the great majority of the plans 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 2011 and 2010 (see note 39). 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 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;

- 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. by 40.894 thousands of Euros;
- Sinae Inversiones Eólicas S.A., sold an interest of 1.25% in the Eólica Alfoz, S.L. share capital by 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:
- EDP Renováveis Cantabria, S.L.;
- Pestera Wind Farm, S.A.;
- Paulding Wind Farm IV L.L.C.*;
- Pochidia Wind Farm, S.A.;
- Rush County Wind Farm, L.L.C.*;
- Eastern Nebraska Wind Farm, L.L.C.*;
- 2011 Vento X, L.L.C.;
- EDPR Wind Ventures X, L.L.C.;
- Villa Castelli Wind, S.R.L.

* EDP Renováveis holds through its subsidiary EDPR NA, a set of subsidiaries in the United States of America legally incorporated without share capital and that as at 31 December 2011 do not have any assets, liabilities, or any 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..

During the year ended in 31 December 2010, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:
- EDP Renewables Europe acquired 85% of the share capital of Repano Wind, S.R.L. and EDP Renewables Italia, S.R.L. (formerly named as Italian wind, S.R.L.). The EDPR Group consolidates 100% of these subsidiaries because there is a put option over the remain 15%;
- EDP Renewables Europe acquired 100% of the share capital of the polish companies Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO, Farma Wiatrowa Wyszogrod SP ZOO and Karpacka Mala Energetyka SP ZOO, through its subsidiary EDP Renewables Polska SP ZOO (previously Neolica Polska SP ZOO);
- EDP Renewables Europe acquired 80% of the share capital of Re Plus - Societá a Responsabilitá Limitata.

Companies sold and liquidated:
- Freeport Windpower I, L.P.;
- Murciasol-1 Solar Térmica, S.L..

Companies merged:
- Agrupación Eólica Francia S.L. was merged into EDP Renewables Europe;
- Eneraltius-Produção de Energia Electrica, S.A. into EDP Renováveis Portugal, S.A..

Companies incorporated:
- Headwaters Wind Farm L.L.C.*;
- 17th Star Wind Farm L.L.C.*;
- Waverly Wind Farm L.L.C.*;
- EDP Renewables Canada;
- 2010 Vento VII, L.L.C.*;
- 2010 Vento VIII, L.L.C.*;
- 2010 Vento IX, L.L.C.*;
- Horizon Wind Ventures VII, L.L.C.*;
- Horizon Wind Ventures VIII, L.L.C.*;
- Horizon Wind Ventures IX, L.L.C.*;
- Rio Blanco Wind Farm L.L.C.*;
- Hidalgo Wind Farm L.L.C.*;
- MacColl Offshore Windfarm Limited;

- Stevenson Offshore Windfarm Limited;
- Telford Offshore Windfarm Limited;
- Stone Wind Power L.L.C.*;
- Franklin Wind Farm L.L.C.*.

* EDP Group holds, through EDP Renováveis and its subsidiary EDPR NA, a set of subsidiaries in the United States of America legally incorporated without share capital and that as at 31 December 2010 do not have any assets, liabilities, or any operating activity.

Other changes

- The Group EDPR increased its indirect holding from 19.6% to 35.96% in the share capital of ENEOP - Eólicas de Portugal, S.A. through the subsidiary EDP Renewables Europe, S.L.;
- The Group EDPR increased its indirect holding from 49% to 61% in the share capital of Parque Eólico Altos del Voltoya, S.A. through the subsidiary Sinae Inversiones Eólicas, S.L.

6. REVENUES

Revenues are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Revenues by business and geography:		
Electricity in Europe	634,518	557,457
Electricity in United States of America	302,890	274,969
Electricity, other	19,464	3,230
	956,872	835,656
Other revenues	17,709	1,841
	974,581	**837,497**
Services rendered	**4,888**	**4,642**
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	-15,168	-12,684
Other changes in inventories	-7,084	11,187
	-22,252	**-1,497**
Total Revenues	**957,217**	**840,642**

7. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

Income from institutional partnerships in US wind farms is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Income from institutional partnerships - EDPR NA	111,610	107,005
	111,610	**107,005**

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 35).

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Amortisation of deferred income related to power purchase agreements	10,334	25,776
EDPR Italia	51,695	-
Contract termination indemnity	-	15,840
EDPR Polska	-	15,000
Other income	22,515	16,409
	84,544	**73,025**

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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 36). This liability is amortised over the period of the agreements against other operating income. As at 31 December 2011, the amortisation for the period amounts to 10,334 thousands of Euros (31 December 2010: 25,776 thousands of Euros).

During 2010, the Group acquired 85% of EDP Renewables Italia, S.r.l (see note 18). 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 data (see notes 18 and 37).

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 37).

In 2010, the caption Contract termination indemnity in the amount of 15,840 thousands of Euros, relates to an agreement between the subsidiary Poast Oak Wind LLC (EDPR NA subgroup) and its client J Aron to an early release from the last seven years of the power purchase agreement.

In 2010, the amount included in EDPR Polska caption results from the business combinations of Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO, Farma Wiatrowa Wyszogrod SP ZOO and related purchase price allocation, that led to a revaluation of the operating assets and liabilities and the recognition of other operating income amounting to 15,000 thousands of Euros. This income is related with a purchase opportunity that resulted from the Group financial capacity.

9. SUPPLIES AND SERVICES

This balance is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Supplies and services:		
Leases and rents	34,857	29,728
Insurance	12,842	11,346
Transportation, travelling and representation	7,204	7,651
Maintenance and repairs	126,601	101,677
Specialised works:		
IT services	3,677	3,487
Legal fees	4,211	4,371
Advisory fees	5,265	7,964
Shared services	7,918	6,495
Other services	10,108	5,198
Other supplies and services	12,386	18,294
	225,069	**196,211**

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS EXPENSES

Personnel costs is analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Personnel costs		
Management remuneration	1,063	1,158
Remunerations	51,257	49,052
Social charges on remunerations	8,130	6,874
Employee's variable remuneration	15,104	14,241
Other costs	6,145	5,399
Own work capitalised	-23,466	-24,118
	58,233	**52,606**
Employee benefits expenses		
Costs with pension plans	2,282	2,022
Costs with medical care plan and other benefits	317	218
	2,599	**2,240**
	60,832	**54,846**

As at 31 December 2011, Costs with pension plans relates to defined contribution plans (2,272 thousands of Euros) and defined benefit plans (10 thousands of Euros), see also note 33.

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2011 and 2010 is as follows:

	31 Dec 2011	31 Dec 2010
Board members	17	16
Senior management / Senior officers	62	60
Middle management	453	442
Highly-skilled and skilled employees	206	220
Other employees	71	100
	809	**838**

The companies of EDPR Group consolidated under the proportional consolidation method have contributed with 14 employees (31 December 2010: 15) 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 2011	31 Dec 2010
Direct operating taxes	17,946	15,984
Indirect taxes	16,738	7,668
Losses on fixed assets	11,813	1,845
Lease costs related to the electricity generating centres	8,998	7,770
Other costs and losses	11,237	23,599
	66,732	**56,866**

12. DEPRECIATION, AMORTISATION EXPENSE AND DEFERRED INCOME

This balance is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Property, plant and equipment:		
Buildings and other constructions	1,592	1,473
Plant and machinery:		
Hydroelectric generation	83	86
Thermoelectric generation	-	-
Wind generation	415,583	422,140
Other plant and machinery	36	15
Transport equipment	328	234
Office equipment and tools	6,714	6,451
Other tangible fixed assets	1,491	1,764
Impairment	5,058	-
	430,885	**432,163**
Other intangible assets:		
Industrial property, other rights and other intangibles	2,120	2,240
Impairment of goodwill		
	35,488	-
	468,493	**434,403**
Amortisation of deferred income:		
Government grants	-14,986	-11,406
	-14,986	**-11,406**
	453,507	**422,997**

Impairment of goodwill, relates essentially with the update of the assumptions in the estimates of Mw to install and the energy prices in EDPR Italia Group in the amount of 34,737 thousands of Euros (see notes 8 and 18).

13. GAINS / (LOSSES) FROM THE SALE OF FINANCIAL ASSETS

Gains / (losses) from the sale of financial assets, for the Group, are analysed as follows:

	31 Dec 2011		31 Dec 2010	
(thousands of Euros)	**Disposal %**	**Value**	**Disposal %**	**Value**
Investments in subsidiaries and associates				
Sociedad Eólica de Andalucía, S.A.	16.67%	9,405	-	-
Other	-	1,094	-	-
		10,499		**-**

In 2011, EDP Renováveis closed an agreement with Enel Green Power Spain, SA to sell its 16.67% equity shareholding in Sociedad Eólica de Andalucía, SA ("SEASA") by 10.7 million of Euros, with an after-tax capital gain of 6.6 million of Euros (see note 20).

14. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Financial income		
Interest income	10,844	7,355
Derivative financial instruments		
Interest	19,913	2,576
Fair value	8,980	8,376
Foreign exchange gains	20,578	25,984
Other financial income	1,240	14
	61,555	**44,305**
Financial expenses		
Interest expense	220,250	176,792
Derivative financial instruments		
Fair value	3,211	5,356
Foreign exchange losses	42,284	26,142
Own work capitalised	-33,927	-68,401
Unwinding	68,279	71,317
Other financial expenses	5,588	7,245
	305,685	**218,451**
Financial income / (expenses)	**-244,130**	**-174,146**

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 37 and 39).

In accordance with the accounting policy described on note 2g), of the 31 December 2011 consolidated annual accounts the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2011 amounted to 33,927 thousands of Euros (31 December 2010: 68,401 thousands of Euros) (see note 16), and are included under Own work capitalised (financial interest). The implicit interest rates used for this capitalisation vary in accordance with the related loans, between 2.62% and 13.06% (31 December 2010: 1.725% and 13.09%).

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 2,995 thousands of Euros (31 December 2010: 2,872 thousands of Euros) (see note 34), to the financial update of the liability related with put option of EDPR Italia 1,400 thousands of Euros (31 December 2010: 1,889 thousands of Euros related with put option of Genesa Group) (see note 37) and the implied return in institutional partnerships in US wind farms 62,538 thousands of Euros (31 December 2010: 64,830 thousands of Euros) (see note 35).

15. INCOME TAX EXPENSE

In accordance with prevailing legislation, tax returns are subject to review and correction by the tax authorities during subsequent years. In Portugal and Spain this period is four years and in Brazil it is five years, being 2006 is the last year considered to be definitively reviewed by the tax authorities. In the United States of America, generally, the statute to the issuance by tax authorities (IRS) of a tax additional liquidation is three years from the date of settlement of the annual tax declaration of a company.

Tax losses generated in each year, also subject to inspection and adjustment, may be deductible from taxable profits during subsequent years (4 years in Portugal since 2010, 18 years in Spain, 20 years in the USA, without an expiry date in Belgium, France and Brazil, although in Brazil it is limited to 30% of the taxable income of each period). The breakdown of tax losses carried forward and the respective expiration date are presented in Note 21. The companies of the EDP Renováveis Group are taxed, whenever possible, on a consolidated basis allowed by the tax law 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 EDPR Group in Spain are included in the Tax consolidation perimeter of Genesa Group and EDP, S.A. - Sucursal en España (EDP Branch).

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Notes to the Consolidated Annual Accounts for the years ended 31 December 2011 and 2010

This balance is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Current tax	-29,060	-28,763
Deferred tax	1,022	-8,996
	-28,038	**-37,759**

The effective income tax rate as at 31 December 2011 and 2010 is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Profit before tax	118,662	120,797
Income tax	-28,038	-37,759
Effective Income Tax Rate	23.63%	31.26%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2011 and 2010 is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Profit before taxes	118,662	120,797
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-35,599	-36,239
Income taxes for the period	-28,038	-37,759
Difference	**7,561**	**-1,520**
Tax effect of operations with institutional partnerships	-	-1,812
Depreciation, amortization and provisions	-835	-3,727
Capitalisation of deferred tax assets related to tax losses from previous periods	8,221	-
Unrecognised deferred tax assets related to tax losses generated in the period	-2,792	3,206
Production tax credits	757	-5,330
Fair value of financial instruments and financial investments	1,325	87
Financial investments in associates	1,432	1,426
Difference between gains and accounting gains and losses	3,488	5,114
Non deductible expenses	-1,276	-848
Taxable income eliminated at consolidation	-2,140	381
Effect of tax rates in foreign jurisdictions	-3,175	-558
Tax benefits	1,896	-
Other	660	541
	7,561	**-1,520**

The income tax rates in the countries in which the EDP Renováveis Group operates are as follows:

Country	Subgroup	Tax rate 2011 and subsequent years
Spain	EDPR EU	30.00%
Portugal	EDPR EU	29.00%
France	EDPR EU	33.33%
Poland	EDPR EU	19.00%
Belgium	EDPR EU	33.99%
Romania	EDPR EU	16.00%
United States	EDPR NA	37.22%
Brazil	EDPR BR	34.00%

16. PROPERTY, PLANT AND EQUIPMENT

This balance is analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Cost:		
Land and natural resources	21,389	18,867
Buildings and other constructions	16,053	13,896
Plant and machinery:		
Hydroelectric generation	2,619	2,619
Thermoelectric cogeneration	6,008	6,008
Wind generation	10,905,666	9,536,702
Other plant and machinery	524	290
Transport equipment	1,919	1,641
Office equipment and tools	48,753	29,186
Other tangible fixed assets	11,756	12,205
Assets under construction	1,203,445	1,666,957
	12,218,132	**11,288,371**
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-425,827	-432,163
Impairment for the period	-5,058	-
Accumulated depreciation	-1,332,626	-874,437
	-1,763,511	**-1,306,600**
Carrying amount	**10,454,621**	**9,981,771**

The movement in **Property, plant and equipment** from 31 December 2010 to 31 December 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:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	9,536,702	80,835	-6,646	1,158,187	136,548	40	10,905,666
Other plant and machinery	290	24	-	-	-	210	524
Transport equipment	1,641	321	-119	-	56	20	1,919
Office equipment and tools	29,186	3,047	-2,262	17,631	990	161	48,753
Other tangible fixed assets	12,205	2,100	-12,382	9,756	29	48	11,756
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:							
Hydroelectric generation	1,612	83	-	-	-	-3	1,692
Thermoelectric cogeneration	6,009	-	-	-	-	-	6,009
Wind generation	1,274,124	415,583	5,036	-87	29,113	14	1,723,783
Other plant and machinery	249	36	-	-	-	25	310
Transport equipment	621	328	5	-98	31	2	889
Office equipment and tools	13,454	6,714	-	-2,261	314	1	18,222
Other tangible fixed assets	6,744	1,491	17	-1,210	30	47	7,119
	1,306,600	**425,827**	**5,058**	**-3,680**	**29,633**	**73**	**1,763,511**

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Plant and Machinery includes the cost of the wind farms under operation.

