ANNUAL REPORT 2009

edp renováveis

all we need is earth

Mother Earth is the source of all our energy.
For her sake, we believe that the future is generating cleaner energy.
For her sake, we are at the cutting edge of sustainable development.
For her sake, we use the most advanced technologies.
For her sake, we are so close to nature.
For her sake, we are us.

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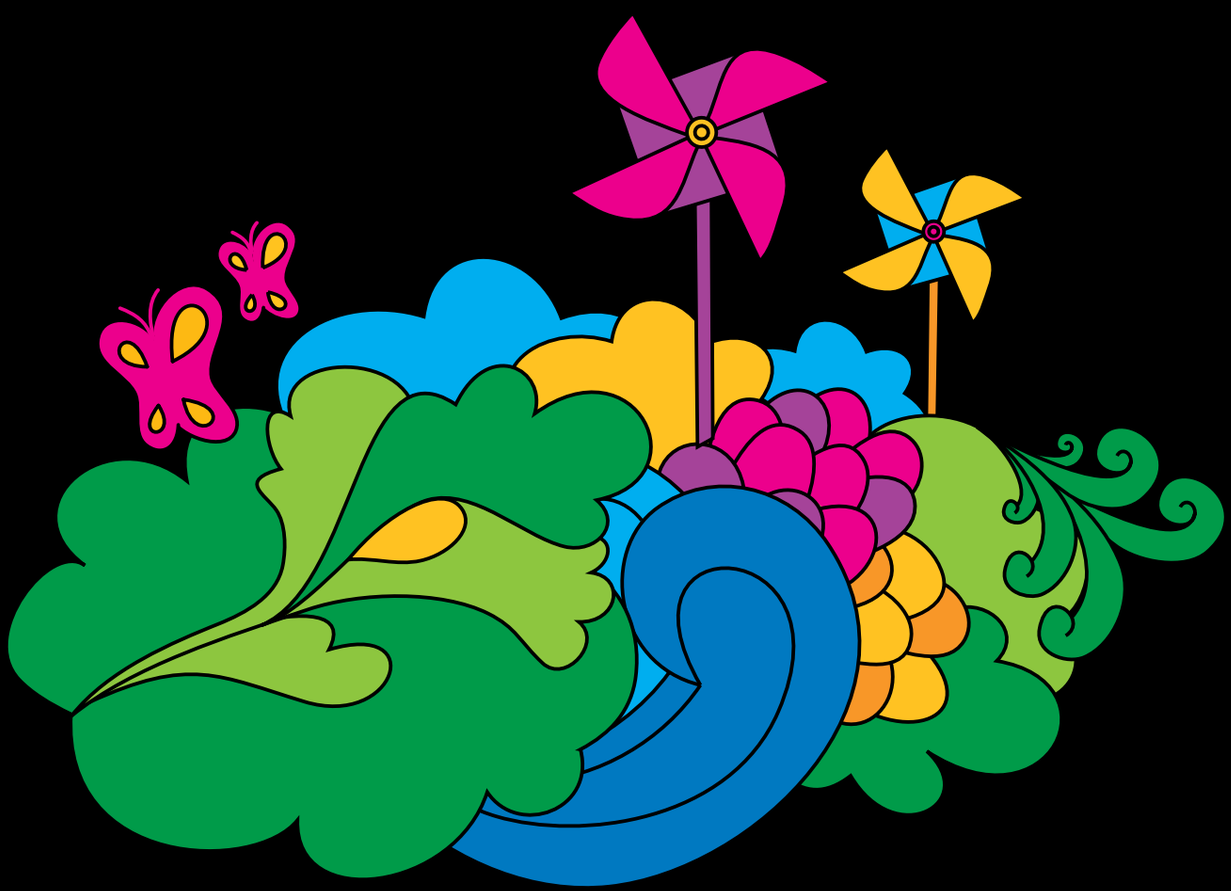

message from the president of the board of directors

Dear Shareholders

EDP Renováveis is now the 3rd largest renewable company in the world. A reinforcement of our leadership position that translates the success of the options and strategy this company pursued in the last years.

This result comes in a particular challenging period. Last year, all over the globe, the "real economy" felt the consequences of the financial crisis that had started in 2008. Negative GDP growth and increase in unemployment are realities most countries need to address.

Nevertheless, the energy sector - although not immune to this environment as the overall consumption and prices of energy decreased - has reinforced its strategic importance. Several countries and governments have earmarked the development of the sector as a short-term priority in order to re-launch the economy.

The renewable sector, in particular, is key. For example, some of the policies already implemented, such as the "Stimulus Bill" in the US had significant impact last year, contributing for the 37 GW of new wind installed capacity worldwide, the largest increase ever. In the long run it is clear the transformation of the energy sector will occur, largely driven by the increase support on renewables.

In what regards EDP Renováveis, last year has proven to be another step towards a more mature organisation.

Our existing asset base is becoming increasingly larger when compared to our yearly GW build-up. This fact impacts on the DNA of the organization and demands a more focused approach in areas such as operation & maintenance as well as energy management. In this respect, the hedging strategy, with very positive results, contributing with €19M to our results, is a clear evidence of this successful shift.

In addition, this was the first full year where EDP Renováveis was under market scrutiny. Quarter upon quarter we have been raising the bar and delivering. Also, the establishment of sound corporate governance mechanisms, in particular, the activities and relationship between the various governing bodies, should be recognised as an important element that contributed to a more mature EDP Renováveis.

Looking ahead, the next 12 months are expected to be as challenging as the previous ones. We will need to adapt to an environment with low economic growth, regulatory uncertainty and low energy prices. Focus on execution, discipline and creativity will play a major role in continuing the successful path thus far.

But one most recognise that the world has changed and prepare accordingly. In this regards EDP Renováveis has created additional growth options – as are the cases of the entry in the UK and Italy being now present in 10 countries – and has created additional flexibility to adjust its growth pace, particularly important in such an uncertain environment. This has been a difficult decision, but a necessary one to maintain the "low risk" strategic pillar as well as the credibility with our stakeholders.

A final word to our employees and shareholders, in particular, praise the commitment demonstrated by the first and the confidence provided by the latter. With this support, EDP Renováveis will continue to lead the way.

António Mexia
President of the Board of Directors

Lisbon, 13 of March 2010

message from the CEO

Dear Shareholders,

In this 2009 Annual Report, we are pleased to share our results and main achievements. We want to explain to our shareholders how we were able to execute our business plan and fulfil our objectives, particularly in a demanding financial and economic environment.

During 2009, EDP Renováveis consolidated its position as a leading company in the renewable energy sector, now ranking 3rd worldwide. This results from the joint effort of a team that today goes beyond 720 people spread over ten geographies (Portugal, Spain, France, Belgium, Italy, Poland, Romania, UK, Brazil and the United States), operating more than 6.2 GW of gross installed wind capacity that produced nearly 11 GWh of electricity output.

A strong set of results based on execution of a clear strategy

The three main strategic pillars that guide our development – focus and profitable growth, superior efficiency and controlled risk – are once again the backbone of 2009 operating and financial performance.

EDP Renováveis installed 1.2 GW (+23% increase vs 2008 year-end installed capacity) and has more than 700 MW currently under construction. Production increased over 40%, Gross Profit grew 25% yoy to 725 million euros, EBITDA grew 24% to 543 million euros and the Net Profit increased by 10% to 114 million euros, reflecting a strong operating performance.

The quality of EDP Renováveis' assets and superior efficiency are illustrated through the Company's above average market load factors, a top tier EBITDA margin (75%) and a 12% improvement in opex/MW of installed capacity.

Last but not least, the financial management of the company, many times innovative, has allowed not only to maximize project value but also to continuously deliver solid value creation. 2009 investment reached 1.8 billion euros but debt has been maintained at controlled levels (23% of EDP Renováveis' Enterprise Value).

All in all, 2009 results were backed by proven strategy and execution capabilities, top tier operational performance, 32 GW of pipeline[1] in ten attractive countries and, of course, a dedicated team of people.

Flexibility and execution in a very demanding year

I would like to emphasize again that this good performance was achieved in a demanding context.

Besides the financial crisis, 2009 was also impacted by lower energy demand, lower global energy prices (in Spain, pool price was around 40% below than in 2008) and lower quality of wind resource (stronger load factor in the last quarter was unable to compensate for the decrease registered in the first three quarters – 29% fleet-wide load factor vs 30% in 2008).

We were able to take measures that allowed us to better mitigate risks arising from this context. In 2009, 84% of our production had none or limited exposure to market power prices. From the second half of 2008 onwards, we were pioneers in implementing a hedging strategy, which helped to diminish the unfavourable impact of lower energy prices in Spain. We were able to minimize adversities and still deliver a double digit growth and maintaining attractive profitability levels, best expressed by a high EBITDA margin...

In Spain, we secured 840 MW of projects in the pre-register for renewable capacity and reached excellent results in the Asturias's Auction. In Poland, we concluded our first project, the 120 MW of Margonin wind farm. We also started construction of our first wind farm in Romania, with a 228MW project that is expected to be finished during 2010. In Portugal, we are actively participating in the construction of the 1,200 MW awarded in 2007 to ENEOP – Eólicas de Portugal.

In Brazil, one of our recently added geographies, we secured 14 MW of installed capacity and developed a pipeline of 1,500 MW. We also started preparing for our first constructed wind farm, a 70 MW project that should be operating by the end of 2010.

In the US, EDP Renováveis received cash grants and closed several institutional structures with financial partners (either tax equity or cash grant flip deals), in excess of 685 million dollars. We delivered 700 MW, in a market recognized as one with the most significant potential for wind development in the western world.

In early 2010, we entered into two new markets – Italy and UK. The acquisition of a pipeline of 520 MW in Italy gives us access to one of the fastest growing and profitable wind energy markets in Europe. In UK, our consortium was selected to develop up to 1.3 GW of offshore wind, which represents our first step in this promising technology.

[1] Including UK and Italy.

message from the CEO

We also focused on savings in our Capital Expenditure, not only in turbine sourcing, but also in Balance of Plant (BOP), taking advantage of scale, local dynamics and revision of technical specifications based on the sharing of best practices across the Company, leading to increased efficiency.

Continuously working on strengthening the organization

Integration means a common way of doing things, while electing and preserving the strength of our diversity.

After having successfully complete the 1st phase areas (such as investment analysis and M&A, business development, accounting, planning and control, financial, investor relations, legal, regulation, risk management, markets/commercial issues, human resources and communication), several additional initiatives have been promoted at the operational and technical level, supporting the sharing of knowledge and best practices across the organization.

In the technical side, we launched a global project called Technical Project Office to further cross-reference our best practices. This transversal project addressed technology updates, engineering and construction, BOP and turbine procurement, performance measurement and O&M, Control Centre and other relevant technical areas.

In IT, we developed several initiatives, with strong importance across the organization - the worldwide wind farm control centre that is being enlarged and optimized, the consolidation of SAP platforms, and the launch of a new integrated corporate intranet and EDP Renováveis public website.

I also want to emphasize the effort from the Human Resources team to develop a common policy for the entire Group, that will clearly support the company's growth strategy and allow to align such important values as internal and external equity, development of human capital and performance assessment. Finally, we developed several initiatives in the organizational field, namely the implementation of EDP Renováveis' organizational model, the sustainability project in support of our strong commitment to a sustainable world, the structuring of the new offices in UK and Italy and the continuous effort to engage with our communities and partners

The work of a dedicated and exceptional team

EDP Renováveis has not yet celebrated two years. But in 2009, the Company continued consolidating its more mature markets, further developed its most recent ones, positioned itself for new growth options (UK off-shore, Italy) and, simultaneously strengthened its organization

These results and initiatives were only possible due to the high quality, commitment and effort of all EDP Renováveis' employees and the support of our stakeholders – shareholders, suppliers, clients, regulators, State and local authorities, land owners and all our community partners.

Focus on long term and sustainable value creation through a solid business model where diversification (both geographic and technological) and timely regulation management have been very important. In fact, for EDP Renováveis, the words "long term" and "sustainability" are key, as it is the intention of the company to maintain and defend its 3rd position in the worldwide ranking.

As an example of our strong commitment to sustainability, we are proud to announce that EDP Renováveis' 2009 Annual Report is the first being produced following the G3 guidelines of the Global Initiative Sustainability (GRI) for Sustainability reports..

In 2010, we want to continue consolidating EDP Renováveis as a top worldwide leader in renewable energy and as a major contributor in a more sustainable world, through the delivery of clean and safe energy. I invite you all to join us in this journey.

Ana Maria Fernandes
CEO

management team

From left to right:
Rui Teixeira CFO, **João Paulo Costeira** COO Europe, **Gabriel Alonso Imaz** COO North America, **Luis Adão da Fonseca** CBDO

BOARD OF DIRECTORS

executive committee

António Mexia
Chairman

Ana Maria Fernandes
Vice-Chairman and CEO

António Martins da Costa
João Manso Neto
Nuno Alves
Directors

non-executives

António Nogueira Leite
Daniel M. Kammen
Francisco de Lacerda
Guilles August
João Lopes Raimundo
João Manuel de Mello Franco
Jorge Santos
José Araújo e Silva
José Silva Lopes
Manuel Menéndez Menéndez
Rafael Caldeira Valverde

general secretary

Emilio García-Conde Noriega

Remuneration Committee
Jorge Santos
João Lopes Raimundo
Rafael Caldeira Valverde

Related Parties Committeee
António Nogueira Leite
João Manuel de Mello Franco
João Manso Neto

Audit and Control Committee
João Manuel de Mello Franco
José Silva Lopes
Francisco de Lacerda

MANAGEMENT TEAM

Rui Teixeira
CFO

João Paulo Costeira
COO - Europe

Gabriel Alonso Imaz
COO - North America

Luis Adão da Fonseca
CBDO

edp renováveis - a leader in sustainable value creation

1. ABOUT THIS REPORT

EDP Renováveis, S.A. is a company, incorporated in the end of 2007 from the integration of EDP's renewable assets in Europe and the US.

This annual report embraces all EDP Renováveis subsidiaries in the 2009 fiscal year, beginning January 1st, 2009 and ending December 31st, 2009, as well as some key events from the two first months of 2010.

This is the first report that EDP Renováveis produces following the G3 guidelines of Global Initiative Sustainability (GRI) for sustainability reports. The Company intends to produce Sustainability reporting on an annual base.

The Global Reporting Initiative (GRI) directives define a set of indicators and recommendations to create a global standard for disclosing information concerning economic, environmental and social performance. A company's adherence to these directives means that it concurs with the concept and practices of sustainability. EDP Renováveis' parent company, EDP, is following GRI directives since 2001, and is currently member of the Dow Jones Sustainability index.

The economic and financial indicators of this report are based on IFRS standards. The whole report, including social and environmental indicators contemplated by GRI, was audited by KPMG.

EDP Renováveis produced this report as a commitment to sustainability development with all its stakeholders, namely its shareholders, business partners and employees, as an instrument to publicly report on its corporate social responsibility, taking into consideration the specificities of the Company business and sector.

2. OUR COMMITMENTS

PRINCIPLES OF SUSTAINABLE DEVELOPMENT

EDP Renováveis believes that sustainable development is possible and it is committed to guide its business activity in accordance with the sustainable development principles of the EDP Group.

CREATION OF VALUE

- Create shareholder value.
- Increase productivity and efficiency, and reduce exposure to risks related to the economic, environmental and social impact of activities.
- Commit to costumer orientation, ensuring high quality of service.
- Integrate environmental and social aspects in planning and decision-making processes.

EFFICIENT USE OF RESOURCES

- Promote the development of cleaner and more efficient energy technology.
- Develop energy generation means based on renewable sources.
- Promote the rational use of energy.

VISION, MISSION AND VALUES

The Vision, Mission and Values are the affirmation of identity, will, objectives, principles and behaviours shared by a team aligned on a common project.

EDP Renováveis has defined these statements in the beginning of 2010, considering its role in the whole EDP Group.

Confidence
Of shareholders, customers, suppliers and other stakeholders.

Excellence
In the way we perform.

Initiative
Demonstrated by the behaviour and attitude of our people.

Innovation!
In order to create value in the several areas in which we operate.

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

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

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.

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ENVIRONMENTAL PROTECTION

- Minimise the environmental impact of all our business activities.
- Participate in initiatives that contribute to the conservation of the environment.
- Extend the use of environmental criteria across the whole value chain.

INTEGRITY

- Guarantee compliance with ethical standards in business operations.
- Respect human rights within the Company's sphere of influence.
- Draw up specific codes of conduct.

RELATIONS WITH STAKEHOLDERS

- Ensure open, transparent and trustworthy relations with the different stakeholder groups.
- Establish stakeholder communication channels and integrate stakeholders' concerns.
- Report economic, environmental and social performance in a credible and objective manner.

MANAGEMENT OF HUMAN CAPITAL

- Reinforce management systems that guarantee the health, safety and well-being of the workers.
- Promote the development of personal capabilities and reward excellence and merit.
- Fight against abusive and discriminatory practices, stimulate diversity and foster inclusion in all operations and in the value chain.

FOSTER ACCESS TO ELECTRICITY

- Promote reliable and generalised access to electricity.
- Adopt a transparent and socially just price policy.
- Develop production means of appropriate quality, at a minimum cost.

SUPPORT SOCIAL DEVELOPMENT

- Support social and cultural promotion initiatives, based on transparent criteria of assessment of community relevance.
- Foster the transfer of technology to developing countries.

BIODIVERSITY POLICY

Biodiversity loss due to human activity has accelerated in the last fifty years at a rate unlike any other in the history of mankind. The international Millennium Ecosystem Assessment programme points out that this trend will continue in the future and even worsen if no appropriate action is taken. It is everyone's responsibility to reduce or halt the loss of biodiversity.

EDP Renováveis have pledged to apply EDP's biodiversity policy, defined in 2007:

- Integrate biodiversity impact assessment in all phases of our Group's business activity: project design, construction, operation and dismantlement of energy generation and distribution infrastructures;
- Minimise any negative impact on biodiversity arising from our activities, and promote positive impacts. When any negative impact cannot be prevented, we will implement consensual compensation measures, which allows the achievement of a globally positive biodiversity balance sheet;
- Contribute to broadening scientific knowledge on the different aspects of biodiversity, in particular by supporting institutions selected in a transparent manner and in accordance with superior technical capability criteria;
- Strengthen dialogue and partnerships on biodiversity issues with public or private entities;
- Regularly and transparently report on our Group's performance in relation to biodiversity, under the revision of independent bodies, and promote regular consultation to the different stakeholders on this issue.

CORPORATE SOCIAL RESPONSIBILITY

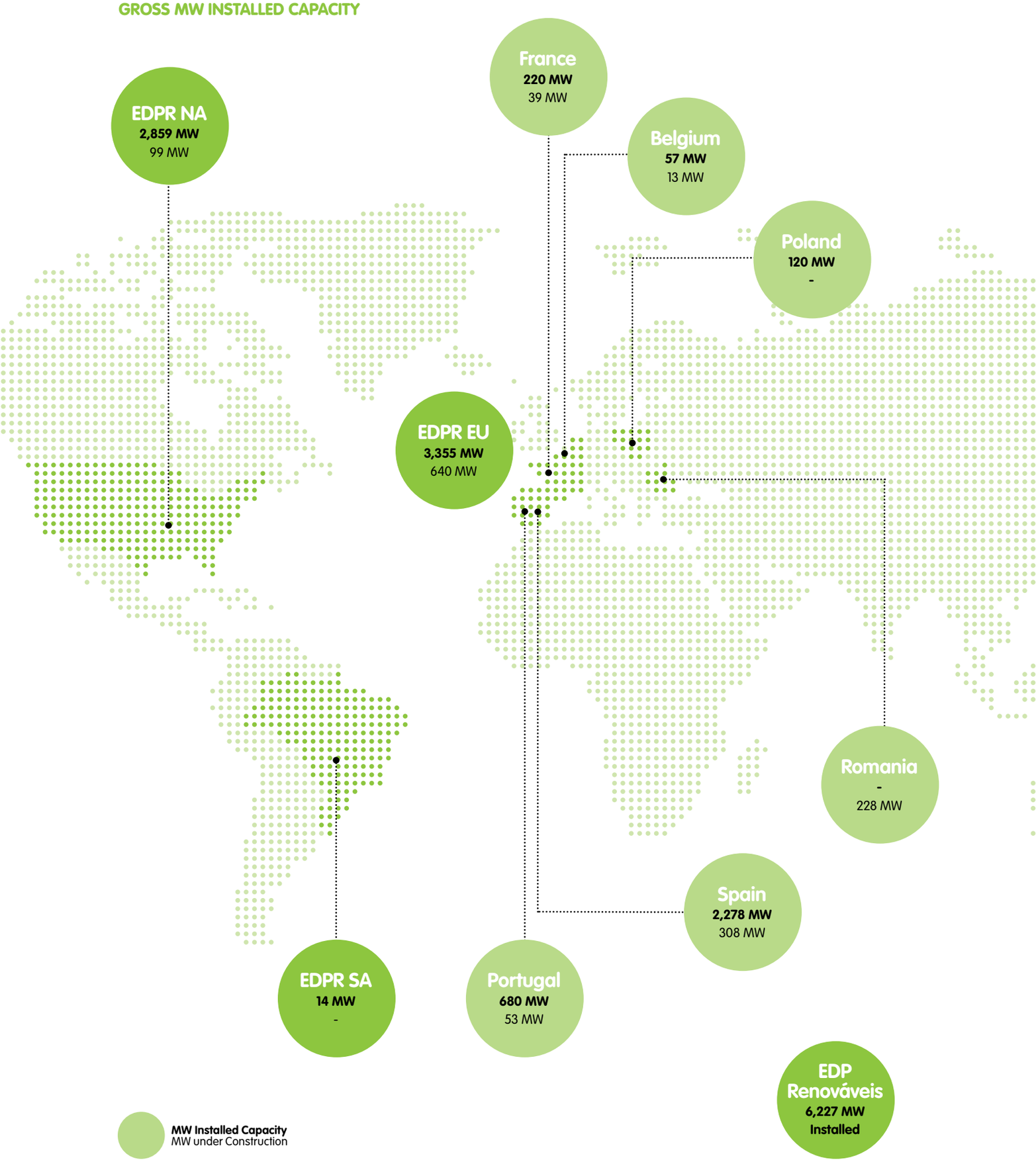
Corporate Social Responsibility (CSR) is a concept that refers to the set of commitments taken on by companies in the labour, social, environmental and human rights areas, and which constitute one of the component fields of the business strategy.

The United Nations, through Global Compact, defines guideline directives for companies that opt to contribute to sustainable development. EDP Renováveis commits itself to put these principles into practice and to inform society of the progress achieved. These ten principles are:

HUMAN RIGHTS

- Support and protect human rights.
- Ensure that the company is not complicit in human rights abuses.

GROSS MW INSTALLED CAPACITY



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LABOUR

- Uphold the principles of freedom of association and trade unions, and entitlement to collective bargaining.
- Eliminate forced and compulsory labour.
- Abolish any form of child labour.
- Eradicate discrimination on the grounds of employment and occupation.

ENVIRONMENT

- Support a preventive approach to environmental challenges.
- Foster greater accountability to the environment.
- Encourage the development and dissemination of environmentally friendly technology.

ANTI–CORRUPTION

- Companies should take a pro-active stance against all forms of corruption including extortion and criminality.

3. PROFILE

EDP Renováveis is a worldwide leader in the renewable sector, dedicated to promote, build and operate wind farms, helping to deliver safe and clean energy.

EDP Renováveis share capital was initially admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4, 2008, in the year's largest Initial Public Offering launched in Western Europe. Currently, EDP Renováveis is the second largest listed pure renewable player, with a market capitalization of 5,8 billion euros at the end of 2009.

EDP Renováveis is 77.5% directly and or indirectly owned by EDP – Energias de Portugal, the largest Portuguese company and the third largest Utility company in the Iberian market.

With headquarters in Oviedo (Spain), EDP Renováveis currently operates in 10 markets: Portugal, Spain, France, Belgium, Poland, Romania, UK, Italy[1], Brazil and the US, with a team of 721 people worldwide.

EDP Renováveis' asset portfolio is well balanced, both in terms of geography and pipeline maturity, hence diversifying regulatory, market and operational risks, helping to achieve a more stable and secure cash flow profile.

EDP Renováveis has a strong presence in very attractive markets, with sound prospects for growth, favourable regulation and strong wind resource.

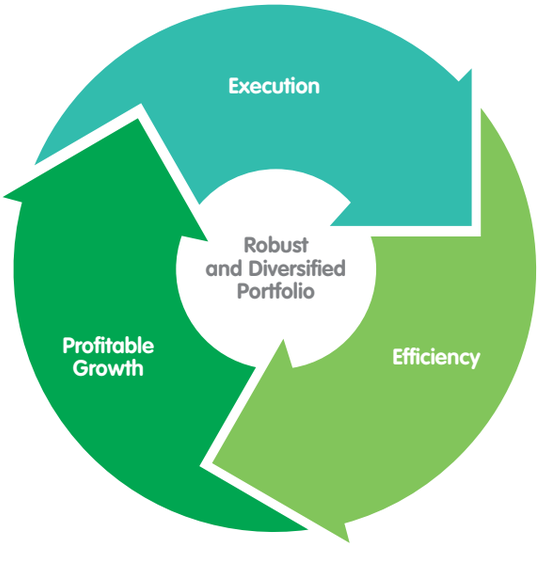
The company has been able to deliver load factors consistently above market average, achieving these results based on an unique set of competences, such as:

- First mover advantage
- In-house top tier wind assessment knowledge
- Turbine sourcing strategy

EDP Renováveis has a strong track record and proven capability to execute projects and deliver on targets. This was accomplished mainly through the successful development of greenfield and the smooth integration of the acquired projects. Additionally, EDP Renováveis has proven its ability to identify and integrate new international markets, which has contributed significantly to its focused and selective growth and success.

OUR STRATEGY AND CORE COMPETENCES

EDP Renováveis wants to consolidate its position as a top worldwide player in renewable energy and as a leader in value creation for all stakeholders.



The company strategy aims to develop a robust and diversified portfolio, based on three pillars: Execution, Efficiency and Profitable Growth.

EDP RENOVÁVEIS

EDPR 2009 Key Figures
Installed Capacity of 6,227 Gross MW (+35%) vis-à-vis 2008
Production Output of 10,907 GWh (+40%) vis-à-vis 2008
Total Assets of €11,3 billions
Year end Market Cap of €5,8 billions
EBITDA of €542 millions
Net income of €113 millions
Total Headcount of 721
Present in 10 countries*

*Includes Italy which is subsequent event of January 2010

[1] Sub sequential event to 2009 year-end (transaction closed on January 27th, 2010)

On the technical side, EDP Renováveis leverages on the following core competences:

- Well experienced development and construction teams with consistently proven track record.
- Sound project management practice, combined with advantageous turbine sourcing strategy and sturdy control over capital expenditures.
- Top-tier availability metrics and world-class on-line dispatching systems in all major locations.
- O&M best-in-class model, internalizing some of the key functions to achieve superior efficiency and effectiveness, along with optimization of wind resource.
- In-house wind assessment knowledge which is proven to be replicable in new markets.

As such, EDP Renováveis is a wind player with clear competitive strengths oriented to value creation and profitable growth.

During 2009, EDP Renováveis installed 1.2GW, reaching a total of 6.2 GW worldwide. By the end of 2009, the company had 739 MW in construction and a pipeline of more than 30 GW, enabling EDP Renováveis to pursue its goal of 10 GW of installed capacity until the end of 2012.

With high availability metrics and an overall global load factor of 29%, the company's wind farms produced 10,9 GWh of "clean" energy, a 40% increase compared to 2008, enough to serve more than 2 million households and enabling to avoid the emission of more than 6 million tons of CO_2 into the atmosphere.

In 2009, EDP Renováveis delivered revenues of 648 million euros, up 22%. EBITDA increased by 24%, reaching 542 million euros, and total investment stood at €1,8 billion, in line with 2008.

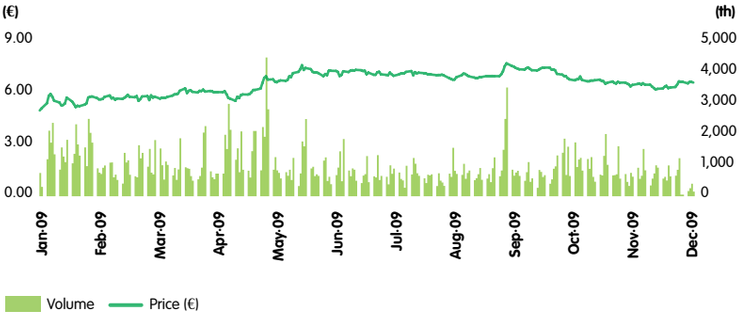
key indicators (2008 to 2009)

FINANCIAL INDICATORS

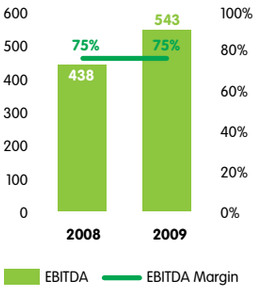
(€ M)	2009	2008	Δ €	Δ %
EDP Renováveis				
Gross Margin (incl. Tax Equity Revenue)	725	581	143	25%
Opex & Other Operating Results	183	144	39	27%
EBITDA	543	438	105	24%
EBITDA Margin %	**74.9%**	**75.3%**		
EBIT	231	232	-1	0%
Financial Results	(72)	(77)	5	(6%)
Net Income (EDPR Equity holders)	114	104	10	10%
Capex	1,846	2,091	-245	-12%
Total Assets (book value)	11,294	9,397	1,897	20%
Equity (market value)	5,784	4,364	1,420	33%
Net Debt (book value)	2,134	1,069	1,064	100%
Enterprise Value	9,126	6,674		
Debt / EV %	**23.4%**	**16.0%**		
Net Debt / EBITDA	3.9	2.4		
Europe				
Turnover	441	401	41	10%
Gross Margin	436	389	48	12%
Opex & Other Operating Results	88	82	6	7%
EBITDA	348	307	42	14%
EBITDA Margin %	**79.8%**	**78.9%**		
EBIT	195	188	7	4%
Capex	1,014	893	120	13%
North America				
Turnover	205	132	73	55%
Gross Margin (incl. Tax Equity Revenue)	286	193	94	49%
Opex & Other Operating Results	72	54	18	33%
EBITDA	214	138	76	55%
EBITDA Margin %	**74.9%**	**71.9%**		
EBIT	57	51	6	12%
Capex	826	1,198	-371	-31%

Note: Capex gross of Cash Grast

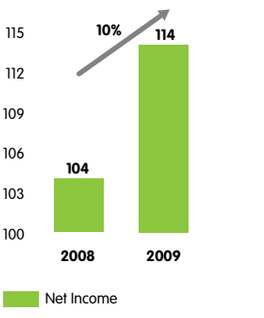
2009 EDP Renováveis Share Price and Transactions



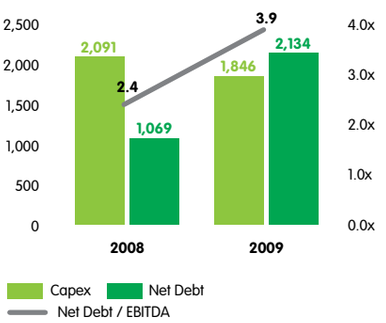
EBITDA (€ M) & EBITDA Margin (%)



Net Income (€ M)



Capex, Net Debt (€ M) & Net Debt / EBITDA (x)



Note: Capex gross of Cash Grant

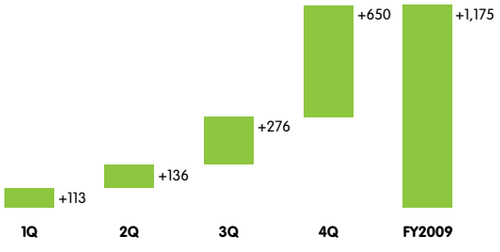
INSTALLED CAPACITY AND UNDER CONSTRUCTION

Installed Capacity (Gross MW)	FY09	FY08	△ MW
Spain	2,278	2,109	+169
Portugal[1]	680	553	+127
Rest of Europe	397	232	+165
Europe	3,355	2,894	+461
US	2,859	2,158	+700
Brazil	14		+14
Total	**6,227**	**5,052**	**+1,175**

Under Construction (Gross MW)	FY09
Spain	308
Portugal	53
Rest of Europe	280
Europe	640
US	99
Brazil	0
Total	**739**

[1] Includes 85 MW in the FY09 attributable to EDPR under the Eólicas de Portugal consortium.

2009 Additions Gross MW



- In 2009, EDP Renováveis added 1.2 GW to its base of installed capacity, representing a 23% increase vis-à-vis FY2008. In the US, EDPR successfully installed 700 MW during the period, while in Europe added 461 MW and in Brazil 14 MW.

- In the 4Q09 stand alone, EDPR installed 650 MW of which 322 MW in Europe and 328 MW in the US. In Europe, EDPR installed its first wind farm in Poland (120 MW), added 109 MW in Spain and 84 MW in Portugal (of which 42 MW related to the capacity of Eólicas de Portugal consortium attributable to EDPR). In the US, the additional capacity is the result of the full commissioning of Blue Canyon V (+65 MW in 4Q), Meadow Lake I (+61 MW in 4Q), Top Crop I (102 MW) and Lost Lakes (101 MW) wind farms.

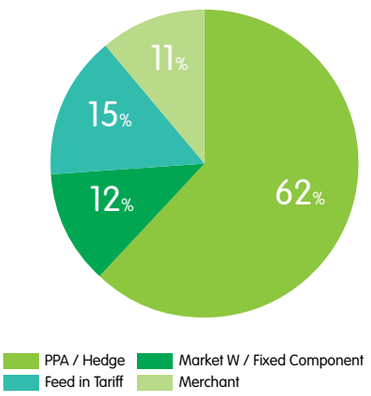
- By December 09, EDPR had 739 MW under construction. In Europe, 48% of this capacity (308 MW) is under construction in Spain, 8% in Portugal (53MW related to the attributable capacity in the Eólicas de Portugal consortium) and 44% in the Rest of Europe (280 MW, of which 228 MW in Romania). In the US, EDPR has currently 99 MW under construction from Meadow Lake II wind farm in Indiana.

INSTALLED CAPACITY

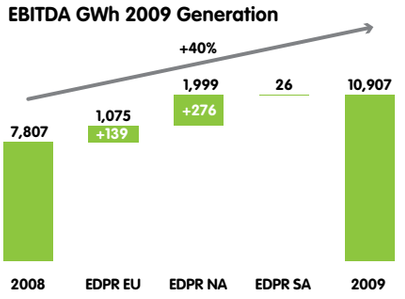
Wind Farms in FY09	Installed Capacity		
	100%	EBITDA MW	Net (% Held)
Spain	2,278	1,861	1,787
Under Transitory Regime	1,414	1,091	1,064
Under RD 661/2007	864	770	723
Portugal	680	595	660
Under old remuneration	595	595	575
Under new remuneration[1]	85		85
France	220	220	220
Under old remuneration	9	9	9
Under new remuneration	211	211	211
Belgium	57	57	40
PPA	57	57	40
Poland	120	120	112
PPA	120	120	112
Total Europe	**3,355**	**2,853**	**2,819**
US			
PPA	1,825	1,750	1,769
Hedged	264	138	138
Merchant	770	735	735
Total US	**2,859**	**2,624**	**2,642**
Brazil			
PPA	14	14	8
Total Brazil	**14**	**14**	**8**
Total EDP Renováveis	**6,227**	**5,491**	**5,469**

[1] Includes 85 MW in the FY09 attributable to EDPR under the Eólicas de Portugal consortium.

GWh



EBITDA GWh 2009 Generation



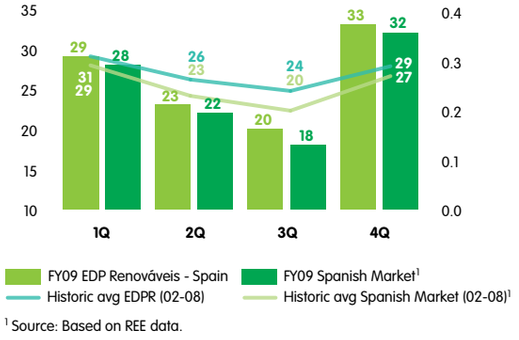
key indicators (2008 to 2009)

ELECTRICITY GENERATED AND LOAD FACTOR

Electricity Generated (EBITDA GWh)	FY09	FY08	△ %
Spain	3,275	2,632	24%
Portugal	1,275	1,028	24%
Rest of Europe	426	238	79%
Europe	4,975	3,898	28%
US	5,905	3,907	51%
Brazil	26		
Total	**10,907**	**7,804**	**40%**

Load Factor	4Q09	4Q08	FY09	FY08
Spain	33%	27%	26%	26%
Portugal	37%	28%	28%	27%
Rest of Europe	32%	24%	23%	23%
Europe	34%	27%	26%	26%
US	34%	40%	32%	34%
Brazil	22%		22%	
EDRP	**34%**	**34%**	**29%**	**30%**

Wind Seasonality and Volatility: Spanish Example (%)



[1] Source: Based on REE data.

- After a solid 4Q, the wind output for the full 2009 increased a sound 40% vs. 2008. The US assets continue to be the major contributor to the output increase, while European assets managed to deliver a strong recovery on the last quarter of the year, on the back of a high quality of wind resource.

- EDPR's total average load factor in FY2009 was 29%, with Europe's strong performance compensating the lower wind resource achieved in the US. On a quarterly basis, the average load factor remained stable at 34%, being strong in all European regions but below average in the US. Such stability on the total average load factor is the result of a balanced portfolio and a selective geographical diversification in terms of countries and regions.

- In Europe, load factors increased on a quarterly basis +700bps. After three quarters of a wind resource below average, the load factors in the last quarter of the year have reached historical record levels in most European regions, enabling a strong recovery of the accumulated load factors. Portugal, in the 4Q09, reached an impressive load factor of 37%, while Spain and Rest of Europe delivered a sound 33% and 32%, respectively.

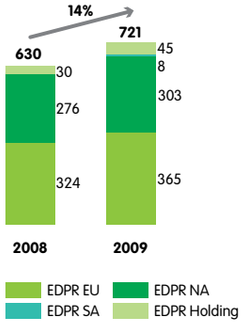
- In the US, the average load factor decreased 200bps on an accumulated basis, influenced by a below average wind resource throughout 2009. On the 4Q09 stand alone, the average load factor dropped from the 40% historical record level achieved in 4Q08, to a 34% load factor (which is slightly below long-term expected average).

- Next events: FY2009 results will be released before the market open on the 25th of February. Conference call.

HEADCOUNT

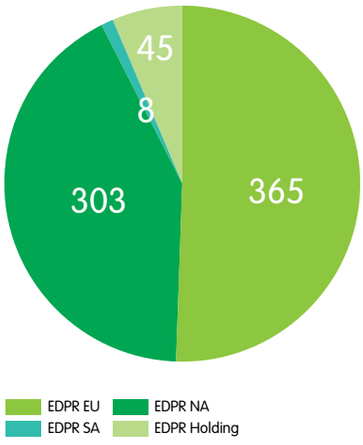
by Year End	2009	2008	Δ %
European Platform	365	324	13%
North American Platform	303	276	10%
South American Platform	8		
EDP Renováveis & other	45	30	50%
Total	**721**	**630**	**14%**

Headcount per Platform



Notes:
i) includes headcount from other EDP group companies in outsourcing capacity
ii) excludes headcount from divested operations

of Headcount per Platform



Social Indicators	2009	2008
Employment		
N° of workers	721	630
Gender ratio (% males)	68%	66%
Global satisfaction index (%)	78%	-
Turnover rate (1)	15%	34%
Average employee age (years)	37.7	37.5
Avg. EDPR minimum wage / National mininum Wage	2.3	n.d.
Training		
Total Hours of Training	14,559	7,569
Employees Trained	414	n.d.
Total Training Investment (€k)	302	235
Prevention & Safety (Spain and N.A.)		
OSHAS 18 001 (% installed Capacity)	37%	n.d.
On duty accidents (n) (including contractors)	29	n.d.
Fatal On-duty accidents (n.)	1	n.d.
Total days lost due to accidents (1)	131	n.d.

Environmental indicators	2009	2008
Environmental certification		
Environmental certification under ISO 14001 (n° facilities)	10	5
Certified net maximum installed capacity (MW)	290	155
Atmospheric emissions		
CO_2 Avoided (kt)	6,122	4,251
Waste		
Total waste (t)	267	137
Total hazardous waste (t)	137	42
Recovered waste (%)	96%	94%
Biodiversity		
Production centres in classified areas (%)	12%	n.d.
Environmental Expanditure and Investment (€ '000)	**9,548**	**4,500**

Economic Indicators	2009	2008
Significant financial assistance received from government (€M)	297	n.d.
Direct Economic Value Generated		
Revenues	729	
Economic Value Distributed		
Operating Costs	140	
Employee wages and benefits	43	
Payments to providers of capital	72	
Payments to government	45	
Community Investments	741	
Economic Value Retained	**429**	

(1) Do not include contracted workers

key events

8 JAN – EDP Renováveis announces the commercial operation of 3 wind farms with 500 MW in December 2008:

EDP Renováveis, fully commissioned in December of 2008 the 201 MW Meridian Way Wind Farm, located in Kansas, the 102.9 MW Rattlesnake Road Wind Farm located in Oregon, and the first phase (201.3 MW) of the Pioneer Prairie Wind Farm, located in Iowa.

20 JAN – EDP Renováveis announces YE2008 provisional operating data:

EDP Renováveis installed 1,413 MW in 2008 and accomplished its target for the year. Electricity output reached 7,807 GWh, more 78% than in 2007. Load factor in Europe was 26% and in the US 34%.

2 FEB – EDPR signs a Power Purchase Agreement (PPA) with the Public Service Company of Oklahoma in the United States:

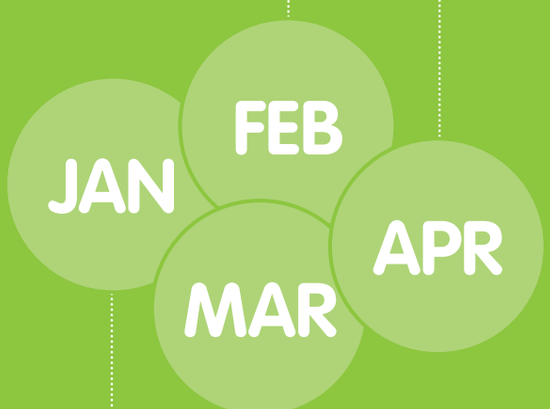
EDPR entered into a 20-year Power Purchase Agreement with the Public Service Company of Oklahoma, for the renewable wind energy produced by the 99 MW wind farm of the Blue Canyon V.

17 FEB – Approval of key energy-related tax incentives in the US:

The President of the US has signed today the American Recovery and Reinvestment Act of 2009, which includes a number of energy-related tax and policy provisions to benefit the development of wind energy generation in the country: Three year extension of the Production Tax Credit (PTC); Option to elect a 30% Investment Tax Credit (ITC) in lieu of the PTC; and, a cash grant provided by the Secretary of Treasury in lieu of the ITC.

28 FEB – EDP Renováveis announces YE2008 results:

Gross Profit reached €581 million (+82% YoY) and EBITDA €438 million (+91% YoY), with an EBITDA margin of 75.3%. Net income increased more than 25 times to €104 million.



18 MAR – EDP Renováveis increases its presence in the Brazilian wind market:

EDP Renováveis Brazil has signed an agreement with innoVent, for the acquisition of the total share capital of its subsidiary Elebrás Projects.

21 MAR – EDP Renováveis contracts Vestas for 76 wind generators for two Romanian wind farms:

EDP Renováveis has contracted for a total of 76 wind generators for wind energy projects in Romania. The wind generators will be installed from late 2009 and throughout 2010.

14 APR – EDP Renováveis holds its Annual General Shareholders Meeting

22 APR – EDP Renováveis announces 1Q2009 provisional operating data:

Capacity increased by 113 MW and electricity output reached 2,837 GWh, more 40% than in 1st quarter of 2008. Load factor in Europe was 28% and in the US 40%.

6 MAY – EDP Renováveis announces 1Q2009 results:

Gross Profit amounted to €198.1 million in the quarter (+27% YoY), EBITDA totalled €154.4 million (+23% YoY), reaching an EBITDA margin of 77.9%. Net income was €49.8 million (+87% YoY).

18 JUNE – Horizon Wind Energy signs Power Purchase Agreement with AmerenUE:

Horizon Wind Energy has entered into a 15-year Power Purchase Agreement with AmerenUE to sell renewable wind energy from the 102.3 MW second phase of its Pioneer Prairie Wind Farm, which has a total installed capacity of 300 MW already in operation.

16 JUL – EDP Renováveis announces 1H2009 provisional operating data:

capacity increased 249 MW (35 MW in Europe, 200 MW in US, being the remaining 14 MW installed in Brazil) and electricity output totalled 5,253 GWh, meaning a 33% increase comparing with the 1st half of 2008. Load factor in Europe was 23% and in the US 32%.

29 JUL – EDP Renováveis announces 1H2009 results:

Gross Profit was €355.9 million (+24% YoY) and EBITDA €270.8 million (+19% YoY), with an EBITDA margin of 76.1%. Net income reached €65.6 million, having increased 32% YoY.

14 OCT – EDP Renováveis announces 3Q2009 provisional operating data:

capacity increased by 525 MW (139 MW in Europe and 372 MW in the US) and electricity output reached 7,295 MW, more 36% than in 9M2008. Load factor was 21% both in Europe and in the US.

20 OCT – EDP Renováveis begins operating one of Poland's largest wind farms:

EDP Renováveis put into operation one of the largest wind farms in Poland, with an installed capacity of 120 MW. Investment figures amount to €166 million.

20 OCT – Government of Asturias provisionally awards 246 MW to EDP Renováveis:

The Government of Asturias provisionally awarded 246 MW to EDP Renováveis, corresponding to circa 36% of the total capacity to be attributed in this tender.

28 OCT – EDP Renováveis announces 3Q2009 results:

Gross Profit reached €495.5 million (+23% YoY) and EBITDA €368.5 million (+20% YoY) with an EBITDA margin of 70.1%. Net income grew 19% YoY to €70.1 million.