The caption Changes in perimeter/Other includes the effect of the sale of Subgroup Veinco made by EDPR EU during the year ended at 31 December 2011 (see note 5).

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 annual accounts.

The movement in Property, plant and equipment from 31 December 2009 to 31 December 2010, 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	13,119	5,610	-39	74	103	-	18,867
Buildings and other constructions	11,041	2,558	-	-	297	-	13,896
Plant and machinery:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	7,354,463	21,928	-1,869	1,820,606	297,451	44,123	9,536,702
Other plant and machinery	255	21	-1	-	-	15	290
Transport equipment	1,063	468	-	34	76	-	1,641
Office equipment and tools	21,492	5,018	-98	1,621	741	412	29,186
Other tangible fixed assets	8,829	2,376	-113	994	118	1	12,205
Assets under construction	2,038,064	1,432,658	-1,703	-1,823,329	24,718	-3,451	1,666,957
	9,456,953	**1,470,637**	**-3,823**	**-**	**323,504**	**41,100**	**11,288,371**

(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	2,287	1,473	-	-	27	-	3,787
Plant and machinery:							
Hydroelectric generation	1,526	86	-	-	-	-	1,612
Thermoelectric cogeneration	6,009	-	-	-	-	-	6,009
Wind generation	799,376	422,140	-	-961	20,040	33,529	1,274,124
Other plant and machinery	227	15	-	-	-	7	249
Transport equipment	367	234	-	-	20	-	621
Office equipment and tools	7,050	6,451	-	-12	-119	84	13,454
Other tangible fixed assets	5,100	1,764	-	-100	-20	-	6,744
	821,942	**432,163**	**-**	**-1,073**	**19,948**	**33,620**	**1,306,600**

In 2010 the caption Changes in perimeter /Other includes essentially the integration of the assets (and liabilities) of the subsidiary Parque Eólico Altos de Voltoya, following the acquisition of an additional 12% interest (see note 5).

Assets under construction as at 31 December 2011 and 31 December 2010 are analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Electricity business:		
EDPR EU Group	757,921	288,285
EDPR NA Group	433,240	1,293,304
EDP Renováveis, S.A.	1,566	7,909
EDPR BR	10,718	77,459
	1,203,445	**1,666,957**

Assets under construction as at 31 December 2011 and 2010 for EDPR EU and EDPR NA Group are essentially related to wind farms under construction and development.

Financial interests capitalised amount to 33,927 thousands of Euros as at 31 December 2011 and 68,401 thousands of Euros as at 31 December 2010 (see note 14).

Personnel costs capitalised amount to 23,466 thousands of Euros as at 31 December 2011 (31 December 2010: 24,118 thousands of Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations as disclosed in Note 40 - Commitments.

17. INTANGIBLE ASSETS

This balance is analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Cost:		
Industrial property, other rights and other intangible assets	42,462	41,069
Intangible assets under development	4	-
	42,466	**41,069**
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-2,120	-2,240
Accumulated depreciation	-18,527	-16,102
	-20,647	**-18,342**
Carrying amount	**21,819**	**22,727**

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 25,500 thousands of Euros related to wind generation licenses of Portuguese companies (31 December 2010: 14,035 thousands of Euros) and EDPR NA Group (31 December 2010: 24,693 thousands of Euros), respectively.

The movement in Intangible assets from 31 December 2010 to 31 December 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**

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The movement in Intangible assets from 31 December 2009 to 31 December 2010, 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	30,378	2,186	-	2	1,062	7,441	41,069
Intangible assets under development	2,844	314	-2	-2	-	-3,154	-
	33,222	**2,500**	**-2**	**-**	**1,062**	**4,287**	**41,069**

(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	15,882	2,240	-	-	220	-	18,342
	15,882	**2,240**	**-**	**-**	**220**	**-**	**18,342**

18. 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 2011	31 Dec 2010
Electricity business:			
Goodwill booked in EDPR EU Group		698,403	749,392
EDPR Spain Group	Euro	534,642	547,488
EDPR Poland Group	Zloty	20,746	23,266
EDPR Portugal Group	Euro	42,588	42,588
EDPR France Group	Euro	65,752	66,504
EDPR Romania Group	Lei	9,287	9,421
EDPR Italia Group	Euro	23,044	57,781
Other	Euro	2,344	2,344
Goodwill booked in EDPR NA Group	US Dollar	611,882	592,915
Goodwill booked in EDPR BR Group	Brazilian Real	1,560	1,699
		1,311,845	**1,344,006**

The movements in Goodwill, by subgroup, from 31 December 2010 to 31 December 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 Poland Group	23,266	-	-	-	-2,520	-	20,746
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	66,504	-	-	-752	-	-	65,752
EDPR Romania Group	9,421	-	-	-	-134	-	9,287
EDPR Italia Group	57,781	-	-	-34,737	-	-	23,044
Other	2,344	-	-	-	-	-	2,344
EDPR NA Group	592,915	-	-	-	18,967	-	611,882
EDPR BR Group	1,699	-	-	-	-139	-	1,560
	1,344,006	**-**	**-12,846**	**-35,489**	**16,174**	**-**	**1,311,845**

The movements in Goodwill, by subgroup, from 31 December 2009 to 31 December 2010, 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	616,332	124	-68,968	-	-	-	547,488
EDPR Poland Group	26,410	-	-	-	-3,144	-	23,266
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	69,706	-	-3,202	-	-	-	66,504
EDPR Romania Group	10,931	-	-	-	-1,510	-	9,421
EDPR Italia Group	-	57,781	-	-	-	-	57,781
Other	2,344	-	-	-	-	-	2,344
EDPR NA Group	550,868	-	-	-	42,047	-	592,915
EDPR BR Group	1,501	-	-	-	198	-	1,699
	1,320,680	**57,905**	**-72,170**		**37,591**	**-**	**1,344,006**

EDPR Spain Group

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 Genesa (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 (see note 13).

In 2010 the increase in EDPR Spain Group is related with an adjustment to the contingent price (124 thousands of Euros) of Aprofitement D'Energies Renovables de la Terra Alta, S.A. The decrease in this goodwill is related with the revaluation (in proportion of 20% of full equity valuation) of the put options of Caja Madrid over Genesa amounting approximately negative 68,968 thousand Euros (see note 40).

EDPR Italia Group

In 2011, the update of the assumptions in the estimates of MW to install and the energy prices result an impairment in EDPR Italia Group of 34,737 thousands of Euros (see notes 8 and 12).

On 27 January 2010, EDPR Group through its subsidiary EDPR EU acquired 85% of the share capital of EDP Renewables Italia, S.r.l. Additionally, EDPR EU has a call option and Energia in Natura, S.r.l. has a put option over the remain 15% of the company's share capital. As a consequence, as at 31 March 2010, the EDPR Group has consolidated 100% of EDP Renewables Italia, S.r.l., considering the put option as an anticipated acquisition of non-controlling interests. The EDPR Italia Group goodwill (57,781 thousands of Euros), includes the preliminary goodwill generated from the acquisition (42,444 thousand Euros), the amount of the goodwill already included in the annual accounts of Italian Wind, S.r.l. (15,149 thousands of Euros) and from the goodwill generated in the acquisition of Repano, S.r.l. (46 thousand Euros with the acquisition price of 200 thousands of Euros) and Re Plus, S.r.l. (142 thousands of Euros with the acquisition price of 1,080 thousands of Euros).

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Other information for business combinations and purchase price allocation included in 2010

EDPR Spain Group

During 2010 the EDPR Group increased its indirect holding from 49% to 61% in the share capital of Parque Eólico Altos del Voltoya, S.A. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 3,170 thousand Euros (see note 8).

	Book value	Final PPA	Assets and Liabilities at fair value
(thousands of Euros)			
Property, plant and equipment	32,257	21,671	53,928
Other assets (including licenses)	7,138	-	7,138
Total assets	39,395	21,671	61,066
Non-controlling interests	10,507	1,459	11,966
Deferred tax liabilities	-	3,966	3,966
Financial debt	27,344	-	27,344
Current liabilities	3,040	-	3,040
Total liabilities	30,384	3,966	34,350
Net assets acquired	9,011	17,705	14,750
Consideration transferred	11,580		11,580
Goodwill	2,569		-3,170

EDPR France Group

In 2009, the EDPR France Group increased the goodwill (2,826 thousand Euros) related with the acquisition of 100% of the share capital of subsidiary Bon Vent de L'Ébre, including the effect of the final PPA carried out in 2010, analysed as follows:

	2009			2010	
	Book Value	Provisory PPA	Assets and Liabilities at fair value	Final PPA	Assets and Liabilities at fair value
(thousands of Euros)					
Property, plant and equipment	4,113	8,993	13,106	4,042	17,148
Other assets (including licenses)	1,012	-	1,012	-	1,012
Total assets	5,125	8,993	14,118	4,042	18,160
Deferred tax liabilities	-	1,864	1,864	2,045	3,909
Current liabilities	5,070	-	5,070	-	5,070
Total liabilities	5,070	1,864	6,934	2,045	8,979
Net assets acquired	55	7,129	7,184	1,997	9,181
Consideration transferred	7,686		7,686		12,007
Goodwill	7,631		502		2,826

During the year 2010 the final purchase price allocation for the acquisition of subsidiary Bon Vent de L'Ébre was carried out and the goodwill of EDPR France Group has increased by 2,324 thousands of Euros.

EDPR Poland Group

In 2010 EDPR Poland Group acquired 100% of the share capital of the companies Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO and Farma Wiatrowa Wyszogrod SP ZOO and carried out the final PPA, that led to a recognition of an operating income of 15,000 thousand Euros (see note 8), analysed as follows:

	Bodzanow	**Starozreby**	**Wyszogrod**	**Book value**	**Final PPA**	**Assets and liabilities at fair value**
(thousands of Euros)						
Property, plant and equipment	39	54	134	227	38,533	38,760
Non current assets	39	54	134	227	38,533	38,760
Current assets	445	442	375	1,262	-	1,262
Total assets	484	496	509	1,489	38,533	40,022
Deferred tax liabilities	421	383	332	1,136	7,348	8,484
Current liabilities	1	-1	14	14	-	14
Total liabilities	422	382	346	1,150	7,348	8,498
Net assets acquired	62	114	163	339	31,185	31,524
Consideration transferred	6,132	5,513	4,879	16,524		16,524
Goodwill	6,070	5,399	4,716	16,185		-15,000

In 2010, the increase in EDPR Polska goodwill (329 thousands of Euros) is related with the acquisition of 100% of the share capital of Subsidiary Karpacka Mala Energetyka SP ZOO. Additionally the goodwill has decreased 3,144 thousands of Euros related with exchange differences.

EDPR Italia Group

The EDPR Italia Group goodwill results from the acquisition of Italian Wind, S.r.l., Repano, S.r.l. and Re Plus, S.r.l. During 2010, the final PPA for the Italian Wind, S.r.l., Repano, S.r.l. acquisitions was carried out and the final goodwill generated is analysed as follows:

	Book value	**Provisory PPA**	**Assets and Liabilities at fair value**
(thousands of Euros)			
Property, plant and equipment	4,841	3,964	8,805
Other non current assets	123	-	123
Goodwill	15,149	-	15,149
Non current assets	20,113	3,964	24,077
Current assets	-	-	-
Total assets	20,113	3,964	24,077
Non current liabilities	-	1,090	1,090
Current liabilities	405	-	405
Total liabilities	405	1,090	1,495
Net assets acquired	19,708	2,874	22,582
Consideration transferred	65,072		65,072
Goodwill	45,364		42,490

During 2011 the EDPR Group has paid an amount of 15,317 thousands of Euros (31 December 2010: 59,325 thousands of Euros) for business combinations and success fees.

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 of the different cash generating units (CGUs) comprising each of the countries where EDPR Group performs its activity. Each country coincides with subgroups disclosed before.