02 DEC – EDP Renováveis closes two institutional partnership structures in the US amounting to $228 million:

Horizon Energy has signed two institutional partnership structures with GE Energy Financial Services in the amount of $228 million. This deal refers to a sale in a stake at Vento III portfolio and to a partnership structure at the Blue Canyon V wind farm.

16 DEC – EDP Renováveis obtains 840 MW on the Spanish pre-registry for renewable capacity:

Out of the total 6,389 MW of wind power capacity assigned by the Spanish Government, EDP Renováveis obtained 840 gross MW, corresponding to 31 wind farms and to 13% of the total allocated capacity.

28 DEC - EDP Renováveis monetized $525 million of tax credits in 2009 related to the 700 MW installed in the period:

EDPR by choosing, for each wind farm, the best tax credit monetization instrument available, for its 2009 projects, raised $525 million of which: i) $217 million through cash grants in lieu of PTC, related to 398 MW; ii) $192 million through institutional partnership structures incorporating the MACRS and the cash grant in lieu of PTC, related to 202 MW; and iii) $117 million through institutional partnership structures incorporating the MACRS and the PTC, related to 99 MW.

AUG

SEP

OCT

NOV

DEC

2010

1 SEP – EDP Renováveis establishes a new type of institutional partnership structure for 101 MW in the US:

Horizon Wind Energy has closed $101.9 million of institutional equity financing from JPM Capital Corporation in exchange for an economic interest in its 100.5 MW Rail Splitter project in Illinois.

1 SEP – US Treasury approves EDP Renováveis' first cash grant in an amount of $48 million:

The US Department of Treasury approved the cash grant in the amount of $48 million, applicable to the Wheat Field wind farm with an installed capacity of 97MW.

8 JAN – EDP Renováveis awarded 1.3 GW of wind offshore capacity in the UK:

EDP Renováveis and SeaEnergy, through a joint-venture designated Moray Renewables, have been awarded exclusive rights to develop offshore wind farm sites in the North East of Scotland, with an approximated target capacity of 1.3 GW.

25 JAN – EDP Renováveis signs long-term agreement to sell green certificates in Poland:

EDP Renováveis≠ has just entered into a 15-year agreement with Energa to sell the green certificates generated from its 120 MW Margonin wind farm in Poland.

27 JAN – EDP Renováveis enters the Italian wind market through the acquisition of 520 MW to be developed:

EDP Renováveis acquires 85% of Italian Wind, adding to its portfolio several wind projects in Italy totalling 520 MW in different stages of maturity and in prime locations. The amount paid for the above mentioned stake is €12 million and additional success fees will be paid as the wind projects reach certain predefined milestones.

03 FEB – EDP Renováveis announces YE2009 provisional operating data:

EDP Renováveis installed 1,175 MW and achieved an electricity output 10,907 GWh, more 40% than in 2008. Load factor in Europe was 26% and in the US 32%.

17 FEB - EDP Renováveis signs PPA with Tennessee Valley Authority in the US:

EDP Renováveis entered into a 20- year Power Purchase Agreement with Tennessee Valley Authority (TVA) to sell 115 MW of renewable wind energy from the first phase of its Pioneer Prairie Wind Farm located in Mitchell and Howard Counties in Iowa.

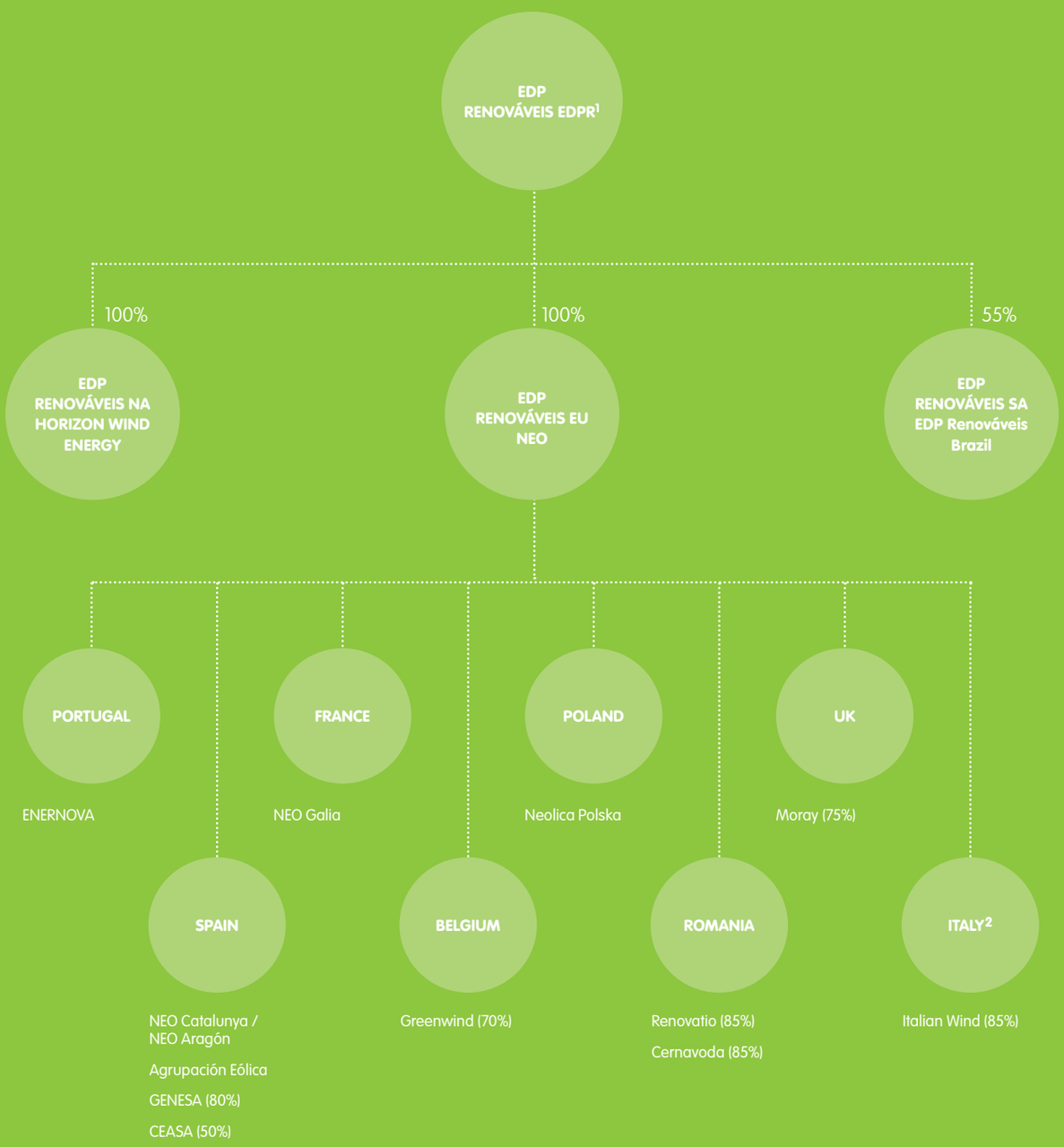
25 FEB – EDP Renováveis announces YE2009 results:

Gross profit reached €725 million and EBITDA €543 million with an EBITDA margin of 75%. Net Income increased 10% to €114 million.

business analysis

business analysis

EDP RENOVÁVEIS ORGANIZATION



1 Non-exhaustive Organization Chart, illustrating key business companies rather than a comprehensive list of legal entities. For simplification purposes, country holdings are shown representing individual wind farm entities.

2 Subsequent event (transaction closed on January 27th, 2010)

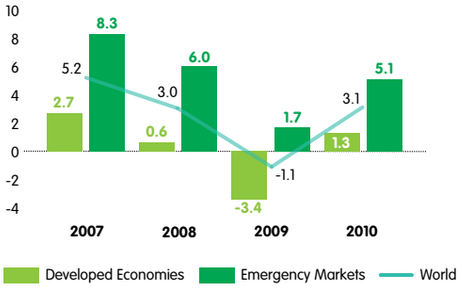
BUSINESS FRAMEWORK

MACRO & ENERGY

Introduction

2009 was characterized by a strong economic contraction which was one of the most adverse, on a global scale, since the Great Depression of the 1930s. The size and depth of the recessive process justified an unprecedented intervention by the monetary authorities and governments, which proved to be decisive for restoring a climate of trust and for re-establishing a more normalized operation of the markets, as well as the consequent reversal of the economic activity path.

Global Performance (Real GDP) (%)



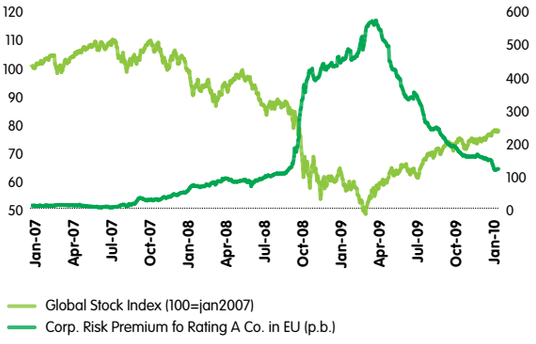
Source: FMI

The economic projections for 2010 and beyond have gradually become more promising, despite still being characterized by a high-level uncertainty. The recovery process will be different from country to country according to the intrinsic financial capacity and condition. Thus, the developing economies should take on the status of global economy boosters due to the reduced exposure to specific financial and sector problems. In the developed economies, the correction of accumulated financial imbalances in the last years has inflicted limitations to the economic growth capacity in the short run. The disinflationary period that prevailed since mid-2008 may have ended, in some respect influenced by the basic raw materials' price increase.

The financial markets registered periods of great turbulence in the beginning of the year, with a devaluation of the cyclical financial assets and investment strategies directed especially towards the preservation of capital. The decisive attitudes on behalf of the authorities, which included providing encouragement to the economic activity by reducing interest rates to meaningless values, facilitating the access to short-term liquidity, and partially taking on the counterparty risk in the private sector through the granting of endorsements and warranties, proved to be crucial for the reduction of the vicious cycle of risk aversion.

The interest rates reached cycle minimum values. The main short-term interest rate indexations in the euro zone sustainably registered inferior values to those of the Central Bank's reference rate (1%). In the longer term, the expectations of the normalization of the economic cycle and the uncertainties about the long-term effects on the public finances have developed a moderating effect upon the decrease potential. The risk cost, which reached extremely high values in the beginning of the year, has decreased, thus contributing to the dynamics of debt issuances in the primary market, despite, however, some risk being transmitted to the sovereign debt, especially in the most financially unbalanced countries.

Stock Market and Risk Premium in Corporate Debt



The main stock markets benefitted from the change in market conviction and the 2009 recessive framework was paradoxically associated to one the greatest stock market recoveries in decades.

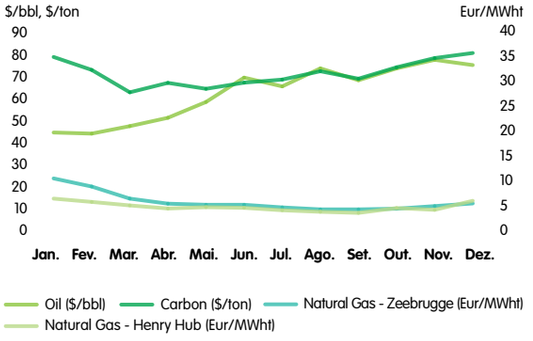
Still under the effects of the global financial and economic crisis, 2009 saw an unprecedented drop of worldwide energy demand, particularly in the power and gas markets.

This demand drop led to a situation of overcapacity in power and gas markets, aggravated by investments made in new capacity and infrastructure which were already under construction or in advanced development stage before the crisis and therefore could not be revised in order to adjust to the evolution of demand.

Energy commodity prices fell in 2009 relative to average values of 2008. However, 2008 ended with a collapse in commodity prices, which gradually recovered after the first quarter of 2009. This improvement was most visible in oil and coal prices, although it may not necessarily be associated with an actual increase in demand for these fuels due to economic recovery, but may rather reflect anticipation by economic agents of a new scarcity situation in the near future. In fact, the demand recovery seen particularly in emerging economies, combined with stagnation or even decline in supply, due to depletion rates (particularly in oil) and cancellation or postponement of important projects, may lead to a situation similar to the one observed in 2007/2008.

business analysis

Fuels Price Evolution

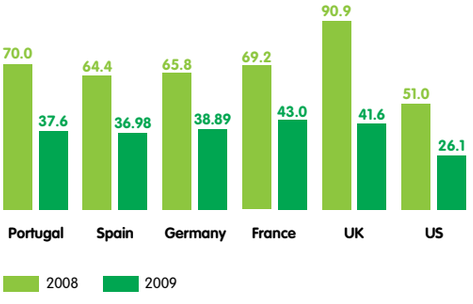


As for natural gas, 2009 saw the decoupling between spot gas prices and oil prices, caused by the collapse in gas demand, both in Europe and in the United States. Excess volumes were directed to spot markets pressing international gas prices to a substantially lower level.

However, this price reflects not only the demand-supply balance of 2009 allowances but also the balance of the whole period until at least 2020, given the possibility of CO_2 allowances banking throughout this period.

As a consequence of the drop in fuel prices, wholesale power prices fell throughout Europe and the United States.

Pool Prices €/MWh



(US price is a volume weighted average of 9 hubs across the country)
(values in EUR/MWh)

Given that the CO_2 price remained mostly constant and at relatively low levels, marginal costs of coal and combined cycle plants (CCGT) were similar along the year.

However, coal plants had higher load factors in the first quarter, gradually losing competitiveness to gas as gas prices based on long-term contracts indexed to oil (with a typical lag of 6 months) reflected the evolution of oil prices.

Regarding the CO_2 emission allowances market, the reduction in electricity demand as well in industrial production caused by the recession, caused a reduction in emissions, with a direct impact on the ETS (Emissions Trading Scheme) CO_2 price, which dropped from 22.1 EUR/ton (2008 average) to 13.1 EUR/ton (2009 average).

Climate Change was high on the political agenda during 2009, with negotiations at the Copenhagen Conference.

The Conference resulted in a non-binding accord, signed by 28 countries (including United States, European Union, China, India and Brazil), in which signatories agreed to submit their voluntary targets of emissions reduction by the 31st of January, 2010. The accord also included goals for financing to developing countries, with the aim of helping mitigate their expected emissions growth.

Although Copenhagen ended without a global binding agreement, it was the first time that countries such as China, India, and even the United States, announced a commitment to specific emissions reduction goals.

2009 will also be remembered by stimulus packages to spur economic recovery across the world, with significant funding allocated to the power and gas sector.

Besides ensuring a stable support and continuity to investment in the short term, particularly in renewable energy, these stimulus packages are also specifically targeting areas that could represent relevant business opportunities for the sector in the medium and long term, such as energy efficiency, electric mobility and Carbon Capture and Sequestration (CCS).

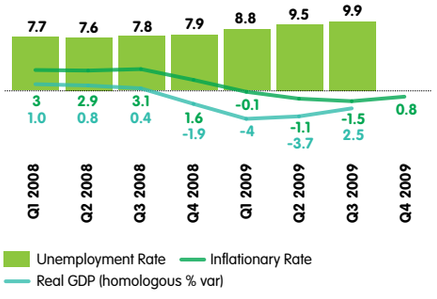
EUROPE

Eurozone Performance (Real GDP and Inflation) (%)

The euro zone once again registered an increase of activity in the third quarter of 2009 due to the expansion of global trade, the normalization of the production cycle, and the public policies' support. This alteration in the activity's direction will not, however, be enough to prevent a reduction of the GDP in the euro zone in 2009 by around 4% in real terms. 2010 is viewed to have a moderate product expansion.

IBERIA

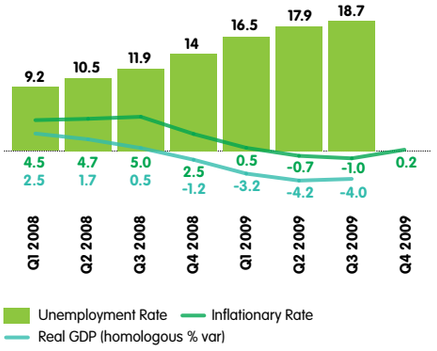
Portugal (Real GDP, Inflation and Unemployment) (%)



The impact of the international economic and financial crisis on the Portuguese economy's performance was substantiated by a decrease of the GDP slightly lower than 3% in real terms; the most acute in recent years. Notwithstanding the recessive framework, the direct effects proved to be less scathing than for most of the euro zone. The reduction in aggregate demand became evident in relation to investment and exportation due to the decrease of world trade and the reassessment of production perspectives. The more sensitive sectors to the cyclical fluctuations and external demand were penalized, especially the construction and manufacturing industries.

The coming years are projected to be ones of moderate economic activity expansion which should benefit from the banishment of the effects of the crisis, as well as the reinvigoration of world trade. The strength of the expansion cycle depends on the resourcefulness used to improve the appeal of the Portuguese products and services in the international and domestic markets, without which the correction of the external debt would be difficult, unless it results of a significant retraction of the internal demand, given the public and private sector financial constraints.

Spain (Real GDP, Inflation and Unemployment) (%)



The estimated decrease of the Spanish GDP in 2009 is similar to that of the euro zone average (4%), and stems from the very severe adjustment of the investment and private consumption.

Unlike most member states, which witnessed the return to positive product growth rates in the third quarter, Spain showed a much slower recovery. It registered the biggest increase in unemployment, which practically tripled to approximately 20% of the active population in a two-year period. The adjustment in the Spanish job market is not only characterized by its size but also by the growth of salaries much higher than the inflation rate. However, the very significant growth in productivity gains appeases the effects in labour costs. The strain on the activity has had material repercussions on the decrease of the external deficit. The latter has been reduced to almost half, to approximately 5% of the GDP.

In relation to public finances, the government plans to return to a situation of virtual balance in 2012-2013. As for 2010, the economic growth should be practically null, appearing as a more moderate version of the actions seen in 2009, with the external boosting compensating the frailty of internal demand.

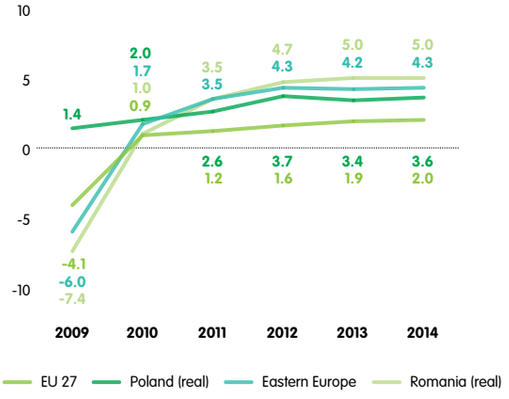
Regarding Iberia, it should be noted firstly, those prices in the two countries are the lowest among European markets and secondly, that the Portuguese and Spanish price differential was very low, in contrast with the situation of 2008.

The former is explained by higher overcapacity in Iberia when compared to other markets which, in some cases, actually face capacity shortages (e.g. UK), only delayed with the economic crises. This overcapacity situation paired with take-or-pay clauses of long-term gas contracts, affected mainly thermal power plants in both margins and volumes.

The latter is explained by the growing integration of the Portuguese and Spanish markets, as a result of the implementation of MIBEL, combined with the growing similarity of the marginal generation portfolio of both countries.

On generation volumes, operating hours of Iberian thermal plants dropped in 2009 due to the fall in demand combined with the continued increase in renewable capacity and generation. 2009 is the first year in which wind generation surpassed coal generation on an annual basis.

GDP Growth Rate (%)



OTHER REGIONS

Economic growth outlook in Poland is positive for the short and medium term, growing more quickly than the average of the EU at around 3.5% per year for the next 4 years. It will continue to be an attractive market for consumer goods, given its large population, and will build demand in the construction

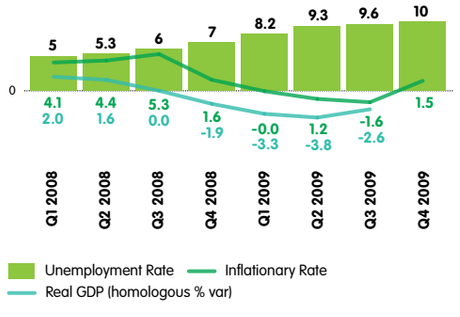
business analysis

sector due to its need to improve infrastructure. The business environment in Poland looks stable, as the government reduces the burden of business regulation gradually. The Polish government desires to carry out public spending reforms, though now is limited, will become necessary if they want to complete their deadline to adopt the euro in 2014.

Romania's economic outlook in the short and medium term is mixed. Fast growth rates of recent years will not be replicated in the short term as growth slows sharply (real GDP contraction of 7.4% in 2009). Even though, the prospects for economic growth are fairly good in the long term. Business environment improved modestly as a result of new policies towards private enterprise and the foreign trade regime, as well as continued investment in infrastructure.

NORTH AMERICA

United States (Real GDP, Inflation and Unemployment) (%)

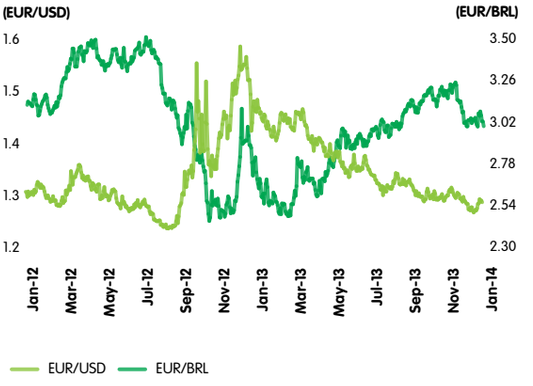


The US' economic activity has revealed itself to be much heartier than expected, but there is still a high level of unpredictability. The reduction of the GDP in real terms in 2009 is expected to be 2.5%, and it should benefit from the inversion of the recessive cycle in the third quarter, sustained by private consumption, residential investment and exports, the first being boosted by public stimulus and the increase of real available income. At the same time, a significant slowdown in the employment slump was ascertained, although the unemployment rate remained high. The investment prospects were more consolidated and showed an improvement in the confidence index from businesses, as well as a gradual normalization of the capital market.

The inflationary pressures remain under control, thus allowing for the conservation of an accommodative monetary policy. The main interest rate lies between 0.00% and 0.25%. The longer-term interest rates tended to go up at the end of the year, in line with a more optimistic perception of the economic conjuncture. The support measures for the liquidity of the financial system are being reassessed, in relation to their revealed avail.

The next two years are seen as ones of a return to growth conditions, potentially around (2.5%). The main uncertainty lies in the level of autonomy and the intensity of private demand, given the probable squandering of the stimulation effects from the public measures, especially in the housing and automobile market. This viewpoint has come to justify the cautious positioning of companies when assessing business growth opportunities and the respective staff.

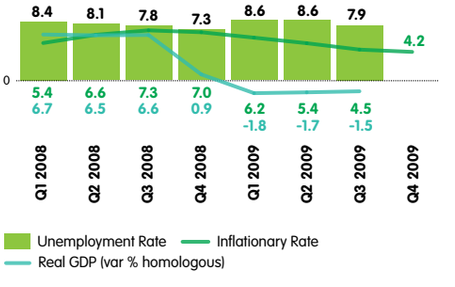
USD and Brazilian Real Exchange Rate Against Euro



The North American dollar resumed its depreciation tendency to approximately 1.50 dollars to the euro. The subsequent recovery was due to the more recurrent signs of the US economy's recovery as opposed to the cooling of European indicators and the increase of institutional uncertainty in the euro zone. The currencies of emerging markets were valued following the commitments obtained in the G20 headquarters for the stability of the world financial system.

BRAZIL

Brazil (Real GDP, Inflation and Unemployment) (%)



Brazil is expected to be in the beginning of a new cycle in the expansion of activity after the 2009 stagnation, revealing a less evident impact from the change in external conditions and a great resilience of internal demand. At the end of the year, the activity indexes practically returned to the levels which were dominant before the intensification of the world crisis, as the job market already shows signs of recovery. This performance proves to be a very favourable internal framework, with investment gaining importance. The inflation rate is in line with the objectives defined by the central bank for price stability (4.5%), in both current levels and the economic agents' expectations.

The macroeconomic instabilities are not very significant as the public finances levels are reasonable (4% for the deficit and 64% for the public debt, as a % of the GDP). The external deficit is relatively low (1.2% of the GDP) and it has a favourable demographic framework, in contrast to what has been foreseen for developed economies, allowing for an additional spur to the potential growth factors. In the scope of two

important global sports events in the medium term, Brazil's economic conditions appear favourable for a relatively quick recovery, with its growth rate close to its potential product, estimated at approximately 4-5%.

In order to award the macroeconomic scenario more stability, the Brazilian authorities have been steering towards a cautious monetary and exchange policy. Restrictions were introduced through the application of a tax increase on non-residents' investments, thus restraining the Brazilian currency increase tendency. The real interest rates remain relatively high, despite the 5 % reduction of the official interest rates in the current cycle of decrease.

WIND ENERGY MARKET ENVIRONMENT

The wind industry broke all records in 2009 as wind power capacity grew by 31%, adding 37.5 GW across the globe to bring total installations up to 157.9 GW.

Asia, North America and Europe have led the growth as each has installed more than 10 GW of new wind capacity in 2009, exceeding 2008 growth.

China has been the world´s largest market in 2009, doubling its wind capacity for the fifth year in a row, increasing its capacity 13 GW from 2008, to a total of 25.1 GW in 2009. The Chinese government, in response to the financial crisis, identified the development of wind energy as one of the key economic growth areas and seems committed to limit its CO_2 emissions.

The US added nearly 10 GW of new capacity in 2009, which seems to confirm the success of the Recovery Act. The US finished 2009 with more than 35 GW of wind capacity, strengthening its position as the world's largest wind generator.

Europe grew at a healthy rate in 2009, by adding 10 GW of new installed capacity and reaffirming its leadership position in the offshore wind market by adding 582 MW of new capacity. The European growth was led by Spain (2,459 MW) and Germany (1,917 MW) with Italy, UK and France, adding more than 1GW each. Other countries such as Portugal, Sweden, Denmark and Ireland performed strongly. At the end of 2009, wind installed capacity in EU-27 amounted to 74,767 MW.

According to EWEA, for the second year in a row, the EU installed more wind power than any other electricity generation technology. Moreover, EWEA affirmed that the nuclear and coal power sectors decommissioned more capacity than they installed, which strengthened the weight of renewables in the European energy mix.

The rest of the world continued to grow with India, Canada and Australia leading the way, installing, 1,271.950 and 406 MW respectively.

In general terms, Africa and South America showed weak wind energy growth, except for Morocco (adding 119 MW in 2009), Brazil (264 MW) and Chile (148 MW).

EUROPE

In 2009 new wind installations amounted to 10,163 MW, a 23% increase compared to 2008, despite the financial crisis and economic downturn. New onshore wind farms amounted to 9,581 MW (up 21% from last year) while offshore wind farms amounted to 582 MW (up 56% from 2008). At the end of 2009, wind capacity reached 74,767 MW.

For the second year in a row, new wind capacity installed in the EU was higher than any other electricity-generating technology. Wind power is an important player in Europe's energy market, as, according to EWEA, 39% of all new capacity installed was wind power generation, followed by gas (26%) and solar photovoltaics (16%). According to EWEA estimates, wind farm capacity could provide 4.8% of total European demand.

Offshore wind has started to expand after a period of sluggish growth with the completion of large projects, particularly in the UK and Germany, totaling 577 MW. This represents a growth rate of 54% compared to the 373 MW installed during 2008. The momentum is likely to be sustained as currently 17 offshore wind farms are under construction in Europe, totaling more than 3,500 MW and a further 52 have won full consent in European waters, totaling more than 16,000 MW.

Germany continues to rank as the highest, in terms of total installed capacity in EU, with 25,777 MW, followed by Spain (19,149 MW), Italy (4,850 MW), France (4,492 MW) and the UK (4,051 MW).

However, in terms of new installed capacity during 2009, Spain ranked the highest with 2,459 MW installed, followed by Germany (1,917 MW), France (1,088 MW) and the UK (1,077 MW).

Portugal, Sweden and Denmark have shown a healthy growth, adding 673, 512 MW and 334 MW respectively.

In Eastern Europe, Turkey, Poland and Hungary led the market by adding 343 MW, 181 MW and 74 MW respectively.

US

The US wind energy industry installed 9.992 MW in 2009, according to the American Wind Energy Association ("AWEA"). Annual new installations grew by 39% in 2009, reaching a total installed capacity of 35,092 MW and producing enough electricity to power the equivalent of close to 10 million households. This makes the US number one in the world in terms of wind power installed capacity, ahead of Germany, China, and Spain.

This growth seems to confirm the success of the American Recovery and Reinvestment Act approved in early 2009 by the Obama Administration, which included a number of energy-related tax and policy provisions whose goal was to spur the development of wind energy generation in the country.

According to the AWEA, wind energy, together with natural gas, have represented 80% of new capacity added in 2009.

At a state level, Texas remains the dominant location for wind facilities with 9.4 GW installed, followed by Iowa (3.6 GW), California (2.8 GW), Washington (2.0 GW) and Minnesota

business analysis

(1.8 GW). States that have displayed higher additions in 2009 have been: Texas (2,292 MW), Indiana (905 MW) and Iowa (874 MW).

According to AWEA, 36 States (including Arizona for the first time) now have utility-scale wind generation and 14 of them account for more than 1GW of wind installed capacity.

REGULATION

General overview

In recent years, global attention has been increasingly focused on climate change and its effect on world populations, economies and, consequently, strategies for generating energy from renewable sources.

At a global level, an important milestone was reached in December 11, 1997 when a majority of countries that are party to the UNFCCC (United Nations' Framework Convention on Climate Change) signed the "Kyoto Protocol".

The 2009 United Nations Climate Change Conference, commonly known as the Copenhagen Summit, was held in Denmark, between December 7 and December 18. On December 18, it was announced that a "meaningful agreement" had been reached between the United States, China, India, South Africa, and Brazil. The negotiations ended without a binding treaty to reduce greenhouse gas emissions. Despite this, The Copenhagen Accord recognises the scientific case for keeping temperature rises below 2°C.

At the European level, in December 2008 the EU Climate Package was approved. This package focuses on three areas: emissions cuts, renewables, and energy efficiency. This deal is aimed at helping Europe to become a low-carbon economy and increasing energy security. Fully in line with the Commission's proposals in January 2008, an agreement was reached on legally binding targets, by 2020, to cut greenhouse gas emissions by 20%, to establish a 20% share for renewable energy, and to improve energy efficiency by 20%.

In April 2009, the Renewables Directive, as part of the EU Climate Package, was published. The directive requires member countries to produce a pre-agreed proportion of energy consumption from renewable sources such that the EU as a whole shall obtain at least 20% of total energy from renewables by 2020.

To ensure that the goals are reached, the directive set "indicative trajectories" - intermediate targets - for each member state. Countries are obliged to draw up national renewable energy action plans by the end of June 2010, setting out measures on how they intend to keep up with their trajectories.

Also, as a part of the Climate Package, a revised EU ETS Directive for Phase III (2013-2020) was agreed upon in December 2008. The Directive introduces auctioning as the basic principle for the distribution of allowances to ETS operators, a major change as in Phase II, approximately 96% of allowances were distributed for free by EU governments through National Allocations Plans.

Government Support of Renewable Energy in Countries in which EDP Renováveis Operates

SPAIN

According to Royal Decree 661/2007, Spanish Special Regime generators may choose among (i) selling the electricity they produce to the system at a regulated tariff, (ii) selling the electricity they produce on the "pool," or (iii) entering into bilateral contracts under the same conditions as generator market agents under the Spanish Ordinary Regime.

In May 2009, Royal Decree 6/2009 was approved, aimed at eliminating the tariff deficit gradually. Among other measures, it introduced a central pre-allocation register for new renewable energy capacity for renewable-energy installations, necessary to obtain the entitlements set it in Royal Decree 661/2007. Installations were registered in chronological order and a new remuneration scheme should be approved for subsequent projects.

The decision on November 19, 2009 allowed in the register around 6 GW in wind projects and 2.4 GW in solar thermal generation capacity. The entire 8.4 GW in projects registered will receive the remuneration set in RD 661/2007. Under this decision, around 1,700 MW of wind and 500 MW of solar thermal generation will be allowed each year until 2012. On December 15, 2009 the Spanish Government released the list of wind facilities included in the administrative register, in which, 6,389 MW of wind capacity were allowed. New facilities that haven´t been allowed in the register will be ruled by a new regulation.

PORTUGAL

During 2009 there were no significant changes in the Portuguese remuneration scheme.

Wind farms already licensed by February 2006 sell their electricity at a set price dependent on production hours, as well as on the dimension of the wind farm and consumer price index. The tariff is indexed to inflation for 15 years and, thereafter, electricity from those wind farms will be sold at the then-existing market price plus the price received from the sale of green certificates.

Wind farms licensed after February 2006 sell their first 33 GWh of electricity or the electricity generated in the first 15 years, whichever comes first, at a price based on a formula set out in the Decree-Law no. 33-A/2005 of February 16.

FRANCE

Act 2000 provides that operators of wind facilities may enter into long-term agreements for the purchase and sale of energy with Electricité de France ("EDF"), which requires obtaining a certificate from the local government. The tariffs for the long-term agreements with EDF are set by Order of July 10, 2006, which establishes three stages of determining the tariff. During the first ten years of the EDF Agreement, EDF pays a fixed annual tariff, then, during years 11 to 15, the tariff is based on the annual average percentage of energy produced during the wind facility's first ten years of operation. Finally, after year 16

of the Agreement there is no specific support structure and the wind energy generators sell their electricity at the market price.

In July 2009 "La Grenelle de l´Environnement I", came into law, a large renewable energy plan that sets out a broad policy and confirms France´s European commitment of providing by 2020 23% of its energy consumption form renewable sources. To achieve this target, around 25 GW of wind installed capacity are required, of which 6 GW should be offshore.

La Grenelle de l´Environnement also confirmed that each region of France must draw up a "renewable energy plan " by July 2010, identifying its potential and establishing where wind power plants can be located.

The new Decree approved on December 15, 2009 set the following wind target: 11,500 MW in 2012 and 25,000 MW in 2020. These targets also include also wave and tidal energy.

BELGIUM

The Belgian regulatory system promotes the generation of electricity from renewable sources with a system of green certificates.

Each of the three Belgian regions (Flanders, Wallonia and Brussels capital) has their quota system with obligatory regional renewable energy targets. Green Certificates are due for a period of at least 10 years up to 15, and have a minimum guaranteed price system at a federal level (obligations imposed on the transmission system operation) and at a regional level. Minimum guaranteed price is €80/GC in Flanders and €65/GC in Wallonia, and, at a federal level, the minimum guaranteed price is €50/GC.

Green certificates can be traded through bilateral contracts or at the exchange market (Belpex) launched in March 2009.

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).

POLAND

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed on April 10, 1997, which has been amended by the Energy Act of April 2, 2004.

The Energy Act sets up a regulatory scheme to promote renewable energies. To this purpose, the law introduces a system of green certificates.

The minimum limit of electricity that must be generated from renewable sources in the total annual volume of electricity 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.

ROMANIA

The support 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.

In 2009, 6.2% of total electricity supplied was required to come from renewables, and the obligation rises to 8.3% by 2010-2012 and gradually heads toward 16.8% in 2020.

Law 220/2008 doubles the volume of green certificates to be issued to wind producers. Wind producers will receive two green certificates per MWh until 2015 and one onwards. It also increases the trading value of green certificates, by increasing the floor from €24 to €27 and the cap from €42 to €55, both indexed to Romanian inflation.

UNITED KINGDOM

The main policy instrument to promote electricity generated from renewable energy sources is the Renewables Obligation (RO). The RO, and the associated ROS for Scotland and NIRO for Northern Ireland, requires that UK electricity suppliers ensure that a specified percentage of the electricity they supply to customers comes from eligible renewable sources.

The level of the obligation in England, Wales and Scotland is currently set to increase in yearly increments from 7.9% in 2007-2008 to 15.4% in 2015-2016, being 9.1% in 2009-2010. In April 2009 the government introduced a headroom approach to allow the obligation size to be set before the beginning of each financial year at a percentage above (currently 8% above) the expected number of Renewables Obligation Certificates (ROCs) to be issued that year.

Electricity suppliers are given ROCs for every MWh generated from eligible renewable sources. When suppliers do not meet the obligation, they must pay a penalty sum into a buyout fund, which equalled £35.76 per ROC in shortfall in 2009. This buyout price is linked to the retail price index. At the end of each financial year, the buyout fund (the sum of all the penalties collected, paid by the suppliers who failed to meet their RO) is shared proportionally between the suppliers that have presented ROCs.

In April 2009, the RO was banded to offer different levels of support to different renewable technologies. Onshore wind farms still receive 1 ROC per MWh. Offshore wind is entitled to receive 2 ROCs for projects commissioned in 2009-2010, 1,75 for projects in 2010-2011 and 1.5 ROCs onwards. However, the Government has announced that the new Renewables Order to be approved in early 2010 will allow offshore projects to qualify for 2 ROCs until March 2014.

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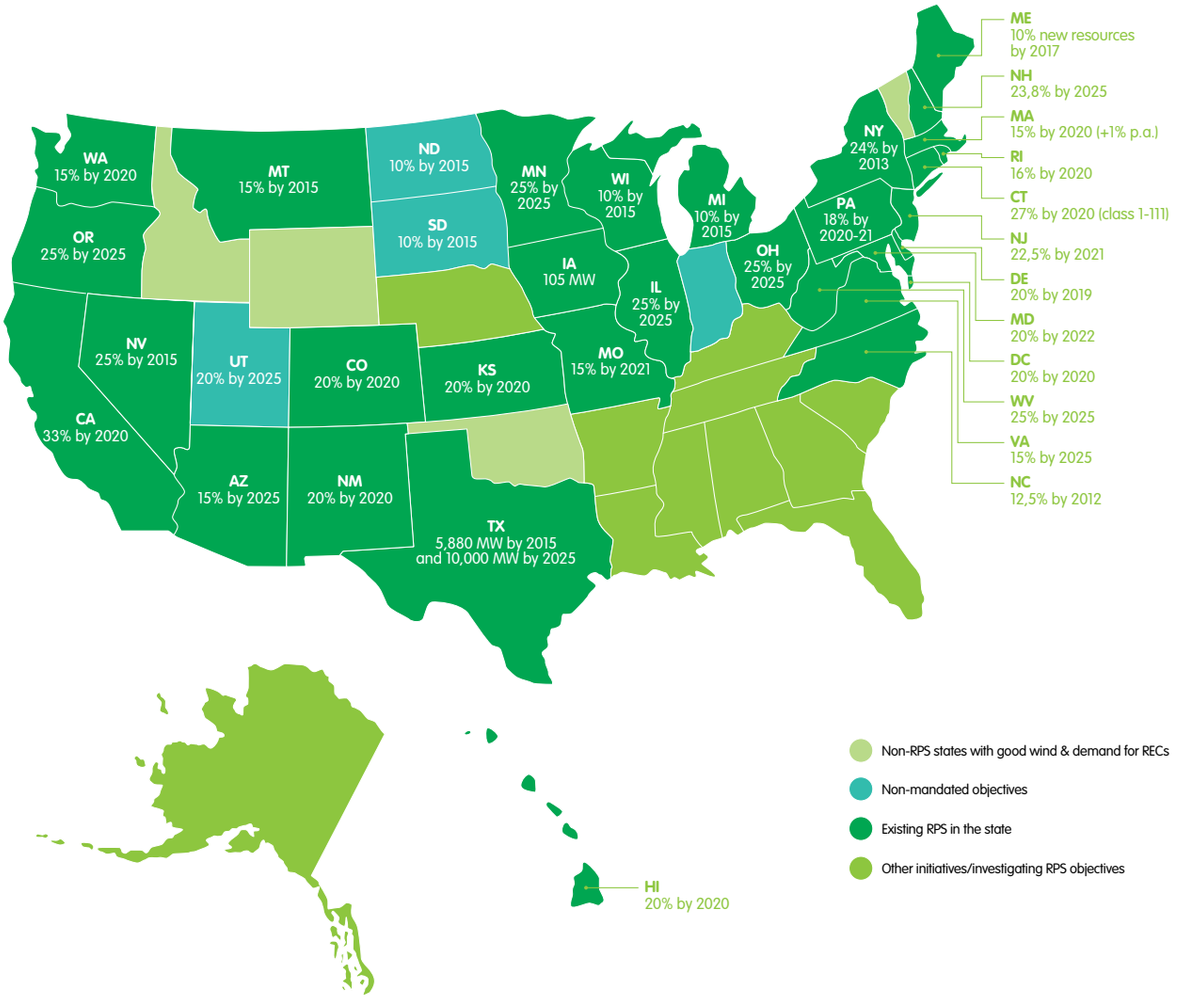

In a consultation document published in July 2009, the UK government proposed, among others, the following changes to the RO:

- Extend its lifetime to 2037
- Include a 20 year limit on support under the RO scheme
- Increase the level of headroom to 10% and use headroom only to determine the total obligation after 2016.

These amendments are likely to be approved in early 2010 and would come into effect on April 2010.

Additionally, wind energy generators receive Levy Exemption Certificates (LECs) that can be sold to industrial and commercial users subject to the Climate Change Levy. LECs can be traded separately from the underlying energy and represent an additional source of remuneration for wind energy generators. Therefore revenues come from the sales of energy, ROCs and LECs.

US

Despite continued market turmoil due to the recession and decreased attention to energy legislation, the U.S. regulatory environment nevertheless continued to improve for wind development. The inauguration of the Obama Administration in early 2009 put a wind advocate in the White House.

At a federal level, there are currently two bills under analysis that may result in federal renewable obligations and CO_2 caps. The first one is the "Waxman-Markey" bill which was approved by the House of Representatives (pending Senate approval) on June 26, 2009 and among other measures, the bill introduces a renewable energy target of 6% by 2012 and 20% by 2020. The second bill, known as "Kerry-Boxer", was introduced to the Senate on September 30, 2009 and proposes a renewable target of 15% by 2020. Both bills also include CO_2 caps. In any case, final result may differ from these current proposals.

While climate change legislation is debated in the United States Congress, states continue to lead the way in the US. California took a step toward joining the Northeast's Regional Greenhouse Gas Initiative (RGGI) in regulating carbon emissions by drafting Cap and Trade draft regulations designed to allow emissions to be cut to 1990 levels by 2020. While federal level climate change policy seems to be difficult to design and pass, State and regional initiatives, such as these, continue to put pressure on emitters to assist in designing a cap and trade program.

Following the formal appointment of the New Administration in January 20 of 2009, the "American Recovery and Reinvestment Act of 2009 (ARRA)" was signed into law on February 17. This plan included several provisions to stimulate investment in renewable energy, with the following ones more applicable to the wind business:

- Long-term extension and modification of Renewable Energy Production Tax Credit: extends the placed-in-service date for wind facilities for three years (through December 31th, 2012);

- Temporary election to claim the Investment Tax Credit in Lieu of the Production Tax Credit: allows wind facilities to elect a 30% investment tax credit in the year that the facility is placed in service, in lieu of the production tax credit;

- Treasury Department Energy Grants in Lieu of Tax Credits: allows taxpayers to receive a grant from the Treasury Department in lieu of tax credits. This grant will operate like the current-law investment tax credit. The Treasury Department will issue a grant in an amount equal to thirty percent (30%) of the cost of the renewable energy facility within sixty days of the facility being placed in service or, if later, within sixty days of receiving an application for such grant. This provision aims to guarantee the effectiveness of the tax credits, considering the current market conditions and the difficulty in financing projects.

Renewable Energy Credits

Operational revenue sources come from the sale of the energy as well as Renewable Energy Certificates (RECs) which act as "green tags". RECs' are typically used in RPS programs as tradable certificates demonstrating that a certain number of kilowatt-hours have been generated by a renewable resource.

Various State Governments have taken an active role in the development of renewable infrastructure through the implementation of an RPS program. Generally, RPS programs are developed to implement State laws requiring that a certain percentage of obligated load serving entities' energy supplied to consumers within the state come from renewable sources, and, in certain cases, provide for various penalties for non-compliance.

Amid a global financial crisis, historic and pervasive state budget crises, and federal bailouts and stimuli, state-level policy developments continued to be an important force for advancing renewables markets. In 2009, three new RPS policies (and one new renewables goal) were adopted; six existing RPS policies were increased or modified in a significant way; and five others underwent more minor changes; bringing the total number of states with RPS policies to thirty-two.

The table below shows the penalties for non-compliance in the States that have an RPS.

State	Penalty for not following (perMWh)
Arizona	Administrative Penalties
California	$50
Colorado	$36
Connecticut	$55
Delaware	$25; $50 (2nd year of non-compliance); $80 (3rd year)
District of Columbia	$50
Hawaii	Penalty based after peer-review study
Illinois	N/A
Iowa	N/A
Kansas	N/A
Maine	$60.92
Maryland	$40
Massachusetts	$60.92
Michigan	N/A
Minnesota	Amount not to exceed the estimated cost of achieving compliance
Missouri	At least 2x the market value of RECs
Montana	$10
Nevada	Administrative Penalties
New Hampshire	$60.92
New Jersey	$50
New Mexico	Administrative Penalties
New York	N/A
North Carolina	Administrative Penalties
Ohio	$45
Oregon	Rate TBD
Pennsylvania	$45
Rhode Island	$60.92
Texas	$50
Virginia	N/A
Washington	$50
West Virginia	Evaluate compliance after 2015 then impose non-compliance assessments
Wisconsin	N/A

Production Tax Credits

In 2009, the PTC rate applicable to wind generation was $21/MWh; however, it is reduced for any project that receives government-assisted financing related to capital costs or other federal income tax credits. The PTC is applicable for a ten-year period from the time a power production facility is placed into service.

In February 2009, through the American Recovery and Reinvestment Act, the US Congress acted to provide a three-year extension of the PTC applicable to wind capacity added through December 31, 2012.

BRAZIL

2010 will be the last year of the PROINFA program. This program was put into place in 2004 and was aimed at fostering alternative sources of electric power in the supply of the Brazilian grid system through Autonomous Independent Producers. Under this program, the approved projects approved signed 20-year power sale contracts with the federal power holding company Eletrobrás.