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.

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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 estimated useful life of our wind farms and with the current depreciation method. This is also supported by the long-term off-take contracts in place and possibility of utilizing estimated price curves.

The main assumptions on which impairment tests are based 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 whenever weather conditions permit;

- Electricity remuneration: approved 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 a pre-determined during 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 sources;

- New capacity: tests were based on the best information available on the wind farms due to come operational in coming years and considered the contracted and expected prices to buy turbines from various suppliers, adjusted by the probability the projects planned are to be successfully completed and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections;

- 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: it is used as a percentage of the initial investment in each CGU, considering inflation;

- Discount rate: the discount rates used reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

	2011	2010
EDPR EU	6.1% - 8.6%	5.3% - 7.7%
EDPR NA and EDPR BR	5.0% - 8.3%	6.1% - 9.1%

EDPR has performed a series of sensitivity analyses of the results of impairment tests to changes in some of the key variables, such as the ones above:
- Net Capacity;
- Electricity remuneration;
- Capital expenditures of new windfarms;
- Amount of new capacity to be placed on-line in the following years;
- Discount rate.

This sensitivity analysis does not lead into any imparity on EDPR EU nor EDPR NA and EDPR BR, apart from Italy whereas a sensitivity of +25-50bps on the discount rate would lead to the recognition of an impairment impact in results in the range of 4.6M€ to 9.0M€ (gross of 0.3M€ to 0.5M€ positive impact in results driven by existing put option).

On top, on 28th of 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-assignation registry. Despite this regulation, the Government has emphasized its commitment towards achieving the 2020 Renewable Energy Target for Spain.

Within EDPR's pipeline, wind farms already included in the registry will not be affected by this new regulation. Projects not included in the registry, and therefore, ruled by Royal-Decree-law 1/2012, did not have beforehand a defined incentive scheme. Accordingly, EDPR planned and valued its pipeline using conservative criteria that was not counting on the existence of a new regulatory scheme. Therefore, the new Royal-Decree Law does not have, in practice, any economic impact either on the value of EDPR's pipeline or the overall company. A sensitivity analysis considering one-year delay in the construction of wind farms affected by this new regulation does not induce to any impairment of relevance in the assets value.

19. INVESTMENTS IN ASSOCIATES

This balance is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Investments in associates:		
Equity holdings in associates	51,381	45,871
Carrying amount	**51,381**	**45,871**

For the purpose of annual accounts 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 as at 31 December 2011**, is analysed as follows:

	31 Dec 2011	
	Investment	Impairment
(thousands of Euros)		
Associated companies:		
Seaenergy Renewables Inch Cape Limited	14,951	-
Desarrollos Eólicos de Canárias, 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 breakdown of **Investments in associates as at 31 December 2010**, is analysed as follows:

	31 Dec 2010	
	Investment	Impairment
(thousands of Euros)		
Associated companies:		
ENEOP - Eólicas de Portugal, S.A.	12,869	-
Desarrollos Eólicos de Canárias, S.A.	11,566	-
Parque Eólico Sierra del Madero S.A.	6,788	-
Veinco Energia Limpia subgroup	4,790	-
Other	9,858	-
	45,871	**-**

The movement in **Investments in associates**, is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Balance as at 1 January	45,871	47,609
Acquisitions	13,592	3,834
Disposals	-3	-
Share of profits of associates	4,796	5,036
Dividends received	-3,412	-1,784
Exchange differences	1,419	131
Changes in consolidation method	-4,790	-8,955
Others	-6,092	-
Balance as at 31 December	**51,381**	**45,871**

Acquisitions of investments in associates are mainly related to acquisition of Seaenergy Renewables Inch Cape Limited (see note 5).

Changes in consolidation method are related with the acquisition of an additional interest of 14% in the share capital of Aplicaciones Industriales de Energias Limpias S.L. (Veinco Energia Limpia subgroup), obtaining the control of this company and starting to consolidate under the full consolidation method (see note 5 and 18).

20. AVAILABLE FOR SALE FINANCIAL ASSETS

This balance is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Sociedad Eólica de Andalucía, S.A.	-	10,832
Parque Eólico Montes de las Navas, S.L.	8,847	6,684
Other	771	864
	9,618	**18,380**

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In 2011, EDP Renováveis closed an agreement with Enel Green Power Spain, SA to sell its 16.67% equity shareholding in Sociedad Eólica de Andalucía, SA ("SEASA") by 10.7 million of Euros, with an after-tax capital gain of 6.6 million of Euros (see note 13).

The assumptions used in the valuation models of available for sale financial assets are as the same used to the impairment test.

The interest in share capital, voting rights, net assets and net income of the last approved annual accounts of the investments classified as available for sale financial assets are analysed as follows:

	Head office	% of share	Voting rights	Net assets	Net income
Parque Eólico Montes de las Navas, S.L.	Madrid	17.00%	17.00%	27,407	3,492

21. 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:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
(thousands of Euros)				
Europe and Others:				
Tax losses brought forward	19,733	4,487	-	-
Provisions	7,796	6,591	-	-
Derivative financial instruments	7,285	8,401	49	52
Property, plant and equipment	19,646	18,563	1,098	254
Allocation of fair value to assets and liabilities	-	-	358,243	357,200
Accounting revaluations	-	-	-	146
Other	1,098	477	2,207	1,165
	55,558	**38,519**	**361,597**	**358,817**
United States of America:				
Tax losses brought forward	520,423	329,722	-	-
Provisions	-		-	-
Derivative financial instruments	5,806	6,670	-	-
Property, plant and equipment	-		224,023	234,331
Allocation of fair value to assets and liabilities	-		66,902	50,943
Accounting revaluations	-		-	-
Income from institutional partnerships in US wind farms	-		271,959	76,201
Offsetting of deferred tax assets and liabilities	-543,013	-348,692	-543,013	-348,692
Other	16,784	12,300		-
	-	**-**	**19,871**	**12,783**
	55,558	**38,519**	**381,468**	**371,600**

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

	31 Dec 2011		31 Dec 2010	
	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
(thousands of Euros)				
Opening balance	38,519	-371,600	28,066	-342,924
Movements charged to the profit and loss account	18,417	-16,563	7,119	-16,741
Movements charged to reserves	-1,107	2	2,707	2,545
Change in the applicable tax rate	-	-441	-	-
Other movements	-271	7,134	627	-14,480
	55,558	**-381,468**	**38,519**	**-371,600**

As referred above, the opening balance of tax liabilities as at 1 January 2010 includes the effect of the final purchase price allocation of Bon Vent de L'Ebre (2,045 thousands of Euros) and Kresy (-541 thousands of Euros), performed during 2010.

Other movements of deferred tax liabilities relates mainly to the effect of purchase price allocations occurring in 2010 related to Neo Catalunia, Italy, Parque Eólico Altos del Voltoya (12,404 thousands of Euros).

Details of deferred tax assets and liabilities that will be realised or reversed in over 12 months are as follows:

	31 Dec 2011	
	Tax Assets	**Tax Liabilities**
(thousands of Euros)		
Tax losses brought forward	15,786	-
Provisions	3,264	-
Derivative financial instruments	7,285	3
Allocation of acquired assets and liabilities fair values	-	344,662
Property, plant and equipment	18,078	909
Accounting revaluations	-	-
Others	1,082	554
	45,495	**346,128**

The Group tax losses and tax credits carried forward are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Expiration date:		
2011	-	229
2012	352	197
2013	249	164
2014	239	193
2015	7,556	7 633
2016	20,882	2 822
2017 to 2031	1,364,112	985 906
Without expiration date	275,396	155 987
	1,668,786	**1,153,131**

22. INVENTORIES

This balance is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Advances on account of purchases	8,344	3,549
Finished and intermediate products	12,194	18,669
Raw and subsidiary materials and consumables:		
Other consumables	3,213	1,944
	23,751	**24,162**

The Finished and intermediate products are essentially related with wind farms construction in progress.

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23. TRADE RECEIVABLES

Trade receivables are analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Trade receivables - Current:		
Europe:		
Spain	63,082	81,619
Portugal	11,708	13,664
Poland	12,420	8,967
Rest of Europe	20,891	11,106
	108,101	**115,356**
United States of America	31,660	27,945
Other	6,344	349
	146,105	**143,650**
Doubtful debts	1,437	2,339
Impairment losses	-1,437	-2,339
	146,105	**143,650**

24. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Debtors and other assets from commercial activities - Current:		
Prepaid turbine maintenance	6,775	3,651
Services rendered	5,167	8,103
Advances to suppliers	45,445	55,917
Sundry debtors and other operations	22,642	23,748
	80,029	**91,419**
Debtors and other assets from commercial activities - Non-current:		
Deferred costs (EDP Renováveis Portugal Group)	44,715	46,588
Deferred PPA costs (High Trail)	5,076	5,275
Mapple Ridge I NYSERDA REC contract (EDPR NA)	4,959	6,317
Sundry debtors and other operations	9,461	4,572
	64,211	**62,752**
	144,240	**154,171**

Deferred costs (EDP Renováveis 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 are recognised on a straight line basis over the estimated useful life of the assets.

Advances to suppliers includes mainly a advance for Gamesa of 38,247 thousands of Euros, supplier of wind turbines.

25. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Other debtors and other assets - Current:		
Loans to related parties	324,242	358,795
Derivative financial instruments	9,430	5,402
Guarantees and tied deposits	14,943	15,678
Sundry debtors and other operations	30,631	4,026
	379,246	**383,901**
Other debtors and other assets - Non-current:		
Loans to related parties	123,560	6,955
Guarantees and tied deposits	45,828	35,957
Derivative financial instruments	8,650	4,068
Deferred costs related with institutional partnerships in US wind farms	12,948	11,631
Sundry debtors and other operations	7,286	1,948
	198,272	**60,559**
	577,518	**444,460**

Loans to related parties - Current includes mainly 99,324 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to ENEOP Group (31 December 2010: 129,648 thousands of Euros), 19,920 thousands of Euros related to loans granted by EDPR EU to EDP, S.A. - Sucursal en España (31 December 2010: 55,399 thousands of Euros) and 198,713 thousands of Euros (31 December 2010: 171,081 thousands of Euros) of loans granted by EDP Renováveis, S.A. to EDP S.A. - Sucursal en España.

Loans to related parties - Non-current includes mainly 117,880 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to Eneop Group.

Guarantees and tied deposits - Non Current are related to project finance agreements, which of EDPR EU Group companies are obliged to hold these amounts in bank accounts in order to ensure its capacity of comply with responsibilities.

26. CURRENT TAX ASSETS

Tax receivable is analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
State and other public entities:		
Income tax	15,163	19,131
Value added tax (VAT)	21,738	53,109
Other taxes	4,387	8,810
	41,288	**81,050**

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Equity securities:		
Investment funds	-	35,335
Debt securities:		
Bonds	211	409
	211	**35,744**

In 2011, EDPR sold Neomai Inversiones SICAV, SA which held the investments funds (see note 5).

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28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Cash:		
Cash in hand	2	4
Bank deposits:		
Current deposits	188,607	234,231
Specific demand deposits in relation to institutional partnerships	24,636	76,939
Other deposits	6,677	189,465
	219,920	**500,635**
Cash and cash equivalents	**219,922**	**500,639**

As at December 2011, the EDP Renováveis Group made a change in presentation related to restricted cash. The Group believes this presentation is more appropriate and provides the users of the annual accounts with more relevant information pertaining to Cash and cash equivalents. Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 35). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds. Prior to 2011, amounts included in Specific demand deposits were previously included as a component of restricted cash in Other debtors and other assets - Current - Tied deposits (see note 25). The Group has re-classified these amounts that are expected to be used in the next twelve months as restricted cash and included them within Cash and cash equivalents. In accordance with IAS 1, the Group has retrospectively reclassified amounts within 2010 comparative figures to conform to this change in presentation. The Group reclassified 24,636 thousands of Euros and 76,939 thousands of Euros as 31 December 2011 and 2010, respectively, from Other debtors and other assets. Current - Tied deposits to Cash and cash equivalents.

In 31 December 2010, the Other deposits includes 182,633 thousands of Euros made in EDP Finance BV in USD, with a maturity until one month, which earn interests from 5% to 5.5%.

29. CAPITAL

At 31 December 2011 and 2010, 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. These shares 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 2011 and 2010 are as follows:

Main shareholders and shares held by company officers:

EDP Renováveis, S.A. shareholder's structure as at 31 December 2011 is analysed as follows:

	Nr of Shares	% Capital	% Voting rights
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 2011	31 Dec 2010
Profit for the year (in thousands of Euros)	88,604	80,203
Profit for the year from continuing operations (in thousands of Euros)	88,604	80,203
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) (in Euros)	**0.10**	**0.09**
Earnings per share (diluted) (in Euros)	**0.10**	**0.09**
Earnings per share (basic) from continuing operations (in Euros)	**0.10**	**0.09**
Earnings per share (diluted) from continuing operations (in Euros)	**0.10**	**0.09**

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 2011.