On December 14, 2009 the first ever wind-only auction took place in Brazil. As a result, 71 new wind farms, totalling 1.806 MW of installed capacity are scheduled to deliver energy from July 1, 2012 providing an energy volume of 6.6 TWh per

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year, at an average price of BRL 148.39/MWh (approximately €57/MWh).

The results of the wind-only auction, combined with the first biomass-only energy auction held in 2008 (2,379 MW and 31 thermal plants using sugarcane and napier grass), have led the government to study a new renewable-only energy auction in 2010. At this time, the energy demand will be supplied by a mix of the traditional renewable sources: wind, biomass and small hydro power plants.

BUSINESS SUMMARY

Introduction

EDP Renováveis is a leading pure player in renewable energy with all revenues coming from renewable energy activities, which provides the company with a unique combination of size, focus and experience in the sector.

EDP Renováveis was incorporated on December 4, 2007 to hold, operate and develop activities related with renewable energy assets in a variety of geographies in Europe (Portugal, Spain, France, Belgium, Poland, Romania, UK[1] and Italy[2]), North America (United States) and South America (Brazil). European operations are managed by Nuevas Energías del Occidente (hereby referred as EDPR EU), while Horizon Wind Energy (hereby EDPR NA) and EDP Renováveis Brazil (hereby EDPR SA) are respectively EDP Renováveis platforms in North and South America. The company's headquarters are in Madrid, Spain, and it has more than 39 offices spread all over the world.

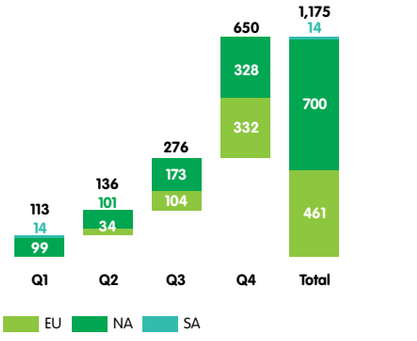
EDP Renováveis history goes back as early as 1993, when Genesa (one of the companies that was integrated in the Group) installed its first wind farm. Since then, the business has consistently grown essentially through the development of Greenfield projects, the acquisition of pipeline, prospect projects and companies that offered a sound fit with EDP Renováveis growth strategy. The most important acquisitions were Nuon/Desa (Spain) in 2005, Agrupación Eólica (Spain/France) in 2006 and Horizon Wind Energy (U.S.) in 2007.

The company has a unique investment case, based on a strong track record in execution, first class assets with above average quality wind resources, a well balanced portfolio in terms of geography, stage of development and revenue sources, and a competitive turbine supply strategy.

EDP Renováveis asset portfolio is well balanced, both in terms of geography and pipeline maturity, hence diversifying regulatory and wind resource risks, helping to achieve a more stable and secure cash flow.

EDP Renováveis has a strong track record and proven capability to execute projects and deliver on targets. During 2009, EDP Renováveis installed an additional capacity of 1,175 gross MW, (through 461 MW from its European platform, 700 MW from its North American platform and 14 MW from its South American platform).

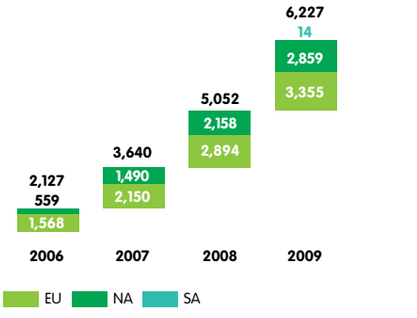
2009 EDP Renováveis
Quarterly Incremental Gross MW by Platform



Note: 11 MW of Mini Hidro not included in chart.

As a consequence, by the end of 2009, EDP Renováveis had a total gross installed capacity in excess of 6.2 GW, which represents a noteworthy increase of 11.8 times versus the 530 gross MW installed by 2004 and 2.9 times versus the 2,127 gross MW by 2006.

2006-2009 EDP Renováveis
YoY Incremental Gross MW by Platform



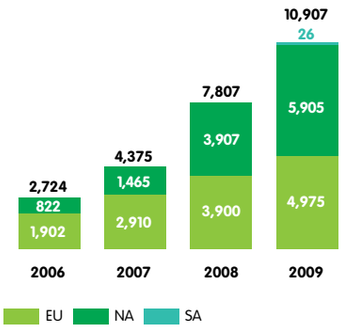
Note: 11 MW of mini Hidro not included in chart.

Furthermore, as of 2009 year end, EDP Renováveis has 739 gross MW under construction, of which 640 MW in the European platform.

In terms of electricity generation, EDP Renováveis output reached in 2009 10,907 GWh, representing an increase of 40% (or 3.1 TWh) versus 2008. As an easy reference, this level of electricity output from wind is equivalent to approximately the average consumption of 180 million light bulbs in use during the entire 24 hours of all of the 365 days of 2009 without interruption.

[1] Sub sequential event to 2009 year-end (transaction closed on January 11, 2010)
[2] Sub sequential event to 2009 year-end (transaction closed on January 27, 2010)

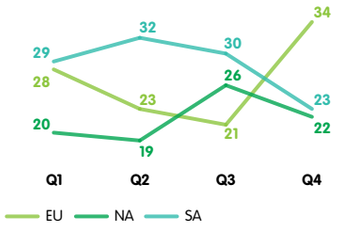
2006-2009 EDP Renováveis
YoY Generation Output Platform (EBITDA GWh)



Note: 3 GWh of Mini Hidro not included in chart.

This level of output is based on strong load factors which result from the prime tier quality of EDP Renováveis' assets. In Europe, average 2009 load factor reached 26% and in North America 32%. This is a consequence of EDP Renováveis' superior operational efficiency (with top tier or improving availability marks), first mover advantage in site selection, in-house top tier wind assessment knowledge, and freedom to select WTG from top-tier suppliers.

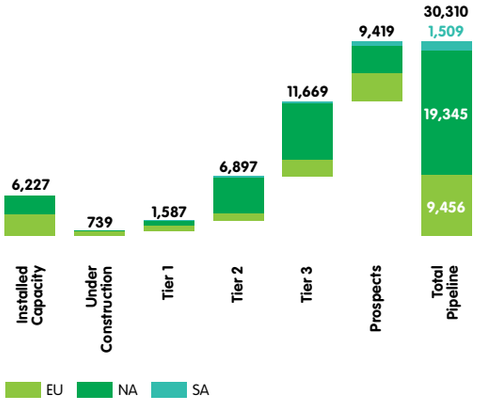
2009 EDP Renováveis
Quarterly Load Factor by Platform (%)



2009 was characterized by particularly volatile quarters with poor wind quality during 2Q and 3Q specially when compared to 2008 historical highs. EDP Renováveis' diverse and geographically dispersed portfolio of wind farms enables a mitigation lever for wind volatility. An example, EDP Renováveis prime assets in the Spanish market, allows the company to continuously deliver premium load factors, when compared to its market peers.

Finally, the portfolio of projects (segmented in pipeline and prospects) under development to fuel future growth was, at year end 2009, circa 30.3 GW.

EDPR 2009 Portfolio (Installed Capacity and Pipeline)
(Gross MW)



NEW INITIATIVES

EDP Renováveis has proven its ability to selectively identify, enter, and successfully integrate projects into new markets (such as Italy and UK) to foster growth and diversify its portfolio.

ITALY[3]

In January 27, 2010, EDP Renováveis acquired 85% of Italian Wind SRL from Co-Ver Group, adding to its portfolio several wind projects in prime locations of Italy totaling 520 MW in different stages of maturity.

Gross MW	installed capacity	under construction	tier 1	tier 2	tier 3	prospects
Italy	0	0	0	108	98	314

Through this transaction, EDP Renováveis not only acquired a quality pipeline in Italy, but also incorporates a team with strong local expertise and track record in the Italian renewable sector, with an accumulated experience in the construction and development of wind farms in that country.

The entry in the Italian market allows EDP Renováveis to be exposed to one of the most attractive markets in Europe given its strong regulatory framework, enabling the company to selectively diversify its growth options and expand its European footprint.

The Italian market offers a high growth potential due to its current stage of development. With 4.9 GW of wind installed capacity in 2009 (+1.1 GW versus 2008), Italy is considered to be one of the most promising wind markets in Europe. The approved renewable obligation quota set by the government requires, by end of 2009, 5.3% of the electricity supplied to be sourced from renewable technologies, escalating to 7.6% by 2012. This represents an estimated installed capacity of 10.5 – 13.5 GW by 2012.

Regarding the remuneration scheme a green certificate is in place, where renewable generators receive tradable green certificates for the first 15 years of operation in addition to the electricity price. In 2009, the average market price was €152/MWh, of which €64/MWh related to the average electricity market price and €88/MWh related to the average green

[3] Sub sequential event to 2009 year-end (transaction closed on January 27, 2010)

business analysis

certificate market price. The average national long-term working hours is approximately 1,775, equivalent to a load factor of 20%. EDP Renováveis expects to deliver a 3-4% premium load factor from its wind farms as a result of its prime locations and wind farm experience.

EDP RENOVÁVEIS' OFFSHORE ACTIVITIES[4]

EDP Renováveis' first step in the offshore renewable energy industry started in 2008 when we expressed interest to participate in the "UK Round 3" tender. The UK Round 3 tender, hosted by the Crown Estate, has the goal to achieve 32 GW of offshore wind power delivered by 2020.

During 2009, EDP Renováveis partnered with local developer SeaEnergy Renewables and incorporated Moray Offshore Renewables Ltd. (MORL), and obtained the exclusive rights to develop 1.3 GW in one of the nine zones tendered by the Crown Estate. The zone awarded to MORL is located in the Moray Firth, approximately 25km off the Scottish coast. EDP Renováveis is in the process of setting up its office in Edinburgh, where it will house the core of its offshore skills.

The UK is currently the market leader in offshore wind power installation. Such leadership is the outcome of government support, excellent wind resource and suitable site conditions (i.e. shallow waters). Additionally, the UK's expertise acquired in the last 30 years of oil and gas offshore exploration in the North Sea is a real asset that the wind offshore industry is leveraging on. Therefore, EDP Renováveis continues to prospect opportunities in the UK arising from the existing pipeline of projects resulted from previous tender rounds: Round 1, Round 2 and Scottish Territorial Waters.

UK Round 3
9 Zones Tottaling Up To 32 Gw

R&D

Beyond the commercial activities, EDP Renováveis supports EDP Inovaçao (EDPI) in developing a pilot project to deploy a wind turbine installed on a floating structure off the Portuguese coast. The floating structure is a patented technology named Windfloat owned by Principle Power, with whom EDPI has a memorandum of understanding, providing privileged access to the technology.

EUROPE

Introduction

EDP Renováveis' European activities are conducted through NEO Nuevas Energías del Occidente ("EDPR EU").

Electric wind energy generation has been increasing in Europe for the past decade. The 2009 EU Renewable Energy Directive aims to increase the share of renewable energy in the EU from 8.6% in 2005 to 20% in 2020. This robust growth shows the strong commitment of European countries in supporting clean and renewable energy sources as one of the paths to ensure a sustainable development.

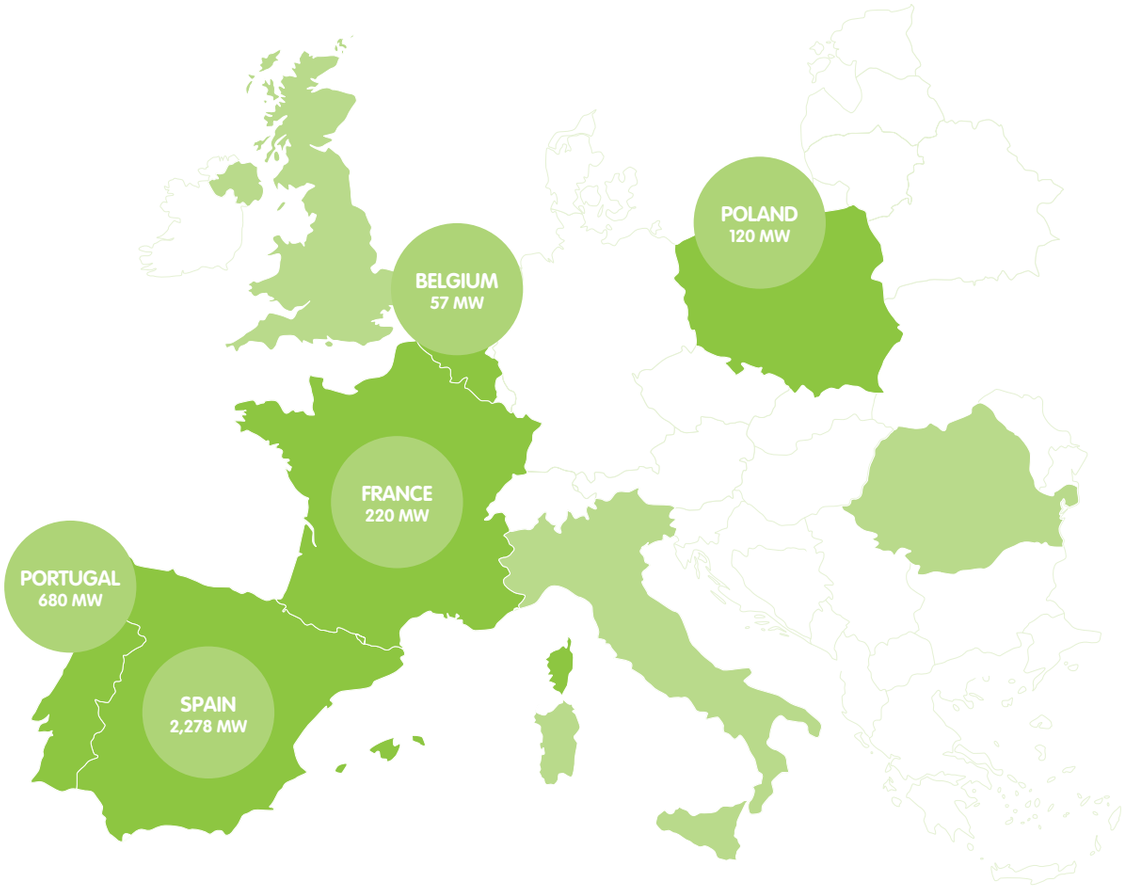
To date, EDPR EU has established its strengths not only through the development of greenfield pipeline projects but also through a very selective entry strategy into new markets via acquisition of early stage pipeline and a successful integration of teams within the local markets.

Based in Madrid, Spain, by the end of 2009 EDPR EU was post through 16 offices throughout Spain, Portugal, France, Belgium, Poland, Romania, UK and Italy with more than 365 employees.

Key achievements of EDPR EU during 2009:

- EDPR EU increased gross installed capacity from 2,894 MW in 2008 to 3,355 MW in 2009, representing a 16% growth.
- EDPR EU started the construction of its first wind farms in Romania, Cernavoda and Pestera with a gross installed gross capacity of 228 MW.
- In December EDPR EU commissioned Margonin wind farm in Poland with an installed gross capacity of 120 MW being the largest wind farm in the country and one of the largest in Europe.
- EDPR EU was awarded 152 MW for the Asturias tender in 2009. EDPR EU also presented requests in the Cantabria tender and is waiting for the notification of new tenders in other communities such as Aragon, Catalonia and Castile-La Mancha.
- EDPR EU obtained the exclusive rights to develop 1.3 GW in Moray Firth, one of the nine zones tendered by the Crown Estate in Round 3 to achieve 32 GW of offshore wind power delivered by 2020.
- As a sub-sequential event, in January 27, 2010, EDPR EU added Italy to its portfolio, introducing not only high quality pipeline and a team of top tier expertise but also a very attractive market.

[4] Sub sequential event to 2009 year-end (transaction closed on January 11, 2010)

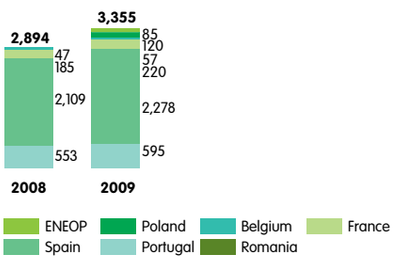


In addition to the wind energy operations, EDPR EU also operates a number of mini-hydro power plants in Spain with an aggregate installed capacity of 11 gross MW and 3 GWh of production during 2009.

Installed Capacity and Pipeline

By 2009 year-end, the European platform had an installed gross capacity of 3,355 MW representing 54% of EDPR's total gross capacity.

EDPR EU Evolution of Installed Capacity (Gross MW)

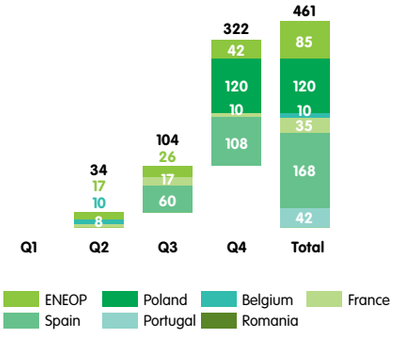


Note: 11 MW of Mini Hidro not included in chart.

From 2006 till 2009, EDPR EU increased its gross installed capacity by 1,787 MW which represents a CAGR of 29%.

Following a typical construction pattern, most of the capacity additions of 2009 were made during the fourth quarter of the year.

EDPR EU 2009 Additional Capacity (Gross MW)

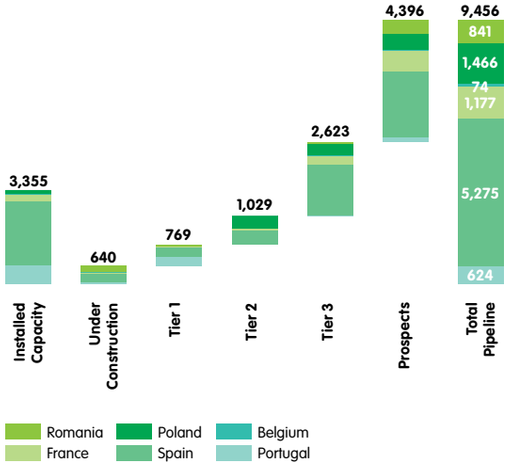


Note: 11 MW of Mini Hidro not included in chart.

business analysis

At the end of 2009 the total portfolio of EDPR EU reached 12,812 gross MW including 3,355 MW of gross installed capacity, 640 MW under construction and 8,816 MW of pipeline (including prospects) in various stages of development:

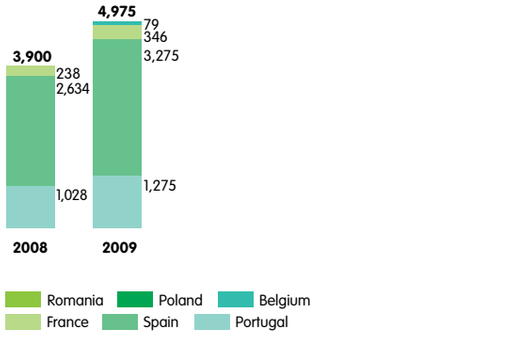
EDPR EU 2009 Portfolio (Installed Capacity & Pipeline) (Gross MW)



Operational performance

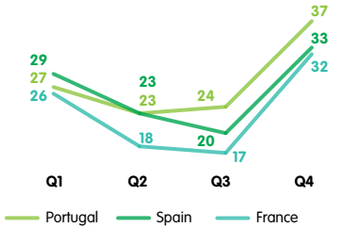
EDPR EU's energy output grew 28% year-on year continuing a consistent growth pattern, reaching 4,975 GWh in 2009, versus the 3,900 GWh from 2008.

EDPR EU Evolution of Annual Generation (EBITDA GWh)



The growth in generation reflects the growth in installed capacity but also 1) a top tier operational readiness with 97% average availability of the entire portfolio and 2) an average load factor of 26%, reflecting the premium delivered by EDPR. Although 2009 was relatively volatile on a quarterly basis, the exceptionally high load factor during the 4Q enabled EDPR to maintain it versus 2008.

2009 EDP Renováveis EU YoY NFC by Region (%)

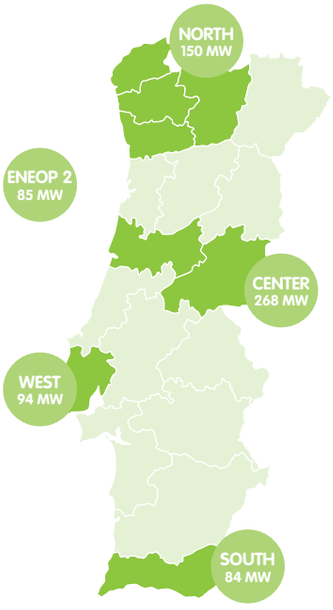


PORTUGAL

The year of 2009 was focused on the execution of EDPR EU's Portugal construction targets and in the development of ENEOP2 projects.

The instrumental society, ENEOP2, represents a total portfolio around 1,200 MW, of which 480 MW represents EDPR EU's 40% stake in the consortium. As of the end of 2009, there were 85 MW of installed capacity and 53 MW under construction.

Installed Capacity and Pipeline



The total installed capacity at year end was 680 gross MW representing a 23% increase from the 553 MW figure reached by the end of 2008.

EDPR EU Portugal
Evolution of Installed Capacity (Gross MW)

In 2009, EDPR EU had in Portugal a total gross portfolio of 1,304 MW, 52% of which are already installed and 48% are under construction or in development.

By the end of 2009, pipeline (including prospects) reached 571 MW:

Gross MW	installed capacity	under construction	tier 1	tier 2	tier 3	prospects
Portugal	680	53	344	18	9	200

In 2009 EDPR EU in Portugal increased its wind output to 1,275 GWh, 24% more in comparison to 2008, following the increase in installed capacity year-on-year.

EDPR EU Portugal
Evolution of Annual Generation (GWh)

Operational performance

EDPR EU benefits from a superior quality asset base both in regard of load factors and availability, as a result of being a first-mover in the Portuguese wind energy market. That provided the company not only with an advantage in securing the best locations, but also through the development of an unmatched expertise in the Portuguese utility context, due to highly experienced maintenance teams.

In 2009, EDPR EU in Portugal achieved a load factor of 28%, clearly above the 2008 figure of 27%.

EDPR EU Portugal
Annual Load Factor (%)

Regarding availability, EDPR EU maintained its high level, achieving an average of 96% in 2009.

Energy Sale Price / Tariff

In 2009, EDPR EU sold 1,275 GWh at an average price of €94/MWh. This resulted in a 25% rise in revenues to a total of €120 million from the 2008 figure of €96M. This was mainly driven by the increase in production as the average energy price stayed flat from 2008 to 2009.

Relevant facts/topics

On the organizational side, 2009 was characterized by the consolidation of processes, aligning EDPR EU Portugal with the entire EDPR EU organization; thus fostering efficiency and effectiveness.

SPAIN

Spain is one of the most mature wind energy markets in the world where, during 2009, the relative weight of wind energy generation reached 13% of the total energy generation.

Installed Capacity and Pipeline

By the end of 2009, EDPR EU Spain total installed capacity reached 2,278 gross MW. EDPR EU wind farms in Spain are distributed by the several regional communities and with a noticeably above average net capacity factor.

business analysis

In 2009 EDPR EU installed 169 gross MW representing an 8% increase over 2008. This increase in gross installed capacity was achieved in large part due to a successful development of greenfield and other early stage projects.