The average number of shares was determined as follows:

	31 Dec 2011	31 Dec 2010
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

30. RESERVES AND RETAINED EARNINGS

This balance is analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Reserves:		
Fair value reserve (cash flow hedge)	-14,118	-4,913
Fair value reserve (available for sale financial assets)	4,575	10,980
Exchange differences arising on consolidation	-31,002	-15,316
	-40,545	**-9,249**
Other reserves and retained earnings:		
Retained earnings	286,175	208,493
Additional paid in capital	60,666	60,666
Legal reserve	18,690	14,281
	365,531	**283,440**
	324,986	**274,191**

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, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated annual accounts using the book values of the acquired company (subgroup) in the EDPR consolidated annual accounts. 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.

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Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2011 profits distribution to be presented in the Annual General Meeting is 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

The EDP Renováveis, S.A. 2010 profits distribution approved in the Annual General Meeting on 12 April 2011 was as follows:

(Euros)	
Profit for the period	44,091,046.97
Distribution	
Legal reserve	4 409 105
Retained earnings	39,681,942.27
	44,091,046.97

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 accumulated 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 2010	**8,659**
Sociedad Eólica de Andalucía	-934
Parque Eólico Montes de las Navas, S.L.	3,255
Balance as at 31 December 2010	**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**

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the annual accounts of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the condensed consolidated annual are as follows:

Currency		**Exchange rates as at 31 December 2011**		**Exchange rates as at 31 December 2010**	
		Closing Rate	**Average Rate**	**Closing Rate**	**Average Rate**
US Dollar	USD	1.294	1.392	1.336	1.326
Zloty	PLN	4.458	4.121	3.975	3.995
Brazilian Real	BRL	2.416	2.327	2.218	2.331
Lei	RON	4.323	4.239	4.262	4.212
Pound Sterling	GBP	0.835	0.868	0.861	0.858
Canadian Dollar	CAD	1.322	1.376	1.332	1.365

31. NON-CONTROLLING INTERESTS

This balance is analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Non-controlling interests in income statement	2,020	2,835
Non-controlling interests in share capital and reserves	124,539	122,706
	126,559	**125,541**

Non-controlling interests, by subgroup, are analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
EDPR EU Group	115,937	114,216
EDPR BR Group	10,622	11,325
	126,559	**125,541**

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:(i) profits attributable to non-controlling interests of 2,020 thousands of Euros; (ii) variations resulting from share capital increases attributable to non-controlling interests of EDPR EU subsidiaries (Eólica Alfoz, S.L., Moray Offshore Renewables Limited, Pestera Wind Farm, S.A., Investigación y Desarrollo de Energías Renovables, S. L. and Pochidia Wind Farm, S.A.) and EDP Renováveis Brasil, S.A., totalling 10,324 thousands of Euros and 1,493 thousands of Euros, respectively; and, the acquisition of an additional interest in the share capital of Aplicaciones Industriales de Energias Limpias, S.L. (8,055 thousands of Euros) (see note 5); (iii) and dividends from EDPR EU amount to 3,419 thousands of Euros.

32. FINANCIAL DEBT

This balance is analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Financial debt - Current		
Bank loans:		
EDPR EU Group	66,876	125,408
EDPR BR Group	59,165	72,485
Other loans:		
EDPR EU Group	2,061	3,634
EDPR NA Group	1,050	935
Interest payable	5,902	5,185
	135,054	**207,647**
Financial debt - Non-current		
Bank loans:		
EDPR EU Group	588,353	491,588
EDPR BR Group	91,997	8,052
Loans from shareholders of group entities:		
EDP Renováveis, S.A.	2,986,433	2,799,548
Other loans:		
EDPR EU Group	21,893	23,423
EDPR NA Group	2,392	3,332
	3,691,068	**3,325,943**
	3,826,122	**3,533,590**

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2,986,433 thousands of Euros). These loans have an average maturity of 7.2 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 2011, these financings amount to 570,933 thousands of Euros (624,878 thousands of Euros as at 31 December 2010), which are already included in the total debt of the Group.

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The breakdown of **Financial debt** by maturity, is as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Bank loans:		
Up to 1 year	129,512	202,184
1 to 5 years	295,382	215,135
Over 5 years	384,968	284,505
	809,862	**701,824**
Loans from shareholders of group entities:		
Up to 1 year	2,431	894
1 to 5 years	241,000	-
Over 5 years	2,745,433	2,799,548
	2,988,864	**2,800,442**
Other loans:		
Up to 1 year	3,111	4,569
1 to 5 years	24,285	16,545
Over 5 years	-	10,210
	27,396	**31,324**
	3,826,122	**3,533,590**

The fair value of EDP Renováveis Group's debt is analysed as follows:

	31 Dec 2011		31 Dec 2010	
	Carrying Value	**Market Value**	**Carrying Value**	**Market Value**
(thousands of Euros)				
Financial debt - Current	135,054	135,054	207,647	207,647
Financial debt - Non current	3,691,068	3,262,999	3,325,943	3,178,811
	3,826,122	**3,398,053**	**3,533,590**	**3,386,458**

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 2011, the scheduled repayments of Group's debt are as follows:

	Total	2012	2013	2014	2015	2016	Subsequent years
(thousands of Euros)							
Debt and borrowings - Current	135,054	135,054	-	-	-	-	-
Debt and borrowings Non-current	3,691,068	-	80,281	88,444	73,638	318,304	3,130,401
	3,826,122	**135,054**	**80,281**	**88,444**	**73,638**	**318,304**	**3,130,401**

The breakdown of guarantees is presented in note 40 to the condensed consolidated annual accounts.

The breakdown of Finance debt, by currency, is as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Loans denominated in EUR	2,035,563	1,844,113
Loans denominated in USD	1,538,832	1,452,120
Loans denominated in other currencies	251,727	237,357
	3,826,122	**3,533,590**

33. EMPLOYEE BENEFITS

Employee benefits balance are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Provisions for social liabilities and benefits	103	36
Provisions for healthcare liabilities	60	59
	163	**95**

Employee benefit plans

Some EDP Renováveis Group companies grant post-retirement benefits to employees, under defined benefit plans, namely pension plans that ensure retirement complements to age, disability and surviving pensions, as well as retirement pensions. In some cases healthcare is provided during retirement and early retirement, through mechanisms complementary to those provided by the National Health Service.

The existing plans are presented hereunder, with a brief description of each and of the companies covered by them, as well as of the economic and financial data:

I. Defined benefit pension plans

The EDP Renováveis Group companies in Portugal have a social benefits plan funded by a restricted Pension Fund, complemented by a specific provision. The EDP Pension Fund is managed by Pensõesgere being the management of the assets subcontracted to external asset management entities.

This Pension Fund covers the liability for retirement pension complements (age, disability and survivor pension) as well as the liability for early retirement.

The following financial and actuarial assumptions were used to calculate the liability of the EDP Renováveis Group pension plans:

	31 Dec 2011	31 Dec 2010
Expected return of plan assets	5.00%	5.60%
Discount rate	5.00%	5.00%
Salary increase rate	3.50%	3.70%
Pension increase rate	2.50%	2.70%
Social Security salary appreciation	1.90%	1.90%
Inflation rate	2.00%	2.00%
Mortality table	Age >60 -TV88/90	Age >60 -TV88/90
Disability table	50%EKV 80	50%EKV 80
Expected % of eligible employees accepting early retirement	40%	40%

II. Pension Plans - Defined Contribution Type

EDPR EU in Spain, has 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 case.

III. Liability for Medical Care and Other Benefits Plans - Defined Benefit Type

The Group companies in Portugal resulting from the spin-off of EDP in 1994 have a Medical Care Plan which is fully covered by a provision.

The actuarial assumptions used to calculate the liability for Medical Care Plans are as follows:

	31 Dec 2011	31 Dec 2010
Discount rate	5.00%	5.00%
Annual increase rate of medical service costs	4.00%	4.00%
Estimated administrative expenses per beneficiary per year (Euros)	200	175
Mortality table	Age >60 -TV88/90	Age >60 -TV88/90
Disability table	50%EKV 80	50%EKV 80
Expected % of subscription of early retirement by employees eligible	40%	40%

The Medical Plan liability is recognised in the Group's accounts through provisions that totally cover the liability.

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34. PROVISIONS

Provisions are analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Dismantling and decommission provisions	57,694	53,156
Provision for other liabilities and charges	288	631
	57,982	**53,787**

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring of sites and land to their original condition, in accordance with the accounting policy described in Note 2 o). The above amount respects to 34,523 thousands of Euros for wind farms in the United States of America (31 December 2010: 28,813 thousands of Euros), 14,507 thousands of Euros for wind farms in Spain (31 December 2010: 15,904 thousands of Euros), 3,768 thousands of Euros for wind farms in Portugal (31 December 2010: 4,610 thousands of Euros), 896 thousands of Euros for wind farms in Brazil (31 December 2010: 639 thousands of Euros), 1,622 thousands of Euros for wind farms in France (31 December 2010: 2,010 thousands of Euros), 1,165 thousands of Euros for wind farms in Romania, 886 thousands of Euros for wind farms in Poland (31 December 2010: 781 thousands of Euros) and 327 thousands of Euros for wind farms in Belgium (31 December 2010: 399 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the risks 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 2011 and 31 December 2010, 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 2011	31 Dec 2010
Balance at the beginning of the year	53,156	63,956
Capitalised amount for the year and other	452	3,771
Unwinding	2,995	2,872
Other and exchange differences	1,091	-17,443
Balance at the end of the year	**57,694**	**53,156**

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 2011	31 Dec 2010
Balance at the beginning of the year	631	3,129
Charge for the year	-	-
Write back for the year	-266	-155
Other and exchange differences	-77	-2,343
Balance at the end of the year	**288**	**631**

35. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This balance is analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
Deferred income related to benefits provided	773,252	635,271
Liabilities arising from institutional partnerships in US wind farms	1,023,557	1,008,777
	1,796,809	**1,644,048**

The movements in Institutional partnerships in US wind farms are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Balance at the beginning of the year	1,644,048	1,353,612
Proceeds received from institutional investors	153,192	245,252
Cash paid to institutional investors	-11,966	-16,893
Income (see note 7)	-111,610	-107,005
Unwinding (see note 14)	62,538	64,830
Exchange differences	60,607	104,252
Balance at the end of the year	**1,796,809**	**1,644,048**

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.

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.

36. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Trade and other payables from commercial activities - Current:		
Suppliers	82,972	40,453
Property and equipment suppliers	582,280	665,443
Variable remuneration to employees	20,584	16,881
Other creditors and sundry operations	21,754	11,606
	707,590	**734,383**
Trade and other payables from commercial activities – Non-current:		
Government grants / subsidies for investments in fixed assets	339,209	341,842
Electricity sale contracts - EDPR NA	61,663	71,991
Other creditors and sundry operations	3,361	2,898
	404,233	**416,731**
	1,111,823	**1,151,114**

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).

Electricity sales contracts - EDPR NA relates to the fair value of the contracts entered into by EDPR NA with its customers, determined under Power purchase agreements (see note 8).

EDP Renováveis, S.A. and subsidiaries

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37. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Other liabilities and other payables - Current:		
Liabilities arising from options with non-controlling interests	756	234,754
Derivative financial instruments	129,582	10,673
Other operations with related parties	37,891	16,257
Other creditors and sundry operations	20,890	39,715
	189,119	**301,399**
Other liabilities and other payables – Non-current:		
Success fees payable for the acquisition of subsidiaries	48,053	76,621
Payables - Group companies	31,103	61,806
Derivative financial instruments	106,115	162,042
Liabilities arising from options with non-controlling interests	3,356	36,584
Other creditors and sundry operations	623	207
	189,250	**337,260**
	378,369	**638,659**

Success fees payable for the acquisition of subsidiaries Non-Current include the amounts related to the contingent prices of the acquisitions of the EDPR Italy, Relax Wind Group, EDPR Romania, Greenwind, Bodzanow, Starozreby, Wyszorod, Elektrownia Wiatrowa Kresy and Elebrás. The decrease on this caption is due to reestimation of contingent consideration in 17,070 thousands of Euros (see note 8) and payments.

As at 31 December 2010 the Liabilities arising from options with non-controlling interests - Current includes the liability for the put option contracted with Caja Madrid for a 20% interest in the Genesa Group in the amount of 234,754 thousands of Euros equivalent to 20% of Genesa's full equity valuation. The option was exercised by Caja Madrid within the exercise period. During first semester of 2011 EDPR Group has paid 231 million.

As at 31 December 2011 the decrease on Liabilities arising from written put options with non-controlling interests - Non current, is mainly due to the reestimation of fair value of the written put option and the dilution of non-controlling interests in 34,625 thousands of Euros (see note 8 and note 40).

As at 31 December 2011, Derivative financial instruments - Non Current includes 79,184 thousands of Euros related to a hedge instrument of USD and Euros 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 39).

According to Spanish law 15/2010 of 5 July the Group disclose the details of payments made to spanish suppliers during the year 2011 (distinguishing those who have exceeded the legal limits of postponement), the average payments period, the outstanding balances that at 31 December 2011 with an overdue greater than the legal period, are the following:

	Payments and outstanding payments at year end	
	Value	**%**
(thousands of Euros)		
Within the legal deadline	200,088	48.19%
Rest	215,150	51.81%
Total payments for the year	415,238	100.00%
Average payment period (days)	31.76	
Outstanding balances with an overdue greater than the legal period	27,873	

At 31 December 2011, the outstanding balances with an overdue greater then the legal period includes 22,165 thousands of Euros regarding group companies.

At 31 December 2010, the balance of Spanish suppliers with a maturity date over 85 days is 15,616 thousands of Euros, from which 1,024 thousands of Euros are related with group companies.

38. CURRENT TAX LIABILITIES

This balance is analysed as follows:

(thousands of Euros)	31 Dec 2011	31 Dec 2010
State and other public entities:		
Income tax	8,838	10,122
Withholding tax	24,026	22,474
Value added tax (VAT)	15,320	14,169
Other taxes	3,232	1,981
	51,416	**48,746**

39. 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 hedged in foreign operations.

As of 31 December 2011, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
(thousands of Euros)	Assets	Liabilities	Until 1 year	From 1 to 5 years	More than 5 years	Total
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**

As of 31 December 2010, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
(thousands of Euros)	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	-	-145,123	-	59,627	1,826,174	1,885,801
	-	**-145,123**	**-**	**59,627**	**1,826,174**	**1,885,801**
Cash flow hedge						
Power price swaps	7,438	-7,725	74,039	3,940	-	77,979
Interest rate swaps	268	-17,994	106,101	159,221	179,075	444,397
Currency forwards	-	-1,368	38,803	-	-	38,803
	7,706	**-27,087**	**218,943**	**163,161**	**179,075**	**561,179**
Trading						
Power price swaps	1,764	-407	2,032	269	-	2,301
Interest rate swaps	-	-98	-	17,381	-	17,381
	1,764	**-505**	**2,032**	**17,650**	**-**	**19,682**
	9,470	**-172,715**	**220,975**	**240,438**	**2,005,249**	**2,466,662**

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The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 25) or Other liabilities and other payables (note 37), 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 41 and 42. The fair value is based on internal valuation models, as described in note 42.

Interest rate swaps are related to the project finances and intend to convert variable to fixed interest rates.

Currency forwards related to exchange rate risk in Neólica Polska, derived from the supplying contracts defined in Euros, for which will be necessary financings in Polish Zlotis, are no longer qualified as cashflow hedge but presented as trading.

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:

			2011		2010	
			Changes in fair value		Changes in fair value	
Type of hedge	**Hedging instrument**	**Hedged item**	**Instrument**	**Risk**	**Instrument**	**Risk**
(thousands of Euros)						
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD and PLN	-55,530	55,530	-143,855	143,855
Cashflow hedge	Currency forward	Interest rate	-15,999	-	-233	-
Cashflow hedge	Power price swaps	Power price	6,219	-	-17,778	-
Cashflow hedge	Currency forward	Exchange rate	2,789	-	-756	-
			-62,521	**55,530**	**-162,622**	**143,855**

The movements in cash flow hedge reserve have been as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Balance at the beginning of the year	**-13,632**	**14,094**
Fair value changes		
Interest rate swaps	-16,333	-5,186
Power price swaps	6,110	-18,448
Currency forward	2,789	-756
Transfers to results	-4,502	-3,222
Ineffectiveness	1	-32
Non-controlling interests included in fair value changes	1,109	-82
Balance at the end of the year	**-24,458**	**-13,632**

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Cash-flow hedge		
Transfers to results	4,502	3,222
Ineffectiveness	-1	32
Non-eligible for hedge accounting derivatives	1,268	-234
	5,769	**3,020**

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/PLN	[3,91% - 4,03%]	1.39%

The effective interest rates for derivative financial instruments associated with financing operations during 2010, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts:			
Interest rate swaps	EUR	[2.52% - 5.01%]	[0.72% - 1.11%]
Interest rate swaps	PLN	5.41%	1.00%

40. COMMITMENTS

As at 31 December 2011 and 31 December 2010, the financial commitments not included in the statement of financial position in respect of financial and real guarantees provided, are analysed as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Guarantees of a financial nature		
EDP Renováveis	-	19,453
EDPR EU Group	2,178	2,178
EDPR NA Group	3,478	3,368
	5,656	**24,999**
Guarantees of an operational nature		
EDP Renováveis	469,459	538,122
EDPR EU Group	20,140	50,998
EDPR NA Group	1,740,496	1,304,742
	2,230,095	**1,893,862**
Total	**2,235,751**	**1,918,861**
Real guarantees	**12,360**	**12,718**

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 2011, these financings amount to 570,933 thousands of Euros (31 December 2010: 624,878 thousands of Euros), which are already included in the total debt of the Group.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

	31 Dec 2011				
	Debt capital by period				
	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
(thousands of Euros)					
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**

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	31 Dec 2010				
	Debt capital by period				
	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
(thousands of Euros)					
Financial debt (including interests)	4,896,942	377,159	442,334	437,899	3,639,550
Operating lease rents not yet due	769,109	42,363	85,458	84,370	556,918
Purchase obligations	2,676,437	1,063,288	1,180,820	429,303	3,026
	8,342,488	**1,482,810**	**1,708,612**	**951,572**	**4,199,494**

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 2011 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 investment bank valuation process. The options can be exercised between 1 January 2012 and 1 January 2013, 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 investment bank valuation process. The options can be exercised between 1 January 2014 and 31 December 2014.

- EDP Renováveis, through its subsidiary Santa Quitéria Energia, S.L.U., holds a call option over Jorge, S.L. for 8.5% of interest held by Jorge, S.L. on company "Apineli Aplicaciones Industriales de Energías Limpias, SL" (Apineli). The price of exercising these options is 900 thousands of Euros. The option can be exercised when Jorge, S.L. obtain the licenses to amplify the windfarms "Dehesa del Coscojar" and "El Águila", until 30 days after the notification of the suspensive condition with a limit date of 18 April 2014.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Copcisa for all the shares held by Copcisa on companies Corbera and Vilalba (49% of share capital).

- 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% (15% in 2010, see note 8) of the share capital of EDPR Itália, whose exercise price over 85% of market value of participation (see note 37). 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.

41. RELATED PARTIES

The number of shares held by company officers as at 31 December 2011 are as follows:

Executive Board of Directors	**31 Dec 2011**	**31 Dec 2010**
(Nr. of shares)		
António Luis Guerra Nunes Mexía	4,200	4,200
Ana Maria Machado Fernandes	1,510	1,510
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Rui Manuel Rodrigues Lopes Teixeira	10,505	-
João Pedro Nogueira Sousa Costeira	3,000	-
Gabriel Alonso Imaz	18,503	-
Luís Abreu Castelo-Branco Adão da Fonseca	1,200	-
António Fernando Melo Martins da Costa	-	1,480
Francisco José Queiroz de Barros de Lacerda	620	620
João Manuel de Mello Franco	380	380
Jorge Manuel Azevedo Henriques dos Santos	200	200
José Silva Lopes	-	760
José Fernando Maia de Araújo e Silva	80	80
João José Belard da Fonseca Lopes Raimundo	840	840
	46,038	**15,070**

The members of Board of Directors of EDP Renováveis have not communicated or the parent company has knowledge of any conflict of interests included in the article 229º of "Ley de Sociedades Anónimas" (Spanish Public Companies' Law).

The board members of the parent company, complying with the article 229º of the Spanish Companies Act, declared that they and related parties to them have not exercised 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 Luis Guerra Nunes Mexía:	
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
Ana Maria Machado Fernandes:	
EDP - Energias de Portugal, S.A.	Director
EDP - Energias do Brasil, S.A.	Director
Hidroeléctrica del Cantábrico, S.A.	Director
EDP Renewables Europe, S.L.	Chairperson
EDP Renováveis Brasil, S.A.	Chairperson
ENEOP - Eólicas de Portugal, S.A.	Chairperson
João Manuel Manso Neto:	
Naturgás Energia, S.A.	Vice-Chairperson of the Board of Directors
EDP - Energias de Portugal, S.A.	Director
EDP - Gestão da Produção de Energia, S.A.	Chairperson of the Board of Directors
EDP Gás.com - Comércio de Gás Natural, S.A.	Director
Hidroeléctrica del Cantábrico, S.A.	Vice-Chairperson of the Board of Directors
Eléctrica de la Ribera de Ebro, S.L. (Elebro)	Chairperson of the Board of Directors
Hidrocantábrico Energia, S.A.U.	Chairperson of the Board of Directors
Empresa Hidroeléctrica do Guadiana, S.A.	Chairperson of the Board of Directors
EDP Energia Ibérica S.A.	Director
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	Director
EDP - Energias do Brasil, S.A.	Director
Hidroeléctrica del Cantábrico, S.A.	Director

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Board Member Company	Position
Manuel Menéndez Menéndez:	
Naturgás Energía, S.A.	Chairperson of the Board of Directors
Enagas, S.A.	Permanent Representative
EDP Renewables Europe, S.L.	Director
Hidroeléctrica del Cantábrico, S.A.	Chairperson of the Board of Directors
Rui Manuel Rodrigues Lopes Teixeira:	
EDP Renewables Europe, S.L.	Director
Generaciones Especiales I, S.L.	Director
EDP Renováveis Portugal, S.A.	Director
Malhadizes – Energia Eólica, S.A.	Director
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	Director
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Director
Masovia Wind Farm I SP. Z O.O.	Director
Farma Wiatrowa Starozreby SP. Z O.O.	Director
Karpacka Mala Energetyka SP. Z O.O	Director
Relax Wind Park IV SP. Z O.O	Member of the Supervisory Board
Relax Wind Park II SP. Z O.O	Member of the Supervisory Board
EDP Renováveis Brasil, S.A.	Director
Luís Abreu Castelo-Branco Adão da Fonseca:	
EDP Renewables Europe, S.L.	Director
Generaciones Especiales I, S.L.	Director
EDP Renováveis Portugal, S.A.	Director
EDP Renewables Romania, Srl	Director
Cernavoda Power, Srl	Director
Pochidia Wind Farm, S.A.	Director
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	Director
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Director
Masovia Wind Farm I SP. Z O.O.	Director
Farma Wiatrowa Starozreby SP. Z O.O.	Director
Karpacka Mala Energetyka SP. Z O.O	Director
Relax Wind Park IV SP. Z O.O	Member of the Supervisory Board
Relax Wind Park II SP. Z O.O	Member of the Supervisory Board
EDPR UK, Ltd	Director
Moray Offshore Renewables, Ltd	Director
Maccoll Offshore Windfarm, Ltd	Director
Stevenson Offshore Windfarm, Ltd	Director
Telford Offshore Windfarm, Ltd	Director
EDP Renewables Italia, Srl	Director
EDP Renováveis Brasil, S.A.	Director
EDP Inovação, S.A.	Director

Board Member / **Company**	**Position**
João Paulo Nogueira Sousa Costeira:	
Eneroliva S.A.	Director
EDP Renewables Europe, S.L.	Director
Generaciones Especiales I, S.L.	Director
EDP Renováveis Portugal, S.A.	President
Malhadizes – Energia Eólica, S.A.	President
Eólica da Serra das Alturas, S.A.	Director
Eólica de Montenegrelo, S.A.	Director
ENEOP 2 – Exploração de Parques Eólicos, S.A.	President
Eólica dos Altos de Salgueiros-Guilhado, S.A.	President of the General Meeting
Eólica de Alvarrões, S.A.	President
Eólica do Espigão, S.A.	Director
Eólica do Bravo, S.A	President of the General Meeting
Eólica do Campanário, S.A.	President of the General Meeting
Eólica da Terra do Mato, S.A.	Director
Eólica do Alto da Lagoa, S.A.	Director
Eólica do Alto do Mourisco, S.A.	Director
Eólica das Serras das Beiras, S.A.	Director
Eólica do Alto Douro, S.A.	Director
Eólica do Monte das Castelhanas, S.A	President
Eólica da Lomba, S.A.	President
Eólica do Cachopo, S.A.	President of the General Meeting
Eólica do Cotão, S.A.	Chairperson
EDP Renewables Romania, Srl	Director
Cernavoda Power, Srl	Director
Greenwind, S.A.	President
EDP Renewables France, S.A.	President
Centrale Eolienne Neo Truc de l'Homme, SAS	President
Eolienne de Callengeville, SAS	President
Neo Plouvien, SAS	President
Parc Eolien de la Hetroye, SAS	President
Eolienne de Saugueuse, SARL	Manager ("Gerant")
Eolienne des Bocages, SARL	Manager ("Gerant")
Eolienne d'Etalondes, SARL	Manager ("Gerant")
Parc Eolien d'Ardennes, SARL	Manager ("Gerant")
Parc Eolien de Mancheville, SARL	Manager ("Gerant")
Parc Eolien de Roman, SARL	Manager ("Gerant")
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	Director
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Director
Masovia Wind Farm I SP. Z O.O.	Director
Farma Wiatrowa Starozreby SP. Z O.O.	Director
Karpacka Mala Energetyka SP. Z O.O	Director
Relax Wind Park IV SP. Z O.O	Member of the Supervisory Board
Relax Wind Park II SP. Z O.O	Member of the Supervisory Board
EDPR UK, Ltd	Director
Moray Offshore Renewables, Ltd	Director
Maccoll Offshore Windfarm, Ltd	Director
Stevenson Offshore Windfarm, Ltd	Director
Telford Offshore Windfarm, Ltd	Director
EDP Renewables Italia, Srl	Director
Operação e Manutenção Industrial, S.A.	Director
Gabriel Alonso Imaz:	
EDP Renewables Canada, Ltd.	Chairman of the Board
EDP Renewables North America, LLC and subsidiaries	Chairman of the Board

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EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2011 and 2010

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	Number of shares
Company	
António Luis Guerra Nunes Mexía:	
EDP - Energias de Portugal, S.A.	41,000
EDP - Energias do Brasil, S.A.	1
Joao Manuel Manso Neto:	
EDP - Energias de Portugal, S.A.	1,268
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	100,000
EDP - Energias do Brasil, S.A.	1
Gabriel Alonso Imaz:	
Iberdrola	50
Joao Manuel de Mello Franco:	
EDP - Energias de Portugal, S.A.	4,550
REN - Redes Energéticas Nacionais, S.G.P.S., S.A.	380
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. The Board of Directors approves the distribution and exact amount paid to each director on the basis of this proposal.