EDPR EU's current wind farm portfolio in Spain includes 2,278 gross MW of installed gross capacity and 5,275 MW in construction and development.

EDPR EU Spain
Evolution of Installed Capacity (Gross MW)

On top of the 308 gross MW under construction, by the end of 2009, EDP Renováveis had in Spain 4,967 MW of projects in various stages of development.

Gross MW	installed capacity	under construction	tier 1	tier 2	tier 3	prospects
Spain	2,278	308	320	485	1,822	2,341

Operational Performance

Energy output from wind farms in Spain reached 3,275 GWh, a 24% increase over 2008.

EDPR EU Spain
Evolution of Annual Generation (GWh)

EDPR EU continually strives to improve its operational efficiency by increasing the in sourcing of key capabilities and improving the process quality control, resulting in improved availability levels and load factors. EDPR EU's full year load factor in Spain for 2009 was 26%, which is 150 bps above the Spanish average market for 2009 and in line with the 2008 figure.

EDPR EU Spain
Annual Load Factor (%)

Regarding availability, EDPR EU's assets in Spain continued to maintain its high level/ top notch performance, reaching an average availability of 97%.

Energy Sale Price / Tariff

The electric pool market prices in Spain fell during 2009. This reduction explains the decrease in the average energy prices from €102/MWh in 2008 to €84/MWh in 2009. Nevertheless EDPR EU's proactive hedging policy generated an increase in revenues of €19 million.

Other relevant facts/topics

During 2009, Santiago (Galicia) and Albacete (Castile-La Mancha) offices moved to Technological Clusters, in order to fulfill EDPR EU commitment toward the sustainable development of these communities. EDPR EU also reinforced its presence in Catalonia at the end of 2009, with 140 gross MW in operation and 118 MW under construction.

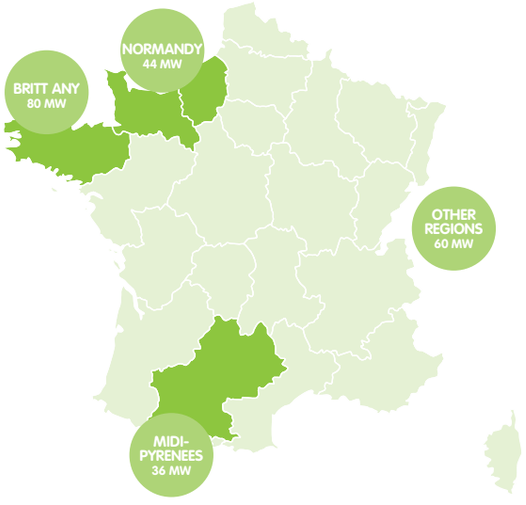
FRANCE

Electricity production in France is dominated by nuclear energy which amounts approximately to 80% of total generation capacity.

In order to have a diversified energetic mix, France has been developing policies aimed at promoting and increasing the share of renewable energy, namely wind.

In September 2009, EDP Renováveis inaugurated the new offices in Paris near Bercy, serving as the local headquarter to the French and Belgium wind markets.

During 2009, EDPR EU started the construction of Le Mee wind farm (18 MW) and continued the construction of Vallée du Moulin wind farm (30 MW).



Installed Capacity and Pipeline

By the end of 2009, EDPR EU added 35 gross MW to the 185 MW already in operation in France totaling 220 MW of gross installed capacity.

EDPR EU France
Evolution of Installed Capacity (Gross MW)

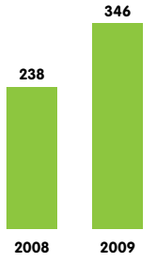
At the end of 2009, EDP Renováveis' French pipeline was composed of projects in the following development stage:

Gross MW	installed capacity	under construction	tier 1	tier 2	tier 3	prospects
France	220	39	49	70	294	726

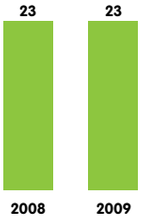
Operational Performance

EDPR EU had an energy output in France of 346 GWh. This figure represents an increase of 45% over 2008. The expressive year on year growth resulted from the combined effect of an increase in capacity and a higher load factor.

EDPR EU France
Evolution of Annual Generation (GWh)



EDPR EU France
Annual Load Factor (%)



Energy Sale Price / Tariff

The average tariff for EDPR EU France wind farms was €87/MWh in 2009. The increase of 18% over the 2008 price, €71/MWh, can be explained by the trial period where more installed MW received a reduced tariff.

BELGIUM

During 2009, EDPR EU installed 10 gross MW in Belgium, representing an increase of 21% over the 2008 installed base. At the end of 2009, EDPR had 57 MW of gross installed capacity in Belgium.

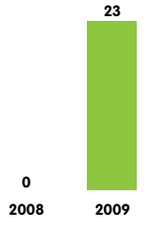
EDPR EU Belgium
Evolution of Installed Capacity (Gross MW)

Production for the wind farms in Belgium reached 79 GWh with a load factor of 23%.

EDPR EU Belgium
Evolution of Annual Generation (GWh)

business analysis

EDPR EU Belgium
Annual Load Factor (%)



At the end of 2009, EDP Renováveis' pipeline and prospects in Belgium were composed as follows:

Gross MW	installed capacity	under construction	tier 1	tier 2	tier 3	prospects
Belgium	57	13	0	0	37	25

POLAND

EDP Renováveis entered the Polish market in December 2007 with the acquisition of RELAX Wind Parks portfolio, which included 1,022 MW of wind projects under development. With this acquisition, EDPR EU made its entrance into the market and became one of the largest players in the renewable energy sector in Poland.

2009 was a year of growth and consolidation of the operations in Poland, namely through the completion of construction and commissioning of the 120 MW Margonin wind farm and through the increase and continuous development of pipeline. By the end of 2009, EDPR EU increased its portfolio in Poland to 1,586 gross MW (27% increase), of which 120 MW are in operation.

EDPR EU Poland
Evolution of Installed Capacity (Gross MW)

The completion of construction and commissioning of the Margonin wind farm is key to the consolidation of the Polish operations, not only for the value it brings to EDPR EU asset base, but also for the symbolic value it entails. It is EDPR EU's first operating asset in Poland, the largest wind farm in the country and one of the largest in Eastern Europe. Construction started in 2008, and its completion complied with EDPR EU's self-imposed deadlines, which confirms capacity to deliver and execute, both in the construction and in the development stages.

By the end of 2009, EDPR EU's pipeline in Poland increased from 1,288 MW at the end of 2008 to 1,586 MW at the end of 2009, representing an increase of 298 MW or 23%. This was accomplished through reinforcement of project pipeline, complemented with steady advances in the development of existing projects.

At the end of 2009, EDP Renováveis pipeline and prospects in Poland reached 1,466 MW structured as follows:

Gross MW	installed capacity	under construction	tier 1	tier 2	tier 3	prospects
Poland	120	0	0	456	406	604

ROMANIA

On October 17, 2008 EDPR EU acquired 85% of Renovatio Power SRL and Cernavoda Power SRL, which own several wind projects in Romania totaling 736 MW in different stages of maturity. By the end of 2009, EDPR EU's portfolio in Romania increased to 841 gross MW, including 228 MW under construction and 613 MW in different stages of development.

During the 3rd quarter of 2009, EDPR EU started the construction of 228 MW: Cernavoda with 138 MW and Pestera with 90 MW.

In addition to advancing Pestera and Cernavoda wind farms to the construction stage, several other projects were significantly developed.

At the end of 2009, EDPR EU's pipeline in Romania was structured as follows:

Gross MW	installed capacity	under construction	tier 1	tier 2	tier 3	prospects
Romania	0	228	57	0	56	500

NORTH AMERICA

Introduction

EDP Renováveis North American activities are conducted through its US operating subsidiary, Horizon Wind Energy ("EDPR NA").

To date, the NA business has established its strength through the development of greenfield and early stage pipeline projects. This has meant the expansion in the U.S. has been largely "organic".

Based in Houston, Texas, EDPR NA, by the end of 2009, owned and operated 22 wind farms in 9 states with an aggregate capacity of 2,859 gross MW. In addition, it had 19,345 MW of wind projects in various stages of development across the country, 99 MW of which are under construction. At the end of 2009, EDPR NA had 303 employees, 21 offices, and a presence in more than 24 states.

Key achievements of EDPR NA during 2009:

- EDPR NA installed 700 MW of gross capacity in 2009, with an additional 99 MW of capacity under construction at year end.
- 2009 also saw growth in the EDPR NA pipeline of projects, increasing 13.9% over 2008, reaching a total 15,092 MW of pipeline and 4,154 MW of wind prospects by year end.

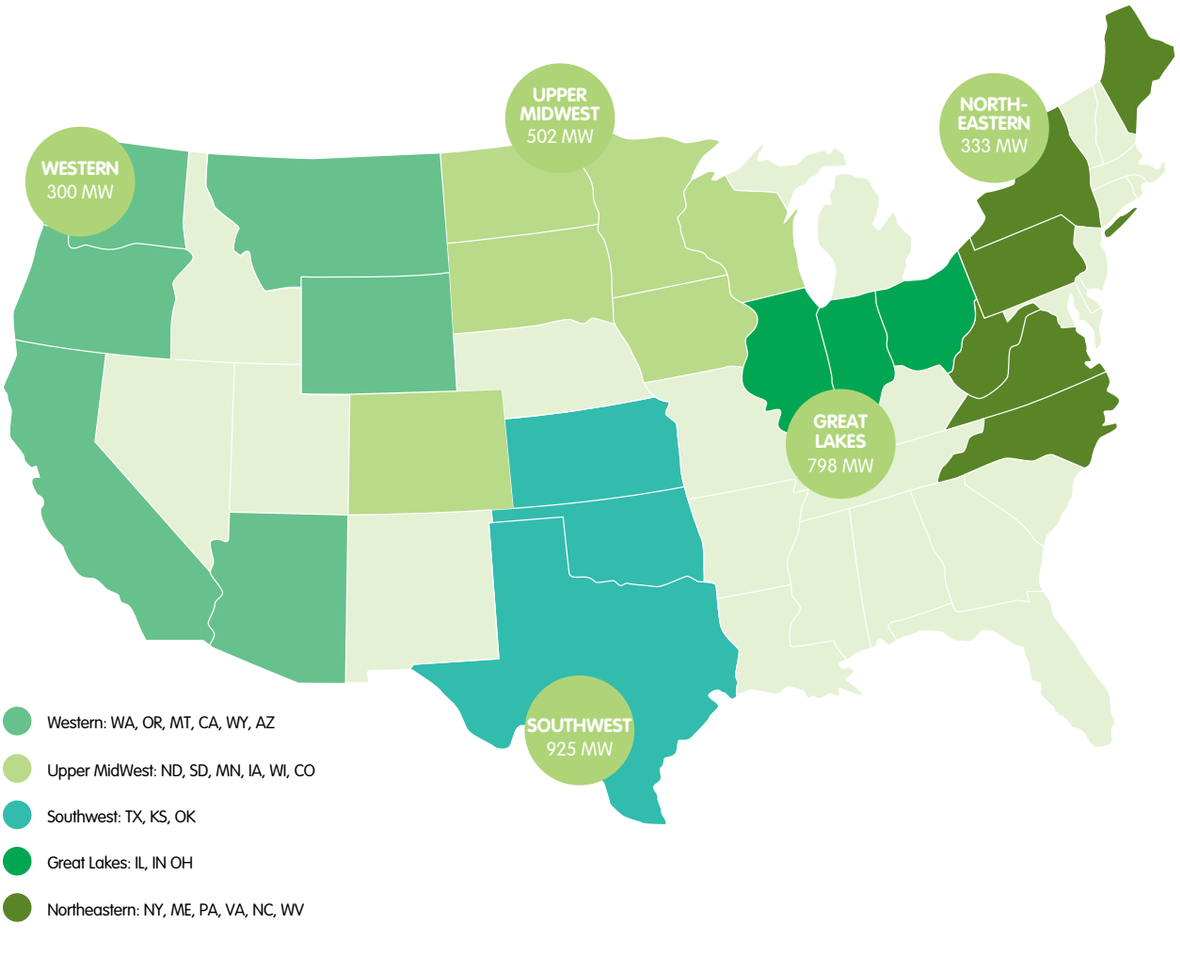
- During 2009, EDPR NA managed to sign Power Purchase Agreements (PPA) despite a difficult market environment in the second half:
  - 15-year PPA with AmerenUE to sell renewable wind energy from the 102.3 MW second phase of its Pioneer Prairie Wind Farm in Iowa.
  - 20-year PPA with the Public Service Company of Oklahoma to sell renewable wind energy from the 99 MW Blue Canyon V Wind Farm in Oklahoma.
- In 2009, the United States Department of Treasury approved and funded a total of $278 million cash grant applications relative to Wheat Field (99.6 MW), Rail Splitter (100.5 MW), Meadow Lake I (199.65 MW), and Top Crop I (102 MW).
- EDPR NA structured and established a new institutional partnership structure in the US where institutional equity financing was received in exchange for a partial interest in its wind farm and access to the cash grant. The first deal closed where $101.9 million of institutional equity financing from JPM Capital Corporation was exchanged for a partial interest in the 100.5 MW Rail Splitter wind farm project installed in June 2009 in Illinois. EDP Renováveis partnered again with JPM Capital Corporation on the Lost Lakes wind farm for $90.9 million of institutional equity financing in exchange for a partial interest in the 101 MW Lost Lakes wind farm installed in December 2009 in Iowa.
- Throughout the year, EDPR NA further demonstrated its ability to secure financing by partnering with GE Energy Financial Services, a unit of GE in separate deals. In the first deal, GE Energy Financial Services invested $117 million in the 99 MW Blue Canyon V wind farm in Oklahoma via a traditional PTC institutional partnership deal. In the second deal, GE Energy Financial Services invested $111 million to join a previously existing partenership, Vento III, which consists of three wind farms, totaling 604 MW: Rattlesnake Road (103 MW), in Oregon; Meridian Way (201 MW), in Kansas; and Pioneer Prairie (300 MW) in Iowa.

Installed Capacity & Pipeline

As of 2009 year end, EDPR NA had 22 wind farms in operation with an aggregate capacity of 2,859 gross MW. In addition, it had 19,345 MW of wind projects in various stages of development across the country, 99 MW of which are under construction.

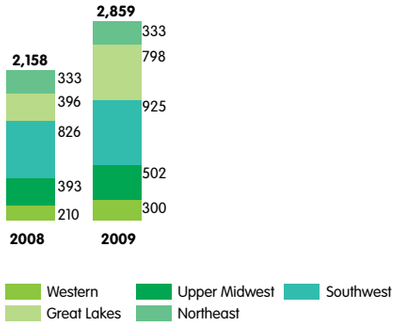
From 2008, EDPR NA has presented a CAGR of 32%, increasing its installed capacity from 2,158 gross MW at the end of 2008 to 2,859 gross MW at the end of 2009.

In 2009, EDPR NA continued to implement its ambitious construction program; below is the mapping of capacity throughout the US.



business analysis

EDPR NA Evolution of Installed Capacity (Gross MW)



EDPR NA added a new state in its operational portfolio through the completion of its first wind farm in Indiana, Meadow Lake I (199.65 MW). The current operational projects are now spread over the following nine states; Oregon, Minnesota, Iowa, Kansas, Oklahoma, Texas, Illinois, Indiana, and New York.

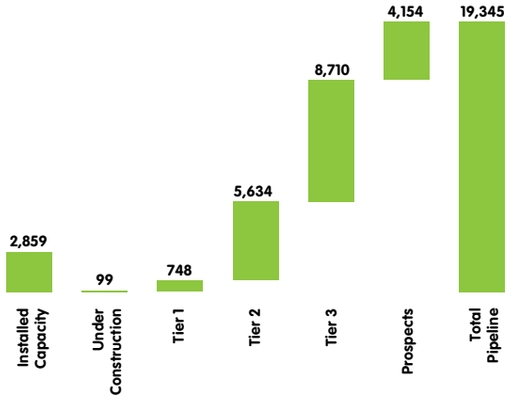
The distribution of EDPR NA's capacity across the country is a result of its commitment to have a more geographically diversified portfolio of operating projects, taking advantage of the different wind regimes and energy markets across the US.

As for 2009, EDPR NA completed the construction of 700 MW and achieved full commercial operation of 800 MW. These projects were located in Oregon, Oklahoma, Iowa, Illinois, and Indiana.

Additionally, the construction of Meadow Lake II with 99 MW in Indiana began in September 2009.

As of December 31, 2009, EDPR NA had a development pipeline of wind farm projects totaling 15.1 GW in 24 states, organized into 5 regions.

EDPR NA 2009 Portfolio (Installed Capacity & Pipeline) (Gross MW)



In 2009, the geographic footprint of EDPR NA's pipeline increased from 19 to 24 states, with more than 42% in tiers 1 and 2 at the end of the year, which provides a vital portfolio to support growth in the upcoming years.

Additionally, EDPR NA had 4,154 MW of prospects which demonstrate its strong development efforts and commitment to growing its pipeline of projects.

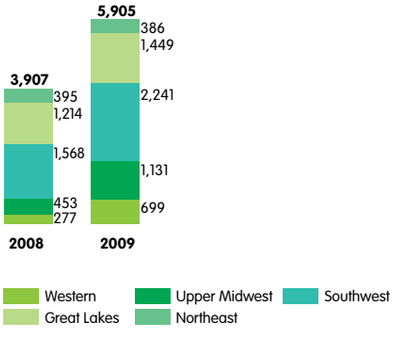
Operational Performance

EDPR NA's expansion of installed capacity has driven the increase in annual wind energy production 128 times in the last 4 years.

By 2009, EDPR NA generated a total of 5,905 GWh, representing a 51% growth in generation versus 2008. This is mainly the result of a full year of operations from projects completed in 2008 and the completion of the 2009 projects ahead of schedule.

Below is the generation for each region in 2009 and 2008:

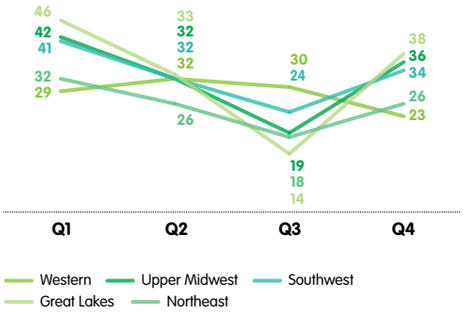
EDPR NA Evolution of Annual Generation (EBITDA GWh)



The Southwest region is the largest contributor in terms of generation with 2,241 GWh, representing 38% of the total in 2009. The Great Lakes region was the second largest contributor, with a total 1,449 GWh, representing 25% of EDPR NA's total generation on the whole. 2009 showed the typical seasonality of wind, with the summer months of the third quarter dropping to very low levels for almost all projects. EDPR NA's projects are spread across the various regions of the United States, decreasing the seasonality effect of any individual region; for example, the projects in the Western region generally experience higher winds in the summer months, decreasing the fluctuation from low summer winds common to the other regions.

The load factor of the US wind farms reached 32% in 2009 vs. 34% in prior year. The decrease in the average NCF results mainly from an overall lower wind resource throughout the country during 2009.

EDPR NA 2009 Quarterly Load Factors (%)



The average availability during the year was 93%, mainly affected by serial manufacturing defects in two of the recently built wind farms. These issues were completely resolved by the beginning of the fourth quarter, resulting in average availability during the quarter of 97%. Availability reductions are financially covered under the existing manufacturers' warranties and the credit is accounted as other operating revenues, which totaled $16.7 million.

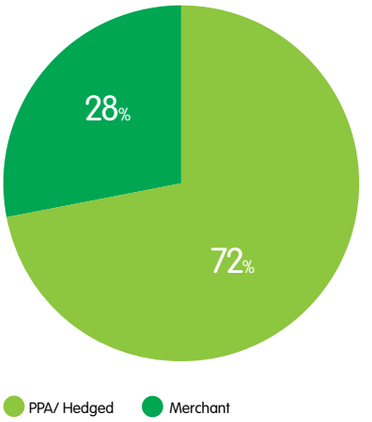
Energy Sale Price / Tariff

EDPR NA sells the electricity generated by its wind farms through Power Purchase Agreements (PPA), into the spot electricity market ("merchant sales"), and through long and short-term hedges.

Typically, merchant sales do not require the execution of power sales agreements; however, for a portion of the merchant sales, hedges were executed with the goal of fixing the sale price and therefore providing stability to the future cash flows.

The following graph summarizes EDPR NA capacity mix by type of energy sales structure:

EDPR NA 2009 Installed Capacity Mix by Energy Sales



EBITDA MWs	installed capacity	under construction
PPA/Hedged	1,888	
Merchant	735	99
Total	2,624	99

Of the total operational capacity, 72% is contracted under PPA or hedged, which provides the fleet with stable pricing conditions over the long term. Only 28% of the capacity is not contracted, representing limited exposure to price risk.

At the end of 2009, 34% of the capacity was contracted for terms of more than 15 years as summarized in the table below.

contract duration	% capacity
<10	**43**
10-15y	**23**
>15y	**34**

This mix of durations results in an average terms of 15 years.

During 2009, EDPR NA recorded total energy sales of $284 million, resulting in an average price of $48.2/MWh, which is a combination of $52.4/MWh for the PPA/Hedged production and $29.8/MWh for the merchant portion.

Additionally, EDPR NA recorded total revenues related to the existing Institutional Partnerships, which are composed of PTCs and other related revenues of $114 million.

SOUTH AMERICA

BRAZIL

To address a market with significant growth potential such as Brazil, EDPR created in June 2008 a joint venture with EDP – Energias do Brasil, called EDP Renováveis Brasil (EDPR SA).

Among EDPR SA actively prospects new promising possibilities and establishes fruitful partnerships, thus, representing the path to sustainably enroll the company in a growing future. On top of the creation of growth opportunities, EDPR SA runs two operating wind farms and is on track to start construction of 70 MW Wind Farm in the beginning of 2010.

Prospecting is focused in the North-eastern and Southern Regions of the country, due to its higher load factor, when compared to the rest of the country.

Key achievements of EDPR SA during 2009:

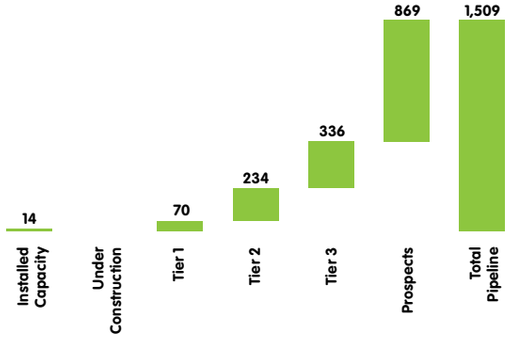
- In February 2009, EDPR SA has closed its first acquisition in Brazil, the CENAEEL, which has an installed operating capacity of 14 MW. This wind farm is one of the first with private equity and one of the first PROINFA projects in Brazil.
- Additionally, in July 2009, EDPR SA, in another M&A operation, bought 100% of the control of ELEBRÁS Projetos Ltda, with a portfolio of 533 MW, including a Tier I 70 MW Wind Farm, the Tramandaí Wind Farm.
- With a total pipeline of projects over 1,500 MW, in October 2009 EDPR SA submitted 254 MW to the Second Reserve Energy Auction, after the grant of Environmental License (Licenca Previa) for the 153 MW Linhares Project in the Espírito Santo State.

business analysis

- EDPR SA closed an agreement with ENERCON (Wobben Brazil) for the supply of wind turbines to the 70 MW Tramandaí Project and was granted a R$200 million bridge loan from Banco do Brasil.