The remuneration attributed to the members of the Executive Board of Directors in 2011 and 2010 were as follows:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
CEO	551,362	592,939
Board members	512,083	565,000
	1,063,445	**1,157,939**

On 4 November 2008 EDP and EDP Renováveis signed an Executive Management Services Agreement that was renewed on 4 May 2011 and effective from 18 March 2011. 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 appoints three people from EDP to be part of EDPR's Executive Committee, 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, EDP Renováveis is due to pay an amount of 380 thousands of Euros for management services rendered by EDP through 2011 (836 thousands of Euros in 2010).

Additionally, the remuneration of the members of the Management Team, defined as Key Management and not including the Chief Executive Officer, was in 2011 1,857 thousands of Euros (31 December 2010: 1,252 thousands of Euros). They do not receive any relevant non-monetary benefits as remuneration.

The retirement savings plan for the members of the Management Team not including the Chief Executive Officer range between 3% to 6% of their annual salary.

As at 31 December 2011 and 2010 there are no outstanding loans and advances with company officers and key management.

Balances and transactions with related parties

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
EDP Group companies	42,862	2,994,639	-2,951,777
Hidrocantábrico Group companies	46,370	1,746	44,624
Associated companies	224,114	2,169	221,945
Jointly controlled entities	5,030	840	4,190
Other	-	591	-591
	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.

As at 31 December 2010, assets and liabilities with related parties, are analysed as follows:

(thousands of Euros)	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	**4**	**15,079**	**(15,075)**
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	226,106	156,902	69,204
EDP Group companies	45,169	2,803,263	-2,758,094
Hidrocantábrico Group companies	48,498	2,017	46,481
Associated companies	132,535	2,266	130,269
Jointly controlled entities	7,239	840	6,399
Other	757	2,733	-1,976
	460,308	**2,983,100**	**-2,522,792**

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
EDP Group companies	136,903	343	-6,354	-152,362
Hidrocantábrico Group companies	358,814	-	-4,994	-700
Associated companies	1,533	6,820	-	-69
Jointly controlled entities	767	5,618	-	-
Other	233	-	-638	-
	498,250	**33,275**	**-31,639**	**-158,502**

Transactions with related parties for the year ended 31 December 2010 are analysed as follows:

(thousands of Euros)	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	11,664	2,332	-2,929	-3,053
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	3,015	-6,969	-1,438
EDP Group companies	138,124	756	-3,217	-140,074
Hidrocantábrico Group companies	249,062	-	-4,336	
Associated companies	1,226	2,971	-	
Jointly controlled entities	644	4,710	-	-
Other	5,702	663	-99	-
	406,422	**14,447**	**-17,550**	**-144,565**

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With the purpose of hedging the foreign exchange risk existing in the company and Group accounts of EDP Renováveis and in the company accounts of EDP Branch, the EDP Group settled a CIRS in USD and Euros 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 EPDR NA and of the USD external financing). As at 31 December 2011, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 208,460 thousands of Euros (31 December 2010: 144,049 thousands of Euros -payable) (see note 37 and 39).

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 2011, EDP, S.A. and Hidrocantábrico granted financial (30,768 thousands of Euros, 31 December 2010: 57,951 thousands of Euros) and operational (336,623 thousands of Euros, 31 December 2010: 439,195 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 40).

In the normal course of its activity, EDP Renováveis performs business transactions and operations based on normal market conditions with related parties.

The Company has no pension or life insurance obligations with its former or current directors in 2011 or 2010.

42. 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 2011 and 2010, 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 2011			31 Dec 2010		
	Currencies			Currencies		
	EUR	USD	BRL	EUR	USD	BRL
3 months	1.36%	0.58%	10.41%	1.01%	0.30%	10.90%
6 months	1.62%	0.81%	10.15%	1.23%	0.46%	11.61%
9 months	1.79%	0.97%	10.04%	1.37%	0.61%	11.90%
1 year	1.95%	1.13%	10.04%	1.51%	0.78%	12.04%
2 years	1.31%	0.73%	10.48%	1.56%	0.79%	12.27%
3 years	1.36%	0.82%	10.75%	1.89%	1.26%	12.15%
5 years	1.72%	1.23%	10.98%	2.49%	2.17%	11.95%
7 years	2.07%	1.64%	11.05%	2.93%	2.83%	11.85%
10 years	2.38%	2.03%	11.22%	3.32%	3.41%	11.90%

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 balance sheet at their fair value (note 20).

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 39)

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 on the balance sheet 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 30. See also notes 14, 24, 25 and 29.

The fair values of assets and liabilities as at 31 December 2011 and 31 December 2010 are analysed as follows:

	31 December 2011			31 December 2010		
	Carrying	**Fair value**	**Difference**	**Carrying**	**Fair value**	**Difference**
(thousands of Euros)						
Financial assets						
Available for sale investments	9,618	9,618	-	18,380	18,380	-
Trade receivables	146,105	146,105	-	143,650	143,650	-
Debtors and other assets from commercial activities	144,240	144,240	-	154,171	154,171	-
Other debtors and other assets	559,438	559,438	-	434,990	434,990	-
Derivative financial instruments	18,080	18,080	-	9,470	9,470	-
Financial assets at fair value through profit or loss	211	211	-	35,744	35,744	-
Cash and cash equivalents (assets)	219,922	219,922	-	500,639	500,639	-
	1,097,614	**1,097,614**	**-**	**1,297,044**	**1,297,044**	**-**
Financial liabilities						
Financial debt	3,826,122	3,398,053	-428,069	3,533,590	3,386,458	-147,132
Suppliers	665,252	665,252	-	705,896	705,896	-
Institutional partnerships in US wind farms	1,796,809	1,796,809	-	1,644,048	1,644,048	-
Trade and other payables from commercial activities	446,571	446,571	-	445,218	445,218	-
Other liabilities and other payables	142,672	142,672	-	465,944	465,944	-
Derivative financial instruments	235,697	235,697	-	172,715	172,715	-
	7,113,123	**6,685,054**	**-428,069**	**6,967,411**	**6,820,279**	**-147,132**

The fair value levels used to valuate 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 that 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).

	31 December 2011			31 December 2010		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
(thousands of Euros)						
Financial assets						
Available for sale investments	-	-	9,618	-	-	18,380
Derivative financial instruments	-	18,080	-	-	9,470	-
Financial assets at fair value through profit or loss	-	211	-	35,335	409	-
	-	**18,291**	**9,618**	**35,335**	**9,879**	**18,380**
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	4,112	-	-	271,338
Derivative financial instruments	-	235,697	-	-	172,715	-
	-	**235,697**	**4,112**	**-**	**172,715**	**271,338**

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The movement in 2011 and 2010 of the financial assets and liabilities within Level 3 are analysed was as follows:

	Available for sale investments		Trade and other payables	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
(thousands of Euros)				
Balance at the beginning of the year	**18,380**	**12,630**	**271,338**	**303,783**
Gains / (Losses) in other comprehensive income	2,070	-934	-	-
Purchases	-	6,684	3,356	36,584
Fair value changes/Payments	-	-	-270,582	-69,029
Disposals	-10,832	-	-	-
Transfers into / (out of) Level 3	-	-	-	-
Balance at the end of the year	**9,618**	**18,380**	**4,112**	**271,338**

The trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests (see note 31).

43. RELEVANT SUBSEQUENT EVENTS

Imputation to China Three Gorges of 21.35% of voting rights

China Three Gorges Corporation ("CTG") notified EDP that it has entered into a Strategic Direct Sale Agreement with Parpública - Participações Públicas (S.G.P.S.), S.A for the acquisition of 780,633,782 ordinary shares of EDP, which correspond to 21.35% of EDP's share capital and 21.35% of the respective voting rights. The imputation of a qualifying holding results from the signature of said agreement within the context of the implementation of EDP's 8th reprivatisation phase.

The referred acquisition of shares is subject to the prior satisfaction of conditions, namely the obtaining of approvals from relevant regulatory authorities from certain jurisdictions.

Although the acquisition of the above mentioned stake has not been concluded, Portuguese Law deems relevant, for certain purposes, the attribution of voting rights, as a result of the execution of a purchase agreement over listed companies' shares.

44. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

The new standards and interpretation that have been issued and are already effective and that the Group has applied on its consolidated annual accounts can be analysed as follows:

IAS 24 (Revised) - Related Party Disclosures

The International Accounting Standards Board (IASB) issued in November 2009, the IAS 24 (Revised) - Related Party Disclosures, with effective date of mandatory application of 1 January 2011, being allowed its early adoption.

This revised version simplifies the disclosure requirements for government related parties and clarifies the definition of a related party. Therefore, this standard establishes that the companies disclose in its financial statements the information regarding the transactions with related parties. In broad terms, two parties are related to each other if one party controls, or significantly influences, the other party.

The principal changes are the following:
- partial exemption of the requirements on the paragraph 18 for transactions with government related entities;
- simplification of "Related Party" definition.

No significant impact in the Group resulted from the adoption of this amendment.

IFRIC 14 (Amendment) - Prepayments of a Minimum Funding Requirement

The International Accounting Standards Board (IASB), issued in November 2009, amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement, with effective date of mandatory application of 1 January 2011, being early adoption allowed. These amendments were adopted by European Union in July 2010.

The amendment to IFRIC 14, is it self an interpretation of IASB 19 Employee Benefits. The amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset.

No significant impact in the Group resulted from the adoption of this interpretation.

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The International Accounting Standard Board (IASB), issued in November 2009, the IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments, with effective date of mandatory application for the exercises beginning after 30 June 2010, being early adoption allowed.

This interpretation clarifies how an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.

This interpretation cannot be applied if:
- the creditor is also a direct or indirect shareholder and is acting in its capacity as direct or indirect shareholder;
- the creditor and the entity are controlled by the same party or parties before and after the transaction, and the substance of the transaction includes an equity distribution from, or contribution to the entity;
- extinguishing the financial liability by issuing equity shares is in accordance with the original terms of the financial liability.

This interpretation clarifies:
- the entity's equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability;
- the equity instruments issued are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished;
- the difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in the equity's profit or losses for the year.

No significant impact in the Group resulted from the adoption of this interpretation.

Annual Improvement Project

In May 2010, IASB published the Annual Improvement Project that implied changes to the standards in force. However, the effective date of the referred changes depends on each specific standard.

- Changes to IFRS 1 – First -Time Adoption of International Financial Reporting Standards, which is effective from 1 January 2011. This change establishes that: (i) in case of an entity changes its accounting policies or its use of exemptions contained in this standard, it shall explain the changes between its first interim financial report and its first financial statements; (ii) if an entity uses the exemption provided in the standard for operations subject to rate regulation, it shall disclose that fact and the basis on which carrying amounts were previous determined.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IFRS 3 - Business Combinations, effective from 1 January 2011. This changes clarifies that: (i) contingent consideration balances arising from business combinations whose acquisition dates preceded the date when an entity first applied this standard; (ii) if a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer shall include the amount of that adjustment in the cost of the combination at the acquisition data if the adjustment is probable and can be measured reliably; and (iii) a business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IFRS 7 - Financial Instruments: Disclosures, effective from 1 January 2011. This amendment simplifies the quantitave disclosures, since that is no longer necessary: (i) disclose the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated, and (ii) describe the collateral held by the entity as security and other credit enhancements and, unless impracticable, an estimate of fair value related to financial assets renegotiated.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IAS 1 - Presentation of Financial Assets, effective from 1 January 2011. The amendment establishes that the statement of changes in equity for each component of equity, a reconciliation between the carrying at the beginning and the end of the period, separately disclosing changes resulting from: (i) profit or loss; (ii) other comprehensive income; and (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IAS 34 - Interim Financial Reporting, effective from 1 January 2011. The amendment clarifies and emphasis the information that must be disclosed when the interim financial reporting.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IFRIC 13 - Customer Loyalty Programmes, effective from 1 January 2011. This amendment establish that an entity may estimate the fair value of award credits by reference to the fair value of the awards for which they could be redeemed. That fair value of the award credits takes into account: (i) the amount of the discounted or incentives that would otherwise de offered to customers who have not earned award credits from an initial sale; and (ii) the proportion of award credits that are not expected to be redeemed by customers.

  No significant impact in the Group resulted from the adoption of this change.

Standards, amendments and interpretations issued but not yet effective for the Group

IFRS 1 (Amendment) - First-Time Adoption of International Financial Reporting Standards

The International Accounting Standards Board (IASB), issued in December 2010, amendments to IFRS 1 – First-Time Adoption of International Financial Reporting standards, with effective date of mandatory application of 1 July 2011, being early adoption allowed. These amendments have not been adopted by the European Union.

The amendment to IFRS 1, introduces a specific exception for the first adoption of IFRS for entities operating in economies previous classified as hyper-inflation, so that when the date of transition is after or is the date on which the functional currency stable, the entity may elect to measure on the transition date, all assets and liabilities held at the time of standardization, at fair value.

No significant impact in the Group is expected from the adoption of this change.

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 July 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 7 - Financial instruments: Disclosures for transfer transactions of financial assets

The International Accounting Standards Board (IASB), issued in October 2010, amendments to IFRS 7 – Financial Instruments: Disclosures, with effective date of mandatory application of 1 July 2011, being early adoption allowed.

The amendment to IFRS 7, clarifies the disclosures required to all financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred.

An entity transfers all or part of a financial asset, if, and only if, it either:
- transfers the contractual rights to receive the cash flows of that financial asset; or
- retains the contractual rights to receive the cash flow of that financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

The entity shall disclose at each reporting date for each class of transferred financial assets that are not derecognised in their entirety: (i) the nature of transferred assets; (ii) the nature of the risks and rewards between the transferred assets and associated liabilities.

For transferred financial assets that are derecognised in their entirety the disclosures includes: (i) the carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which the carrying amount of those assets and liabilities are recognised; (ii) the fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets; (iii) the amount that best represents the entity's maximum exposure to loss from its continuing involvement in the de recognised financial assets, and information showing how the maximum exposure to loss is determined; and (iv) the undiscounted cash outflows that would or may be required to repurchase derecognised financial assets or other amounts payable to the transferee in respect of the transferred assets.

In addition, an entity shall disclose for each type of continuing involvement:
- the gain or loss recognised at the date of transfer of the assets;
- income and expenses recognised, both in the reporting period and cumulatively, from the entity's continuing involvement in the derecognised financial assets;
- if the total amount of proceeds from transfer activity in a reporting period is not evenly distributed throughout the reporting period;
- when the greatest transfer activity took place within that reporting period;
- the amount recognised from transfer activity in that part of the reporting period; and
- the total amount of proceeds from transfer activity in that part of the reporting period.

An entity shall provide this information for each period for which a statement of comprehensive income is presented.

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 2013, being allowed its early adoption. This standard 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.

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 2013, being allowed its early adoption. This standard has not yet been adopted by the European Union.

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, the variable returns arising from his involvement in the subsidiary and has the ability to influence these returns because of the power over it.

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 2013, being allowed its early adoption. This standard has not yet been adopted by the European Union.

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, which must be booked by the equity method.

The structure of a joint agreement ceases to be the main factor in determining the accounting. 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 10 - Consolidated financial statements, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. This standard has not yet been adopted by the European Union.

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:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47

- 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 associated, 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 interest 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.

No significant impact in the Group is expected from the adoption of 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 has not yet been adopted by the European Union.

IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurement. The standard does not include requirements on when fair value measurement is required; it prescribes how fair value is to be measured if another standard requires it.

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. These amendments have not yet been adopted by the European Union.

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.

No significant impact in the Group is expected from the adoption of this change.

IAS 12 (Amended) - Income Taxes

The International Accounting Standards Board (IASB) issued in December 2011, IAS 12 - Income Taxes: Recovery of underlying assets, with effective date of mandatory application for periods beginning on or after 1 July 2012, being allowed its early adoption. These amendments have not yet been adopted by the European Union.

The amendment to IAS 12 clarifies that, in the case of investment property measured at fair value there is a presumption that the recovery value will always be the sale for the purpose of determining their fiscal impact.

No significant impact in the Group is expected from the adoption of this change.

IAS 19 (Amended) - Employee Benefits

The International Accounting Standards Board (IASB) issued in June 2011, IAS 19 (Amended) - Employee Benefits, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. These amendments have not yet been adopted by the European Union.

The amendments to IAS 19, make important improvements by:

- eliminating an option to defer the recognition of gains and losses, know as the "corridor method", improving comparability and faithfulness of presentation;
- streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations; and
- enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

No significant impact in the Group is expected from the adoption of this change.

IAS 27 (Amended) - Separate Financial Statements

The International Accounting Standards Board (IASB) issued in May 2011, IAS 27 (Amended) - Separate Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. This amendment has not yet been adopted by the European Union.

The amendment of IAS 27 in 2011 resulted from the Board's project on consolidation. A new IFRS, IFRS 10 - Consolidated Financial Statements, addresses the principal of control and requirements relating to the preparation of consolidated financial statements. As a result, IAS 27 now contains requirements relating only to separate financial statements. This change is reflected in the standard's amended title, Separate financial statements.

No significant impact in the Group is expected 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 has not yet been adopted by the European Union.

The amendment of IAS 28 in 2011 resulted from the Board's projection joint ventures which decided to incorporate the accounting for joint ventures in this standard since the equity method is applied in the joint ventures and associates.

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. These amendments have not yet been adopted by the European Union.

This amendment clarifies: (i) the criterion that an entity "currently has a legally enforceable right to set off the recognised amounts"; and (ii) the criterion that an entity "intends either to settle on a net basis, or to realise that asset and settle the liability simultaneously".

No significant impact in the Group is expected from the adoption of this change.

45. 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:

	31 Dec 2011	31 Dec 2010
(thousands of Euros)		
Environmental Investment	1,910	1,802
	1,910	**1,802**

The development of an Environmental Management System (EMS) was started in 2008. The purpose of the EMS is to stimulate good environmental practices focused on protecting natural resources and waste and spill management, with a commitment to continuous improvement of environmental performance.

In Europe, EDP Renováveis renewed certification obtained for thirty three of its wind farms (958 MW) in operation under the ISO 14001.

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 lifes. 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 57,694 thousands of Euros as at 31 December 2010 (31 December 2010: 53,156 thousands of Euros) (see note 32).

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47

46. 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 2011 or 2010.

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 EDP Renováveis 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;
- Other - Includes the EDPR BR 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 annulation 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 annulations, 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.

47. AUDIT AND NON AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2011 and 2010. 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 2011 and 2010, fees and expenses for professional services, according to the following detail (amounts in thousands of Euros):

	31 December 2011					
	Portugal	**Spain**	**Brasil**	**United States of America**	**Other**	**Total**
(thousands of Euros)						
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**

	31 December 2010					
	Portugal	**Spain**	**Brasil**	**United States of America**	**Other**	**Total**
(thousands of Euros)						
Audit and statutory audit of accounts	193	690	69	728	221	1,901
Other audit services	210	52	-	174	13	449
	403	**742**	**69**	**902**	**234**	**2,350**
Tax consultancy services	-	17	-	481	-	498
Other services	1	-	-	-	-	1
	1	**17**	**-**	**481**	**-**	**499**
Total	**404**	**759**	**69**	**1,383**	**234**	**2,849**

EDP Renováveis, S.A. and subsidiaries

Annex 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2011 and 2010, are as follows:

	Head Office	Auditor	2011		2010	
Company			% of capital	% of voting rights	% of capital	% of voting rights
GROUP'S PARENT HOLDING COMPANY:						
EDP Renováveis, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
PARENT COMPANY:						
EDP Renewables Europe, S.L.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Electricity business						
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60.00%	60.00%	59.99%	59.99%
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	KPMG	50.10%	50.10%	50.10%	50.10%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50.10%	50.10%	50.10%	50.10%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Spain:						
Acampo Arias, S.L.	Zaragoza	KPMG	98.19%	98.19%	98.19%	98.19%
Agrupación Eólica, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61.50%	61.50%	-	-
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	KPMG	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%
Ceasa Promociones Eólicas, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Ceprastur, AIE	Oviedo	n.a.	56.76%	56.76%	56.76%	56.76%
Cía. Eléctrica de Energías Renovables Alternativas, S.A.U.	Zaragoza	Deloitte	100.00%	100.00%	100.00%	100.00%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	75.83%	75.83%	75.83%	75.83%
Corporación Empresarial de Renovables Alternativas, S.L.U.	Zaragoza	n.a.	100.00%	100.00%	100.00%	100.00%
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%	95.00%	95.00%
Desarrollo Eólico Santa Quiteria, S.L.	Huesca	KPMG	83.96%	100.00%	58.33%	58.33%
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%
Desarrollos Eólicos Promocion, S.A.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollos Eólicos, S.A.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Cantábria, S.L.	Madrid	n.a.	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%
Eolica Alfoz, S.L.	Madrid	KPMG	83.73%	83.73%	84.98%	84.98%
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%

Company	Head Office	Auditor	2011 % of capital	2011 % of voting rights	2010 % of capital	2010 % of voting rights
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100.00%	100.00%	89.99%	89.99%
Generaciones Especiales I, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Hidroeléctrica del Rumblar, S.L.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
Hidroeléctrica Fuentermosa, S.L.	Oviedo	n.a.	100.00%	100.00%	100.00%	100.00%
Hidroeléctrica Gormaz, S.A.	Salamanca	n.a.	75.00%	75.00%	75.00%	75.00%
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%
Muxia I e II	La Coruña	n.a.	100.00%	100.00%	100.00%	100.00%
NEO Catalunya, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
NEO Energia Aragón, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Neomai Inversiones SICAV, S.A.	Madrid	PWC	-	-	100.00%	100.00%
Parc Eolic 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 Eolic Molinars, S.L.	Girona	n.a.	54.00%	90.00%	54.00%	90.00%
Parc Eolic 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%
Parque Eólico Montes de Castejón, S.L.	Zaragoza	n.a.	100.00%	100.00%	100.00%	100.00%
Parque Eólico Plana de Artajona, S.L.U.	Zaragoza	n.a.	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%
Santa Quiteria Energia, S.L.U.	Zaragoza	n.a.	100.00%	100.00%	100.00%	100.00%
Sierra de la Peña, S.A.	Madrid	KPMG	84.90%	84.90%	84.90%	84.90%
Siesa Renovables Canarias, S.L.	Gran Canaria	n.a.	100.00%	100.00%	100.00%	100.00%
Sinae Inversiones Eólicas, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Sotromal, S.A.	Soria	n.a.	90.00%	90.00%	90.00%	90.00%
Subgrupo Veinco	Zaragoza	n.a.	-	-	100.00%	100.00%
Tratamientos Medioambientales del Norte, S.A.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
France:						
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%
EDP Renewables France, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Elbeuf	EXCO	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%
Parc Eolien D'Ardennes	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de La Hetroye, S.A.S.	Elbeuf	EXCO	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	EXCO	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	EXCO	100.00%	100.00%	100.00%	100.00%

EDP Renováveis, S.A. and subsidiaries

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	Head Office	Auditor	2011		2010	
			% of capital	% of voting rights	% of capital	% of voting rights
Company						
Parc Eolien du Clos Bataille, S.A.S.	Elbeuf	n.a.	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%
Poland:						
EDP Renewables Polska, S.P. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Elektrownia Wiatrowa Kresy I, S.P. 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%
Farma Wiatrowa Wyszogrod, SP. ZO.O.	Warsaw	n.a.	-	-	100.00%	100.00%
Karpacka Mala Energetyka, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Masovia Wind Farm I, S.P. ZO.O (former Farma Wiatrowa Bodzanow, S.P. ZO.O)	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Relax Wind Park I, S.P. ZO.O	Warsaw	KPMG	96.43%	96.43%	96.43%	96.43%
Relax Wind Park II, S.P. ZO.O	Warsaw	n.a.	100.00%	100.00%	51.00%	51.00%
Relax Wind Park III, S.P. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Relax Wind Park IV, S.P. ZO.O	Warsaw	n.a.	100.00%	100.00%	51.00%	51.00%
Belgium:						
Greenwind, S.A.	Louvain-la-Neuve	KPMG	70.00%	70.00%	70.00%	70.00%
Brazil:						
Central Nacional de Energia Eólica, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	55.00%	55.00%	55.00%	55.00%
Elebrás Projectos, Ltda	São Paulo	n.a.	55.00%	100.00%	55.00%	100.00%
Romania:						
Cernavoda Power, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
EDP Renewables Romania, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Pestera Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	-	-
Pochidia Wind Farm, S.A.	Bucharest	n.a.	85.00%	85.00%	-	-
S.C. Ialomita Power, S.R.L.	Bucharest	n.a.	85.00%	85.00%	-	-
Holland:						
Tarcan, BV	Amsterdam	KPMG	100.00%	100.00%	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%	75.00%	100.00%
Moray Offshore Renewables Limited	Cardiff	KPMG	66.64%	66.64%	75.00%	75.00%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	75.00%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	75.00%	100.00%
Italy:						
EDP Renewables Italia, S.R.L.	Verbania	KPMG	100.00%	100.00%	100.00%	100.00%
Re Plus - S.R.L.	Roma	n.a.	80.00%	80.00%	80.00%	80.00%
Repano Wind S.R.L.	Verbania	n.a.	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.R.L.	Verbania	n.a.	100.00%	100.00%	-	-
Canada:						
EDP Renewables Canada, Ltd	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2011 % of capital	2011 % of voting rights	2010 % of capital	2010 % of voting rights
PARENT COMPANY:						
EDP Renewables North America, L.L.C. (former Horizon Wind Energy, L.L.C.)	Texas, USA	KPMG	100.00%	100.00%	100.00%	100.00%
Electricity business:						
USA:						
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	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2008 Vento III	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%	-	-
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%	-	-
EDPR Wind Ventures X, 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%