Installed Capacity & Pipeline

EDPR SA 2009 Portfolio (Installed Capacity & Pipeline) (Gross MW)

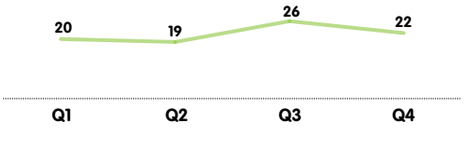


In addition to the 14 MW in operation, there are 70 MW from Tremandaí in a ready to build state (Tier 1) and 1,439 MW of additional pipeline in different stages of maturity.

Operational Performance

Regarding the performance of the operational assets, the wind farms of Àgua Doce and Horizonte (total of 14 MW) reached a total production of 26.2 GWh on the back of high availability levels and an average load factor of 22%.

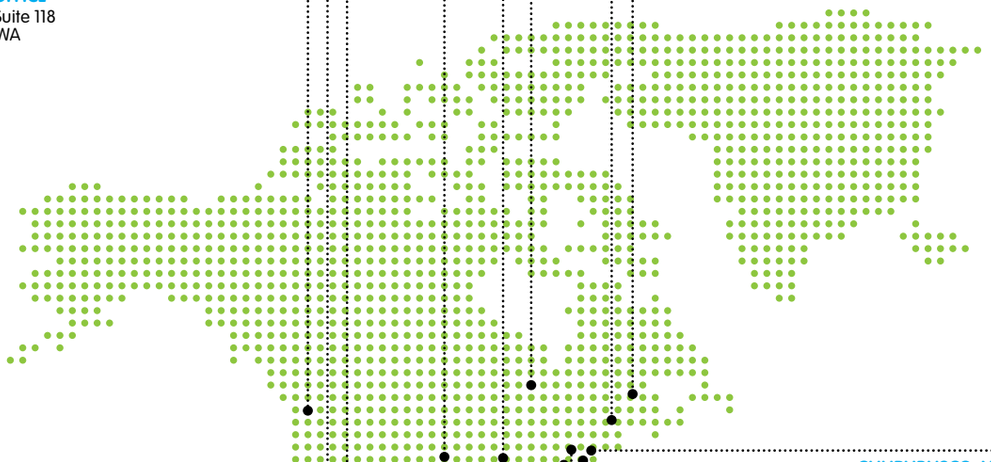
EDPR SA 2009 Quarterly Load Factor (%)



The quality of wind was influenced by the seasonality of Brazil, being the third quarter especially high, reaching levels of 26% Average tariff for the full year was R$259.67/MWh.


edp renováveis
edp renováveis

business analysis



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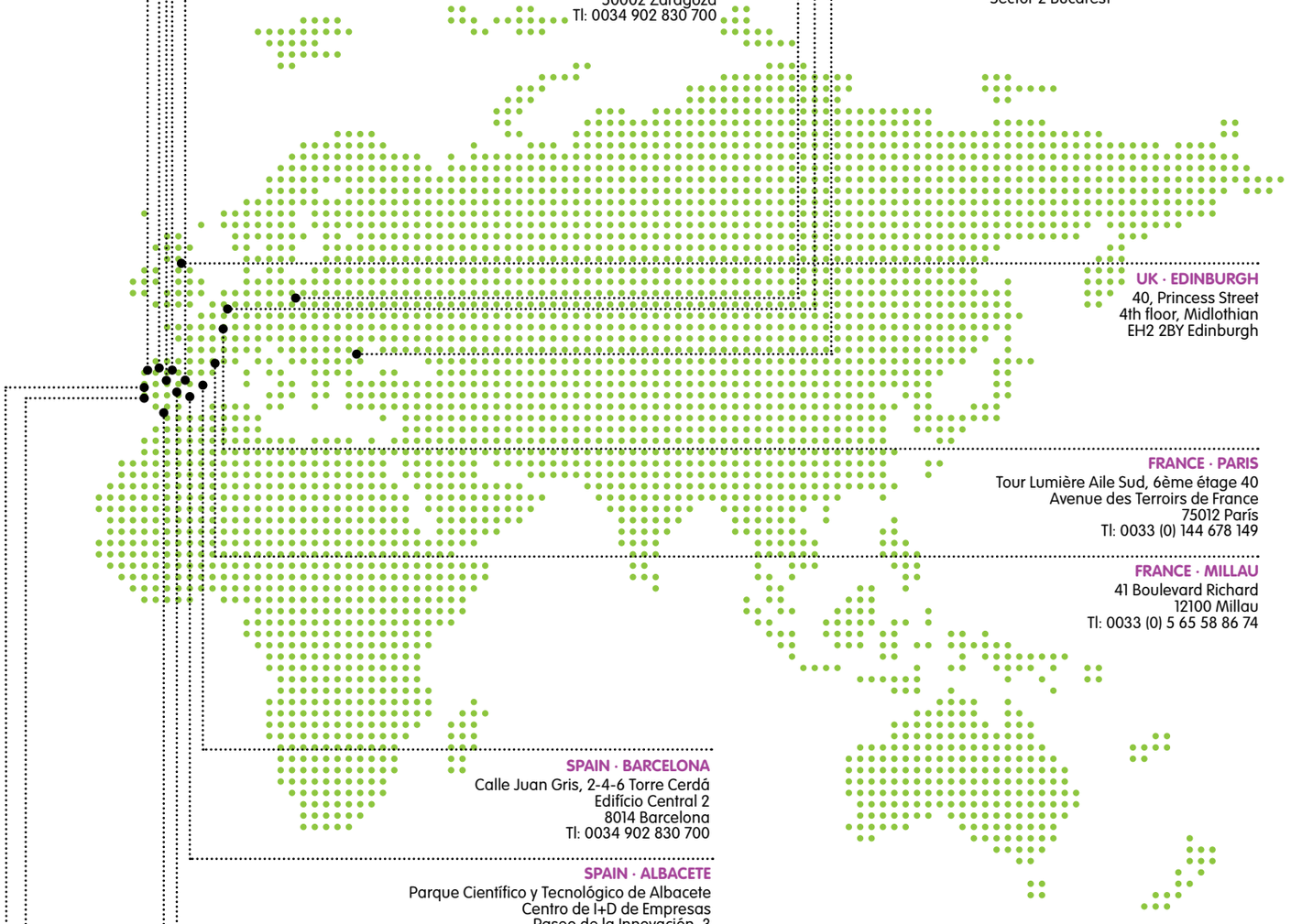

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financial analysis

financial analysis

1. EDP RENOVÁVEIS

The EDP Renováveis Net Profit reached 114.3 million euros in 2009, compared with 104.4 million euros in 2008.

Group's net profit grew 10%, benefiting from the strong gross profit and EBITDA performance, and the decline both on the financial costs and taxes.

Consolidated Income Statement (€m)	2009	2008	Δ%
Revenues	648	532	22%
Direct Activity Costs	-6	-12	49%
Gross Profit	**642**	**520**	**23%**
Other Income - sale of interests in institutional partnerships	83	61	35%
Adjusted Gross Profit	**725**	**581**	**25%**
Supplies and services	148	107	39%
Personnel costs	43	38	12%
Other operating costs (or revenues)	-9	-2	-481%
Operating Costs	**182**	**144**	**27%**
EBITDA	**543**	**438**	**24%**
EBITDA/Adjusted Gross Profit	75%	75%	-0pp
Provisions for risks and contingencies	0	-1	77%
Depreciation and amortisation	314	208	51%
Comp. of subsidised assets' depreciation	-2	-1	-245%
EBIT	**231**	**232**	**0%**
Capital gains / (losses)	0	2	-89%
Financial Income / (expenses)	-72	-77	6%
Income/(losses) from group and associated companies	4	4	-12%
Pre-tax profit	**163**	**161**	**1%**
Income taxes	-45	-49	9%
Discontinued Activities	0	0	-%
Profit of the period	118	112	5%
Equity holders of EDPR	**114**	**104**	**10%**
Minority Interests	3	8	-56%

Assets (€m)	2009	2008
Property, plant and equipment, net	8,635	7,142
Intagible assets, net	1,336	1,328
Financial Investments, net	60	53
Deferred Tax asset	28	22
Inventories	11	12
Accounts receivable - trade, net	106	83
Accounts receivable - other, net	637	512
Financial assets held for trading	37	36
Assets held for sale	0	1
Cash and cash equivalents	444	230
Total assets	**11,294**	**9,419**

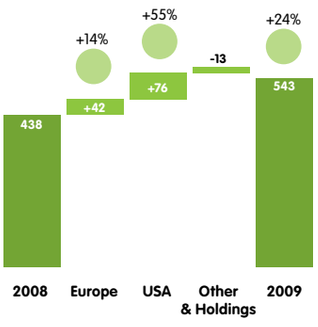
Equity (€ m)	2009	2008
Share capital + share premium	4,914	4,914
Reserves and retained earnings	192	89
Consolidated net profit attrib. to equity holders of the parent	114	104
Minority Interest	107	92
Total equity	**5,328**	**5,199**

Liabilities (€ m)	2009	2008
Financial Debt	2,673	1,462
Institutional Partnership	1,354	1,097
Provisions	67	51
Deferred Tax liability	343	317
Accounts payable - net	1,529	1,293
Total Liabilities	**5,966**	**4,220**
Total equity and liabilities	**11,294**	**9,419**

In 2009, EBITDA reached 543 million euros, compared with 438 million euros in 2008, which represents a 24% annual increase.

Gross Profit was up 25%, reaching 725 million euros, on the back of a higher electricity output to 10,907 GWh (+40% year-on-year), and the active risk management at EDPR's portfolio, which allowed for a reduction in the exposure to market price volatility. The good top-line performance together with the maintenance of efficiency levels achieved in the period, resulted in an EBITDA increase of 24% and an EBITDA margin of 75%.

EBITDA Growth Breakdown (€M)



In Europe, EDPR reached an EBITDA of 348 million euros in 2009, increasing 14% year-on-year, with EBITDA margin improving 0.9pp, vis-à-vis 2008 to 79.8%. Gross profit increased 12% year-on-year, to 436 million euros, given: i) the 28% increase in electricity output to 4,975 GWh; and ii) the stable load factor, unchanged at 26% in 2009; but iii) partly offset by an unfavorable pricing environment in the Spanish market. Operating costs increased 7% year-on-year to 88 million euros as a result from: i) the increase in supplies and services costs, on the higher O&M expenses due to the continuously strong business growth; being offset by ii) the reduction in personnel costs following the transfer of staff and provisions' adjustments; and iii) lower "other costs/(revenues)" due to the recovery of revenues to compensate the lower availability levels reported in 2009.

In the US, EBITDA reached 214 million euros, which represents a 55% YoY increase, benefiting from the Adjusted Gross Profit performance and the lower increase in the operating costs. Gross Profit grew 55% YoY to 204 million euros, reflecting the 51% growth in the electricity output, leveraged in the new 700 MW installed in the last 12 months and a steady year-on-year price behaviour.

CAPITAL EXPENDITURES

Capital expenditures in 2009 amounted to 1,846 million euros, of which 1,014 million euros in Europe and 826 million euros in United States, reflecting the conclusion of the construction of 1.2 GW and the 739 MW under construction.

Capex (€ m)	2009	2008
Spain	561	684
Portugal	102	85
RoE & other	351	123
Europe	1,014	893
USA	826	1,198
South America	6	-
Total	**1,846**	**2,091**

Out of the total capital expenditures along 2009, 607 million euros are solely related to capacity under construction and development at Dec-09, of which 65 million euros are related to turbine deposits.

It is important to highlight that total work in progress associated to capacity under construction and development amounted to €1,116, reflecting the capex already incurred with these projects, of which 752 million euros solely related to under construction activities.

As one can see in the Cash Flow Statement highlighted below, the strong capex program was mainly funded through the cash-flow generation, monetization of tax credits in the US and financial debt.

Consolidated Cash Flow (€ m)	2009
Net profit before minorities	**118**
Net depreciations, amortizations and provisions	312
Non cash and other adjustments	-107
Taxes	45
FFO (Funds from operations)	**368**
Net financial costs (cash)	50
Change in operating working capital	-25
Operating Cash Flow	**392**
Capex and financial investments	-1,963
Working capital related to property and equipment suppliers	116
Cash Grant	156
Net Operating Cash Flow	**-1,299**
Net financial costs (cash)	-50
Antecipated proceeds from institutional partnership in US wind farms	334
Other	-49
Decrease / (Increase) in Net Debt	**-1,064**

Following are the key cash-flow items that influenced change in net debt:

- Operating cash-flow of 392 million euros: i) cash flow after taxes and corrected by financial costs, of which the main non-cash items are related to the sale of interests in institutional partnerships; and ii) change in working capital of -25 million euros;
- Investing activities of €1.8bn reflecting the capital expenditures plus the financial investments adjusted by equipment suppliers' working capital and cash grant received in the US;
- Cash grants of 156 million euros (217 million dollars) received from the US Department of Treasury related to 398 MW, distributed between the Wheat Field (97 MW), Top Crop I (102 MW), Meadow Lake I (200 MW) wind farms;
- Net financial costs of 50 million euros: mainly related to net interest cost effective cash-out that was not capitalised and excluding institutional partnership financial costs (non-cash);
- Payments from institutional partnerships of 334 million euros (471 million dollars): related to the receivables from the second instalment of the Vento III deal (50 million dollars); from the sale of an additional stake of Vento III (111 million dollars); from an institutional partnership structure incorporating MACRS and the PTC at the Blue Canyon V wind farm (117 million dollars); and from institutional partnership structures incorporating the MACRS and the cash grant at Rail Splitter and Lost Lakes wind farms (193 million dollars).

All in all, Net Debt increased by 1,064 million euros reflecting the strong investment activities in the period related to the addition of new 1,175 MW and to the 739 MW under construction.

financial analysis

FINANCIAL DEBT

At the end of 2009, gross financial debt was 2,673 million euros in 2009, being 80% of it loans with EDP Group, which are made through a fixed rate for 10 years, while external debt with financial institutions is mostly related to project finances with a long-term profile.

EDP Renováveis' main source of funding is loans from EDP Group. Within the scope of the framework agreement between EDP Renováveis and EDP, the company has entered into several financing agreements with EDP, including loans agreements and current account agreements.

Net Debt (€ m)	2009	2008
Bank Loans and Other	542	560
Loans with EDP Group Related Companies	2,132	902
Financial Debt	**2,673**	**1,462**

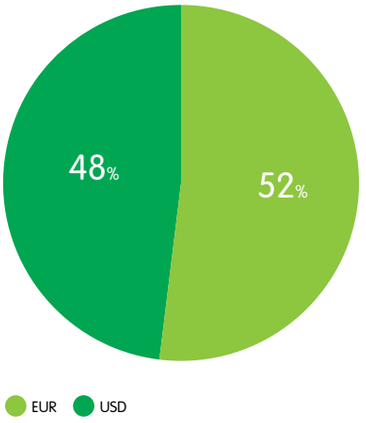
Consolidated Net Debt achieved 2,132 million euros in 2009, increasing from the 1,069 million euros by the end of 2008, mainly reflecting the capital expenditures in the period. Cash and cash equivalents include 444 million euros of cash and equivalents, 59 million euros of loans to EDP Group related companies and 37 million euros of financial assets held for trading.

Net Debt (€ m)	2009	2008
Bank Loans and Other	542	560
Loans with EDP Group Related Companies	2,132	902
Financial Debt	**2,673**	**1,462**
Cash and Equivalents	444	230
Loans to EDP Group Related Companies	59	128
Financial assets held for trading	37	36
Cash & Equivalents	**540**	**393**
Net Debt	**2,134**	**1,069**

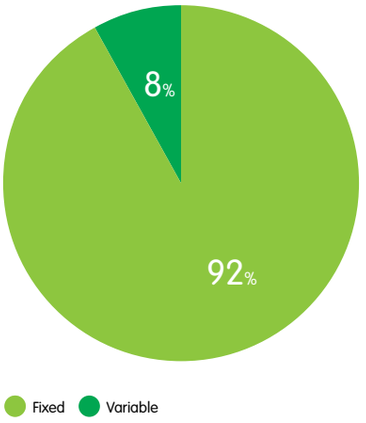
As of December 2009, 48% of EDP Renováveis' financial debt was in US Dollars, reflecting the investments the company has done in the US. EDP Renováveis finances itself in US Dollars for the North-American investments, reducing its financial exposure to forex changes. Dollar denominated debt was fully contracted with EDP.

92% of EDP Renováveis' 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.

Financial Debt by Currency



Financial Debt by Type



INSTITUTIONAL PARTNERSHIPS

In order to fully utilise tax benefits available to EDP Renováveis 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)	2009	2008
Institutional Partnership Liability	1,354	1,097
(-) Deferred Revenue	-434	-202
(-) Restricted cash	-85	-43
Adjusted Institutional Partnership Liability	**835**	**852**

Liabilities referred as institutional partnerships in the US decreased to 835 million euros in 2009 from 852 million euros in 2008 reflecting the amortization of this liability and the benefits already taken by the institutional investors, as well as the positive impact by forex translation. These two effects were

offset by the new institutional partnerships closed throughout 2009. The non-current deferred revenue is related to tax credits already benefited by the institutional investor and to be recognized in the P&L in the future.

EDPR successfully established several tax credit structures in 2009:

- 50 million dollars were received in 1Q 2009 related to the second instalment of Vento III institutional equity structure. Vento III was structured in December 2008 for 604 MW owned by EDPR in the US, comprising the Rattlesnake, Pioneer Prairie and Meridian Way wind farms, on which 215 million dollars had already been previously funded in 2008 by JP Morgan and New York Life.

- 102 million dollars received in September 2009 related to the institutional equity financing from JPM Capital Corporation in exchange for an economic interest in the Rail Splitter wind farm (101 MW). The institutional equity agreement provides the investor with access to the accelerated asset depreciation (MACRS) benefits and to the cash grant.

- 228 million dollars received in October 2009 related to the signature of two institutional partnerships with GE Energy Financial Services ("GEFS"). Out of the total investment value, 111 million dollars refer to the sale of an additional stake of Vento III institutional equity structure and 117 million dollars are related to a partnership structure for the Blue Canyon V wind farm. The Blue Canyon V wind farm (99 MW) in Oklahoma has an expected load factor above 40% and a PPA with Public Service Company of Oklahoma already in place. Given the economics of the wind farm and pursuant to the American Recovery and Reinvestment Act of 2009, EDPR has elected to receive the related Production Tax Credit ("PTC") of the project and closed an institutional partnership structure with GEFS to optimize its fiscal efficiency and realize the associated tax benefits.

- 91 million dollars received in December 2009 related to the institutional equity financing from JPM Capital Corporation in exchange for a partial interest in the Lost Lakes wind farm (101 MW). The institutional equity investment will provide the investor with access to the accelerated asset tax depreciation (MACRS) benefits and to the cash grant.

NET FINANCIAL EXPENSES

Net financial expenses reflect mainly financial interests in loans with EDP Group and bank loans, and accrued costs with the Institutional Partnerships Liability.

Financial Results (€ m)	2009	2008	Δ%
Net interest costs	-87	-49	-80%
Institutional partnership costs (non cash)	-54	-44	-24%
Capitalised costs	75	39	91%
Other	-6	-24	76%
Total	**-72**	**-77**	**6%**

The financial costs were 72 million in 2009, 6% below the 77 million euros registered in 2008 reflecting lower non-interest related financial costs. Net interest costs and institutional partnership costs (non-cash) increased year-on-year on the back of higher average net debt and institutional partnership liability. Interest costs associated to the construction of the wind farms are being capitalized.

December 2009 average interest rate was 4.8%, above the 4.6% registered in December 2009 following an increase of the spreads contracted with EDP for the new debt.

2. EDP RENOVÁVEIS EUROPE

EDPR EU in 2009 increased its installed capacity by 376 MW, closing the year with 2,853 operating MW.

EDP Renováveis' EU, which MW are spread through Spain, Portugal, France, Belgium and Poland, reached a Gross Profit of 436 million euros, increasing 12.2% from the 389 million euros registered in 2008.

Electricity production in 2009 grew 28% vis-à-vis 2008 to 4,975 GWh benefiting from the current installed capacity of 2,853 MW (+376 MW year-on-year) and from the average load factor of 26%. Average selling price fell 11% to €87.2/MWh, influenced by a fall in price at the Spanish market.

The strong gross profit performance was driven by: (i) the 28% increase in electricity output to 4,975 GWh; and (ii) the stable load factor, unchanged at 26% in 2009; but partly offset by (iii) the unfavourable pricing environment in the Spanish market.

Operating costs increased 7% year-on-year to 88 million euros as a result from: i) the increase in supplies and services costs, on the higher O&M expenses due to the continuously strong business growth; being offset by ii) the reduction in personnel costs following the transfer of staff and provisions' adjustments; and iii) lower "other costs/(revenues)" due to the recovery of revenues to compensate the lower availability levels reported in 2009.

EBITDA reached the 348 million euros, increasing 14% from the 307 million euros achieved in 2008. An evolution benefiting from an enhanced gross profit and an efficient management of the operating costs.

Income Statement (€m)	2009	2008	Δ%
Revenues	441	401	10%
Direct Activity Costs	-5	-12	57%
Gross Profit	**436**	**389**	**12%**
Supplies and services	69	56	23%
Personnel costs	14	19	-26%
Other operating costs (or revenues)	5	8	-28%
Operating Costs	**88**	**82**	**7%**
EBITDA	**348**	**307**	**14%**
EBITDA/Adjusted Gross Profit	1	1	+1pp
Provision for risks and contingencies	0	-1	77%
Depreciation and amortisation	154	120	28%
Comp. of subsidised assets' depreciation	-1	-1	-17%
EBIT	**195**	**188**	**4%**

2.1. SPAIN

In Spain, installed capacity increased by 169 MW, which coupled with an above market average load factor led to a growth of 24.3% in electricity output to 3,275 GWh.

financial analysis

In accordance to the trend seen in last periods, in 2009 EDPR continued to deliver a premium load factor versus the market: +150 bps for EDPR, underlying the premium quality of the assets. The company's above average load factor is a clear competitive advantage, enabling to maximize the investment value.

EDPR's average price, achieved in the Spanish pool during 2009 stood at €35 /MWh, 44% lower than in 2008 (€62/MWh). Nevertheless, EDPR's selling price stood at a much steadier level, having decreased merely 17% on the decision to hedge its exposure to the pool price in 2009, through an active risk management of its portfolio. In 2009, EDPR benefited from forward selling contracts set at prices higher than the market (€47/MWh vs €35/MWh) for circa 2,000 GWh. Such strategy resulted in a 19 million euros gain against the falling pool prices. Out of 3,275 GWh generated in 2009 in Spain, 82% represent the amount of production protected through the hedging or by the floor price implicit in the market price and 18% correspond to the exposed production amount.

So, coupling the 2009 capacity additions, the above average load factors and the falling power prices that were partly offset by an active price risk management, gross profit grew by 3% to 273 million euros.