EDP Renováveis, S.A. and subsidiaries

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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	100.00%	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, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy International	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	100.00%	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%
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%	-	-
Paulding Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2011 % of capital	2011 % of voting rights	2010 % of capital	2010 % of voting rights
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	100.00%	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	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%	-	-
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	100.00%	100.00%	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%
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%
Whitestone 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%

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	2011 Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragoza	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canários, 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, LLC	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, LLC	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante Audit	50.00%	50.00%

EDP Renováveis, S.A. and subsidiaries

Annex 1

Company	2011 Non-Current Assets	Current Assets	Non-Current Liabilities	Current Liabilities	Total Equity	Total Revenues	Total Costs	Net Results
(thousands of Euros)								
Compañía Eólica Aragonesa, S.A.	47,204	9,709	19,424	6,826	30,663	17,986	-10,214	7,772
Desarrollos Energeticos Canários, 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, LLC	158,942	3,125	1,265	28	160,774	11,565	-13,815	-2,250
Flat Rock Windpower II, LLC	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 main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2010, are as follows:

Company	2010 Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragoza	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canários, 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, LLC	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, LLC	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante Audit	50.00%	50.00%

Company	2010 Non-Current Assets	Current Assets	Non-Current Liabilities	Current Liabilities	Total Equity	Total Revenues	Total Costs	Net Results
(thousands of Euros)								
Compañía Eólica Aragonesa, S.A.	49,736	8,604	26,168	6,993	25,180	16,808	-10,103	6,705
Desarrollos Energeticos Canários, S.A.	-	-	-	-	-	-	-	-
Evolución 2000, S.L.	24,435	7,102	20,293	4,073	7,172	4,988	-3,490	1,498
Flat Rock Windpower, LLC	162,186	3,686	1,146	43	164,682	11,813	-15,578	-3,765
Flat Rock Windpower II, LLC	64,868	1,026	437	55	65,402	2,908	-5,132	-2,224
Tebar Eólica, S.A.	16,135	5,398	14,611	1,900	5,022	4,044	-3,433	611

The Associated Companies included in the consolidation under the equity method as at 31 December 2011 and 2010, are as follows:

Company	Head Office	Auditor	2011 % of capital	2011 % of voting rights	2010 % of capital	2010 % of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	n.a.	18.97%	38.96%	48.70%	60.63%
Biomasas del Pirineo, S.A.	Huesca	PWC	30.00%	30.00%	30.00%	30.00%
Cultivos Energéticos de Castilla, S.A.	Burgos	n.a.	30.00%	30.00%	30.00%	30.00%
Desarollos Eolicos de Canárias, 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%
Hidroastur, S.A.	Oviedo	KPMG	25.00%	25.00%	25.00%	25.00%
Naturneo Energía, S.L.	Bilbau	Mazars	49.01%	49.01%	49.01%	49.01%
Parque Eólico Belmonte, S.A.	Asturias	Centium	29.90%	29.90%	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	Soria	n.a.	42.00%	42.00%	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	Edimburg	Deloitte	49.00%	49.00%	-	-
Sodecoan, S.L.	Sevilla	Ernst & Young	-	-	50.00%	50.00%
Solar Siglo XXI, S.A.	Ciudad Real	KPMG	25.00%	25.00%	25.00%	25.00%

Annex 2 - Group Activity by Operating Segment for the year ended 31 December 2011

	WIND ENERGY OPERATIONS	
	EUROPE	
	Portugal	Spain
(thousands of Euros)		
Revenues	**138,576**	**379,527**
Income from institutional partnerships in US wind farms		
	138,576	**379,527**
Other operating income / (expenses):		
Other operating income	2,094	5,502
Supplies and services	-21,481	-66,595
Personnel costs	-2,988	-6,856
Other operating expenses	-5,455	-16,459
	-27,830	**-84,408**
	110,746	**295,119**
Provisions	-	266
Depreciation and amortisation expense	-28,643	-133,675
Amortisation of deferred income (government grants)	913	140
	83,016	**161,850**
Gains / (losses) from the sale of financial assets	-	10,499
Other financial income	-	906
Interest income	7,072	6,269
Other financial expenses	-280	-1,869
Interest expense	-35,050	-114,724
Share of profit of associates	2,167	1,746
Profit before tax	**56,925**	**64,677**
Income tax expense	-15,665	-16,277
Profit (loss) for the period	**41,260**	**48,400**
Attributable to:		
Equity holders of EDP Renováveis	39,733	44,995
Non-controlling interests	1,527	3,405
Profit (loss) for the period	**41,260**	**48,400**
ASSETS		
Property, plant and equipment	526,275	3,152,540
Intangible assets and Goodwill	42,494	97,172
Investments in associates	-	9,381
Current assets	**133,706**	**445,113**
EQUITY AND LIABILITIES		
Equity and non-controlling Interests	97,953	936,440
Current Liabilities	**229,146**	**1,005,260**
Other information:		
Increase of the period		
Property, plant and equipment	10,119	168,898
Intangible assets and Goodwill	-	-

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

WIND ENERGY OPERATIONS					Other and Adjustments	EDP Renováveis Group
EUROPE				U. S. A.		
Rest of Europe*	Others	Adjustments	Total			
126,212	**18,292**	**-27,744**	**634,863**	**302,890**	**19,464**	**957,217**
			-	111,610		111,610
126,212	**18,292**	**-27,744**	**634,863**	**414,500**	**19,464**	**1,068,827**
1,606	8,195	45,159	62,556	17,712	4,276	84,544
-23,138	-14,543	19,103	-106,654	-101,262	-17,153	-225,069
-3,948	-9,050	-	-22,842	-25,936	-12,054	-60,832
-6,626	-1,238	1,130	-28,648	-34,839	-3,245	-66,732
-32,106	**-16,636**	**65,392**	**-95,588**	**-144,325**	**-28,176**	**-268,089**
94,106	**1,656**	**37,648**	**539,275**	**270,175**	**-8,712**	**800,738**
-	-	-	266	-	-	266
-49,084	-5,338	-35,488	-252,228	-209,653	-6,612	-468,493
242	1	-	1,296	13,690	-	14,986
45,264	**-3,681**	**2,160**	**288,609**	**74,212**	**-15,324**	**347,497**
-	-	-	10,499	-	-	10,499
19,660	25,020	-23,842	21,744	8,299	756	30,799
1,515	178,452	-179,101	14,207	539	16,010	30,756
-33,548	-12,751	10,275	-38,173	-72,098	-9,091	-119,362
-63,808	-247,094	179,057	-281,619	1,283	94,013	-186,323
-7	889	-	4,795	-	1	4,796
-30,924	**-59,165**	**-11,451**	**20,062**	**12,235**	**86,365**	**118,662**
2,759	30,805	2,365	3,987	-5,813	-26,212	-28,038
-28,165	**-28,360**	**-9,086**	**24,049**	**6,422**	**60,153**	**90,624**
-26,586	-28,329	-9,086	20,727	6,422	61,455	88,604
-1,579	-31	-	3,322	-	-1,302	2,020
-28,165	**-28,360**	**-9,086**	**24,049**	**6,422**	**60,153**	**90,624**
1,356,113	47,049	-	5,081,977	5,162,441	210,203	10,454,621
90,416	69	470,034	700,185	618,437	15,042	1,333,664
14,700	-	25,423	49,504	1,877	-	51,381
144,866	**1,430,075**	**-1,496,724**	**657,036**	**137,865**	**95,651**	**890,552**
223,278	121,189	-935,817	443,043	3,332,379	1,678,303	5,453,725
554,386	**463,909**	**-1,371,231**	**881,470**	**396,278**	**-194,569**	**1,083,179**
155,079	28,771	-	362,867	407,894	59,949	830,710
5	-	-	5	-	4	9

EDP Renováveis, S.A.

Annex 2 - Group Activity by Operating Segment for the year ended 31 December 2010

	WIND ENERGY OPERATIONS	
	EUROPE	
	Portugal	Spain
(thousands of Euros)		
Revenues	**140,251**	**331,202**
Income from institutional partnerships in US wind farms		
	140,251	**331,202**
Other operating income / (expenses):		
Other operating income	1,657	7,185
Supplies and services	-18,234	-60,686
Personnel costs	-2,702	-5,568
Other operating expenses	-5,296	-9,889
	-24,575	**-68,958**
	115,676	**262,244**
Provisions	8	147
Depreciation and amortisation expense	-34,964	-138,271
Amortisation of deferred income (government grants)	1,100	214
	81,820	**124,334**
Gains / (losses) from the sale of financial assets	-	-
Other financial income	290	688
Interest income	3,160	1,949
Other financial expenses	-306	-1,680
Interest expense	-32,711	-98,159
Share of profit of associates	2,128	2,908
Profit before tax	**54,381**	**30,040**
Income tax expense	-15,118	-8,306
Profit (loss) for the period	**39,263**	**21,734**
Attributable to:		
Equity holders of EDP Renováveis	37,766	14,015
Non-controlling interests	1,497	7,719
Profit (loss) for the period	**39,263**	**21,734**
ASSETS		
Property, plant and equipment	544,126	3,105,798
Intangible assets and Goodwill	43,167	106,656
Investments in associates	-	15,915
Current assets	**161,590**	**410,772**
EQUITY AND LIABILITIES		
Equity and non-controlling Interests	74,258	860,192
Current Liabilities	**151,655**	**930,649**
Other information:		
Increase of the period		
Property, plant and equipment	7,859	128,435
Intangible assets and Goodwill	-	124

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

WIND ENERGY OPERATIONS					Other and Adjustments	EDP Renováveis Group
EUROPE				U. S. A.		
Rest of Europe*	Others	Adjustments	Total			
78,458	**19,736**	**-7,415**	**562,232**	**274,969**	**3,441**	**840,642**
				107,005		107,005
78,458	**19,736**	**-7,415**	**562,232**	**381,974**	**3,441**	**947,647**
16,376	2,655	-991	26,882	46,022	121	73,025
-17,851	-10,732	20,094	-87,409	-93,026	-15,776	-196,211
-3,120	-8,736	-	-20,126	-24,333	-10,387	-54,846
-2,492	-2,213	-23	-19,913	-22,303	-14,650	-56,866
-7,087	**-19,026**	**19,080**	**-100,566**	**-93,640**	**-40,692**	**-234,898**
71,371	**710**	**11,665**	**461,666**	**288,334**	**-37,251**	**712,749**
-	-	-	155	-	-	155
-30,708	-5,242	-	-209,185	-222,263	-2,955	-434,403
222	-	-	1,536	9,869	1	11,406
40,885	**-4,532**	**11,665**	**254,172**	**75,940**	**-40,205**	**289,907**
-	-	-	-	-	-	-
17,144	46,865	-46,865	18,122	6,131	10,121	34,374
468	170,012	-167,321	8,268	308	1,355	9,931
-21,546	-19,960	14,969	-28,523	-73,355	-8,182	-110,060
-30,190	-233,849	167,474	-227,435	3,400	115,644	-108,391
-	-	-	5,036	-	-	5,036
6,761	**-41,464**	**-20,078**	**29,640**	**12,424**	**78,733**	**120,797**
429	10,210	-	-12,785	-	-24,974	-37,759
7,190	**-31,254**	**-20,078**	**16,855**	**12,424**	**53,759**	**83,038**
7,092	-25,875	-20,078	12,920	12,424	54,859	80,203
98	-5,379	-	3,935	-	-1,100	2,835
7,190	**-31,254**	**-20,078**	**16,855**	**12,424**	**53,759**	**83,038**
1,300,198	50,158	-	5,000,280	4,814,548	166,943	9,981,771
93,194	72	508,886	751,975	600,317	14,441	1,366,733
-	12	28,127	44,054	1,817	-	45,871
148,131	**1,223,267**	**-1,184,134**	**759,626**	**199,503**	**301,436**	**1,260,565**
253,527	48,858	-794,532	442,303	3,146,741	1,804,467	5,393,511
409,258	**393,605**	**-813,227**	**1,071,940**	**428,332**	**-208,097**	**1,292,175**
467,018	4,370	-	607,682	783,436	79,519	1,470,637
57,781	-	-	57,905	2,185	315	60,405

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 28, 2012.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Ana Maria Fernandes Machado

Nuno Maria Pestana de Almeida Alves

Rui Manuel Rodrigues Lopes Teixeira

João Paulo Nogueira da Sousa Costeira

Luis de Abreu Castelo-Branco Adão da Fonseca

Gabriel Alonso Imaz

José Fernando Maia de Araújo e Silva

Manuel Menéndez Menéndez

João Manuel de Mello Franco

Jorge Manuel Azevedo Henriques dos Santos

Francisco José Queiroz de Barros de Lacerda

António do Pranto Nogueira Leite

Gilles August

João José Belard da Fonseca Lopes Raimundo

Rafael Caldeira de Castel-Branco Valverde

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 2011, 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 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Company and subsidiaries at 31 December 2011 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 2011 contains such explanations as the Directors of EDP Renováveis, S.A. 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 2011. 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 EDP Renováveis, S.A. and subsidiaries.

KPMG Auditores, S.L.

Ana Fernández Poderós

29 February 2012

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 15 February 2011, 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 2011, 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.

2

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 2011 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 29 February 2012, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2011, 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

29 February 2012

edp renováveis

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 2011 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 2011 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2011 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

29 February 2012

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ADDITIONAL INFORMATION For further information about EDP Renováveis visit www.edpr.com where an electronic version of the 2011 Annual Report is also available.