Operating costs increased by 38% to 48 million euros, reflecting the increase with O&M costs following the strong business growth.

All in all, EBITDA in Spain decreased 2.1% at 225 million euros, with EBITDA margin backing to 82.3%.

Income Statement (€m)	2009	2008	Δ%
Gross Profit	**273**	**265**	**3%**
Operating Costs	48	35	38%
EBITDA	**225**	**230**	**-2%**
EBITDA/Gross Profit	82%	87%	(4pp)

2.2. PORTUGAL

In Portugal, EDP Renováveis installed 42 MW in 2009, finishing the year with an operating capacity of 595 MW.

EDP Renováveis electricity production in Portugal increased by 24% to 1,275 GWh on the back of the new installed capacity and on the load factor increase to 28%.

Average electricity prices increased 1% year-on-year to €94.5/MWh. Portugal is a regulated market offering a stable feed-in tariff, and as a result, delivering strong and consistent remuneration levels.

This effect, together with the increase in the load factor and taking also into consideration the new MW installed in 2009, generated a gross profit of 123 million euros, resulting in a 26% increase vis-à-vis 2008.

Operating costs stood at 22 million euros in 2009, having remained stable when comparing to the previous year.

All in all, in 2009, EBITDA increased by 33% to 102 million euros, highlighting Portugal as an important contributor for EDPR's EBITDA growth.

Income Statement (€m)	2009	2008	Δ%
Gross Profit	**123**	**98**	**26%**
Operating Costs	22	22	-1%
EBITDA	**102**	**76**	**33%**
EBITDA/Gross Profit	83%	78%	+5pp

2.3. REST OF EUROPE

EDP Renováveis' countries in the Rest of Europe division comprise France, Belgium, Poland and Romania. At the end of 2009, EDP Renováveis has assets operating in France, Belgium and Poland, while in Romania it already started the construction of its first wind farms.

Installed capacity in Rest of Europe grew by 165 MW, with 35 MW being installed in France, 10 MW in Belgium and 120 MW in Poland. It is worth to highlight, despite not having yet contributed to 2009 production, the new 120 MW in Poland added a new geography to EDP Renováveis' operational capacity.

Electricity output increased by a solid 79% to 426 GWh, from 238 GWh in 2008, on the back of the strong year-on-year capacity increase. 2009 average load factor stood at 23%, in line with 2008, with the strong wind resource measured in the 4Q09 offsetting the below average values registered along the remaining periods of the year.

The final tariff increased to €89.7/MWh in 2009, having increased 27% year-on-year. This increase is a result from both a stable tariff at the French market (growing at an inflation type rate) and the increased weight of the Belgium market into the Rest of Europe portfolio, which benefits from a high tariff with low risk through long-term power purchase agreements (PPA).

Gross profit in the Rest of Europe increased in 2009 by an impressive 130% YoY to 39 million, as a result of a 79% increase in electricity generation along with a 27% average final tariff appreciation. EBITDA grew by 147% YoY reaching 27 million.

Income Statement (€m)	2009	2008	Δ%
Gross Profit	**39**	**17**	**130%**
Operating Costs	12	6	99%
EBITDA	**27**	**11**	**147%**
EBITDA/Gross Profit	69%	64%	+5pp

3. EDP RENOVÁVEIS NORTH AMERICA

EDPR NA had an installed capacity of 2,624 MW by the end of December 2009, 700 MW more than in the previous year. Electricity output went up 51% in 2009, reaching a total of 5,905 GWh, as a result from the strong increase of the installed capacity. Average load factor in the period reached 32%, being slightly below the expected average, mainly affected by a lower wind resource throughout the year.

The average electricity price in the period was $48.2/MWh, 1.6% lower than the 2008 figure due to i) the lower selling price achieved by the wind farms exposed to merchant prices; offset ii) by an 8.4% YoY increase to $52.4/MWh in the average electricity price on wind farms with PPA or hedged sales, reflecting the latest PPA signed in the US related to projects that started operations in the last 12 months.

In terms of other income from institutional partnerships, the 27% YoY increase is explained by the higher production benefiting from PTCs following the institutional partnership deals closed in the last 12 months. In 2009 EDPR raised 471 million dollars through these deals (including PTC tax equity structures and cash grant tax equity structures).

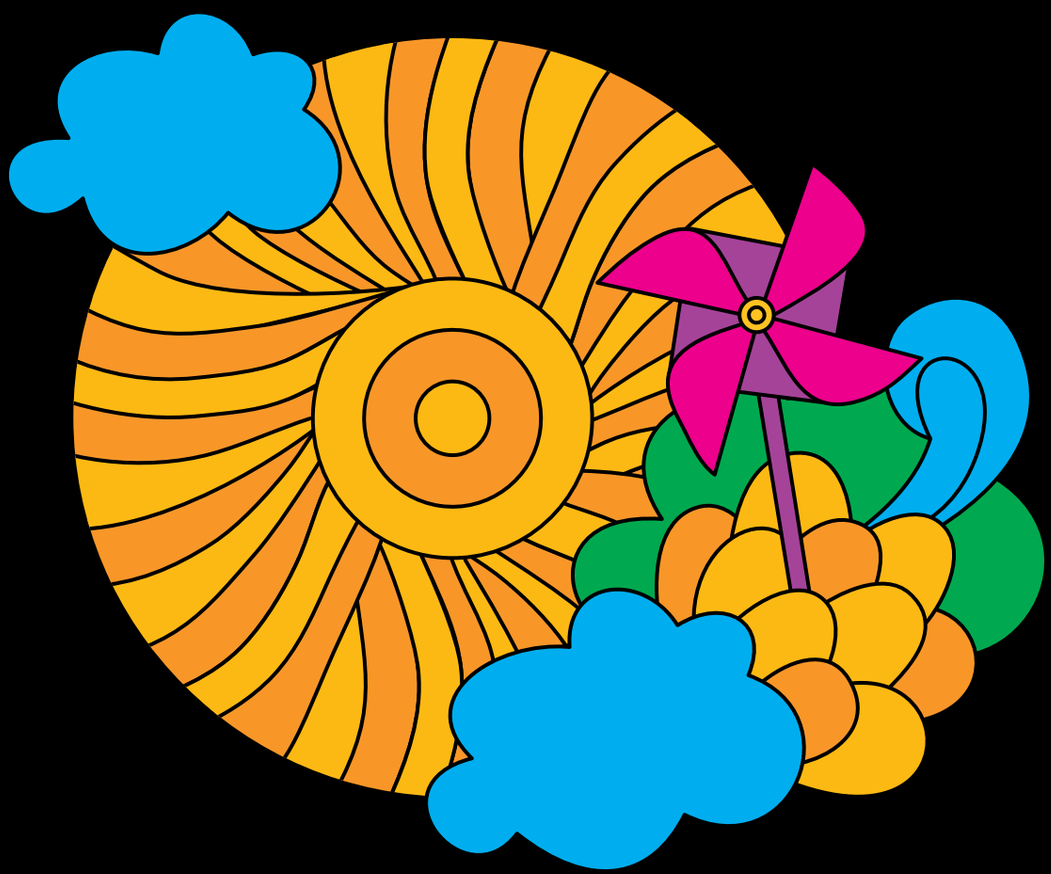
Gross Profit grew 46% year-on-year to 284 million dollars in 2009, reflecting the 51% growth in the electricity output, leveraged in the new 700 MW installed in the last 12 months and a steady year-on-year price behaviour.

Operating costs increased 25% to 100 million dollars, reflecting the strong business growth. Other "operating costs/revenues" were influenced by an amount of 17 million dollars related to an availability credit received from the turbine manufacturers to cover availability losses.

All in all, EDPR reached an EBITDA of 298 million dollars in 2009, which represents a 46% year-on-year increase, benefiting from the Adjusted Gross Profit performance (+40% year-on-year) and the lower increase in the operating costs (+25% year-on-year).

Income Statement ($m)	2009	2008	Δ%
Revenues	**284**	**195**	**46%**
Direct Activity Costs	-2	-1	-123%
Gross Profit	**283**	**194**	**46%**
Other Income - sale of interests in institutional partnerships	115	90	27%
Adjusted Gross Profit	**398**	**284**	**40%**
Supplies and services	91	67	36%
Personnel costs	29	27	10%
Other operating costs (or revenues)	-20	-14	-48%
Operating Costs	**100**	80	**25%**
EBITDA	**298**	**204**	**46%**
EBITDA/Adjusted Gross Profit	75%	72%	+3pp
Provision for risks and contigencies	0	0	-
Depreciation and amortisation	221	129	71%
Comp. of subsidised assets' depreciation	-2	0	-
EBIT	**79**	**75**	**6%**

sustainability



sustainability

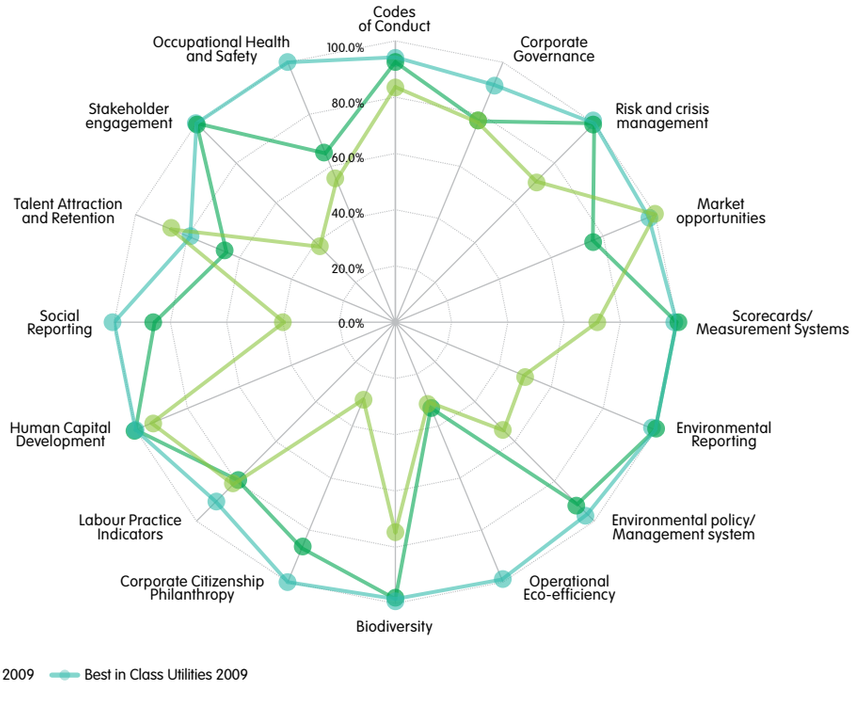
1. CORPORATE APPROACH

In 2009, EDP Renováveis conducted an assessment of its Sustainability practices, based on the SAM questionnaire, which serves as basis for the Dow Jones Sustainability Index. Through this analysis, it was possible to identify the company's strengths and key areas for improvement in the different areas of Sustainability.

EDP Renováveis current practices place the company at a 67.1% achievement of the analyzed criteria.

As a consequence, EDP Renováveis defined a set of actions and an ambitious plan for the next two years, to be able to rank itself among the world top companies in terms of sustainability. The goal is to achieve a score of 75% in 2010 and 80% in 2011.

By the end of 2009 , a Sustainability and H&S department was created in EDPR EU. In 2010 a Sustainability department will be created at Corporate Level, to support this function and the implementation of the above mention plan.



2. STAKEHOLDER ENGAGEMENT

EDP Renováveis engages every day with a large and heterogeneous group of stakeholders. The company works to ensure that it addresses all their concerns in terms of sustainability development and social responsibility.

The means by which the Company engages with it's major stakeholders are the following:

- Employees and other Internal Public – Training and evaluation, internal survey, intranet, magazine, Corporate TV, quarterly and annually meetings;
- Customers (mostly off takers) – Phone calls, regular in-person meetings, mailed and emailed term sheets, real time data feed, daily reports, Planned Outage Schedule, verbal and electronic updates, forecasting service, monthly settlement statement;
- Transmission operators – EDP Renováveis follows a set of queue instructions that vary by country and region, often including interaction with the transmission operator from the initial request to connect into their system to the start of power production;
- Suppliers – Permanent dialogue, to develop a transparent and cooperative relationship; in 2009 the Company launch a global and competitive RFP for wind turbines to be delivered post 2010;
- Investors – EDP Renováveis' Investors Relation department manage all contact with the company's investors, with frequent meetings, road shows, phone inquiries, quarterly and annual reports and presentations, etc;
- National and Local Public Authorities – interactions usually involve local permitting and property tax issues. These discussions vary by Country and region, and deal mostly with visual impact, noise, flora and fauna, local historical, archaeological or other protected sites, topographical and other site characteristics;
- Landowners – Development newsletters, phone calls, regular meetings, dedications to celebrate the wind farms once they go commercial;
- Community – Local presence, occasional town hall meetings and scheduled permit meetings and hearings;
- NGO's – Open conversation through the Company's Environmental Departments, website;
- Media – Regular press-conferences and press-releases, assessment studies, phone and regular meetings, website, Communication Department.

In 2010, EDP Renováveis intends to develop initiatives to strengthen the knowledge about its stakeholders, their concerns, and optimize the means to interact with all of them.

3. INNOVATION

Innovation in EDP Renováveis has been focused in two major components: operational efficiency and the follow-up of new renewable technologies.

OPERATIONAL EFFICIENCY

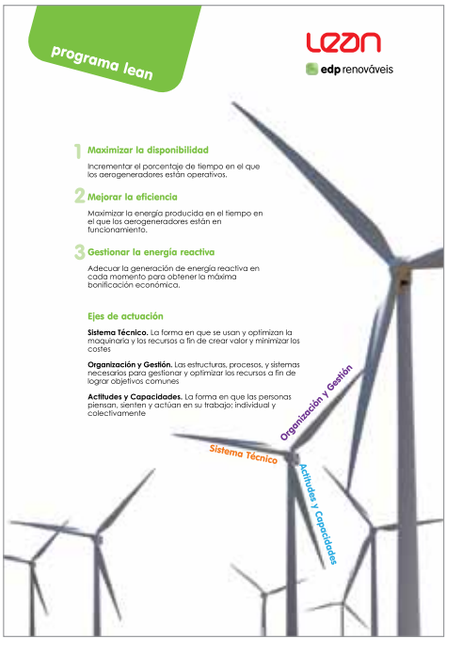
In April 2008, EDP Renováveis started a Lean program in order to innovate in the approach to increase the operational Efficiency.

The project implies a cross-cultural deployment of activities within the Company and involves almost every technical department in the company – Operation & Maintenance, Dispatching, Technology Energy Assessment and Construction.

Three major axes for a Lean approach were identified: availability, efficiency and reactive power management.

Since April 2008, the project has been implemented in 1500 MW in Iberia capturing nearly 2.5 million euros of value, and identifying an additional 8 million euros. In a second wave, the Lean program will be rolled out in EDP Renováveis remaining operational installed capacity.

In addition, all EDP Renováveis technical areas are working cross platform to develop a knowledge management system to identify and share best practices in order to improve operational and capital expenditures.



NEW RENEWABLE TECHNOLOGIES

EDP Renováveis signed in 2008 an agreement with EDP Inovação, EDP Group's R&D company, to support and cooperate in the analysis and follow up of new renewable technologies.

Through this agreement, EDP Renováveis closely follow the major development and advances in terms of new technologies, namely in Solar, Wind offshore and Waves, closely aligned with the Company Strategy.

In the context of this agreement, EDP Renováveis is supporting EDP Inovação in developing a pilot project to deploy a wind turbine installed on a floating structure off the Portuguese coast. The floating structure is a patented technology named Windfloat owned by Principle Power, with whom EDP Inovação has a memorandum of understanding, providing privileged access to the technology.

In the first day of 2010, EDP Renováveis jointly with SeaEnergy was awarded the development of 1,300 MW of wind offshore capacity in UK. With this achievement, the company enters the UK market and the offshore wind technology thereby increasing the company's long term profitable growth options and the portfolio diversification in terms of technology, regulation and market

EDP Renováveis has also an agreement with the University of Castilla-La Mancha in Spain, for the development of R&D projects.

4. COMMUNICATION

As the communications environment is continuously evolving, EDP Renováveis Communication Department permanently seeks the best solutions, tools and distribution channels for efficient communications for both internal and external affairs, with a focus on promoting a sense of corporate identity and presenting a consistent and coherent corporate image.

INTERNAL COMMUNICATION

Internal communication is crucial for EDP Renováveis to share the strategy, goals and initiatives with all its employees, as well as a way to promote employee satisfaction and the sharing of best practices all across the company. This is done through the following tools:

- **EDP ON TV** – EDP Renováveis captures and broadcasts news and major corporate events across the Company through EDP ON TV, the Group's internal TV channel available in all geographies where the company has offices. In 2009, EDP Renováveis created over 45 videos.

- **EDP ON Magazine** – EDPR On Magazine provides visibility to the projects/actions made throughout the year and also serves as a way to communicate to all employees.

- **myEDPR** – In 2009, EDP Renováveis launched myedpr, a unique intranet site for all EDPR employees to use as a resource for company information and as a consolidated working tool.

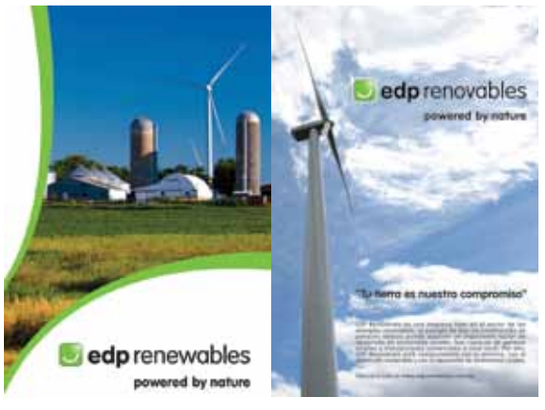
EXTERNAL COMMUNICATIONS INITIATIVES

EDP Renováveis engages with several external stakeholders. In order to promote awareness about EDP Renováveis, the Company has instituted the following methodologies and tools:

- **Website** – EDP Renováveis external website is designed to inform and educate multiple audiences, including landowners, energy providers, legislators, government leaders, teachers, and investors. In 2010, the site will be redesigned in order to better address the company's external public and enhance the user experience.

- **Branding** – In 2009, EDP Renováveis performed its first Brand Study Analysis Tracking, which was designed to measure the brand performance against a number of key metrics. An external accredited and independent market research organization provided global coordination of the methodology, reporting and analysis. The company used EDP Renováveis, EDP Renewables, EDP Renovables and Horizon Wind Energy brands in its external communication supports. In 2009, there were no incident of no-compliance with regulations and voluntary codes concerning marketing communications.

EDPR is committed to ensuring that it's in full compliance with all laws, standards and voluntary codes in its marketing and communications endeavors. The company acts under the highest ethical standards of integrity, honesty and transparency when communicating through public relations efforts.



- **Stakeholder Engagement** – In 2009, EDPR became a partner of the Síndrome de Down Madrid Foundation, which tackles various social challenges through a program of community development initiatives.

In addition, EDPR NA Cycling Team participated in the annual BP MS-150 bike tour on April 19, 2009 to raise money for the National Multiple Sclerosis Society (Lone Star Chapter). EDPR NA also participated in the first ever Kites Over Enid event in Oklahoma, to help raise funds to benefit the Enid Habitat for Humanity.

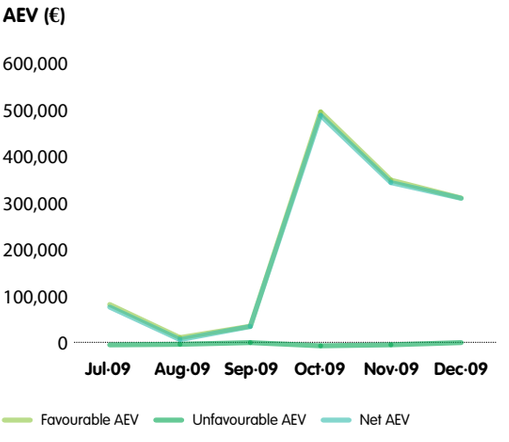
EDP RENOVÁVEIS AND MEDIA RELATIONS

Strong and effective media is a very important component of EDP Renováveis communications portfolio. Company compliance and consistency of message is crucial.

In 2009, EDP Renováveis made an assessment of the Media, with information from July to the end of year. In this period, EDP Renováveis had 716 hits in the Media.

The company recorded a positive average favourability of 0.46. This indicator represents the editorial tendency based on a textual analysis of news contents, on a scale of -1 to +1.

The Net Advertising Equivalent Value (AEV) was 1.3 million euros, representing the net value of the editorial space occupied at current advertising rates and based on the difference between favourable and unfavourable coverage.



5. RECOGNITION

- National Frame Building Association, first place award in the commercial category under 5000 Square feet category for the Rail Splitter Wind Farm O&M Building;
- Rail Splitter Wind Farm O&M Building Green Building of America Award by Real Estate & Construction Review-Midwest Green Success Stories edition;
- EWND Female Leadership Award - Ana Maria Fernandes CEO EDP Renováveis

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- Rosenblatt New Energy Awards - IPO of the Year EDP Renováveis
- 100 CFO of the Year –Rui Teixeira, EDP Renováveis CFO (Nominee)

6. OUR EMPLOYEES

As a major player in a very dynamic sector, the management of the human capital is a major concern of EDP Renováveis

The company policy is based on the following principals:

Equity - Ensure internal fairness and even-handedness through a professional development and rewards model based on transparent and transversal criteria.

Development - Attract, retain and develop talent and skills through a competitive remuneration policy throughout all EDP Renováveis geographies, which are in line with specific requirements of each business; considering the importance of the different functions and employee potential.

Performance - Appraise merit and performance in professional development and reward employees, ensuring commitment and responsibility in obtaining both individual and team results within the organization or the Group.

In 2009, EDP Renováveis established a global compensation strategy policy, while respecting the local markets for each platform. The new policy promotes a system in which all positions are evaluated and graded according to a defined methodology of job evaluation and ensure internal fairness.

PROFILE

At the end of 2009, EDP Renováveis had a total headcount of 721, a 14% increase compared to 2008. EDPR EU accounts for 51% of the total workforce, EDPR NA 42%, EDPR BR 1% and the Holding the remaining 6%.

Headcount by Year End	2009	2008	Var (%)
EDPR EU	365	324	13%
EDPR NA	303	276	10%
EDPR BR	8	-	n.d.
Holding	45	30	50%
Total	**721**	**630**	**14%**

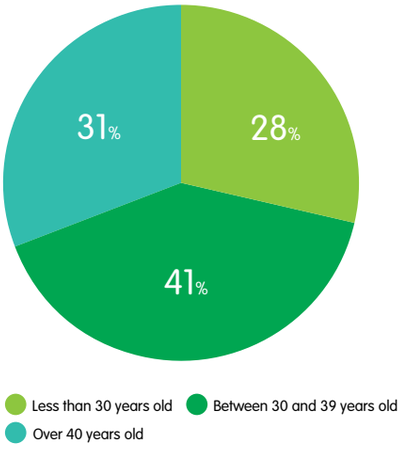
Notes: figures do not include the Board of Directors;
Headcount N.A. includes Executive Comittee

Throughout the year, 156 people were admitted while 65 left the company, standing for a turnover ratio of 15%.

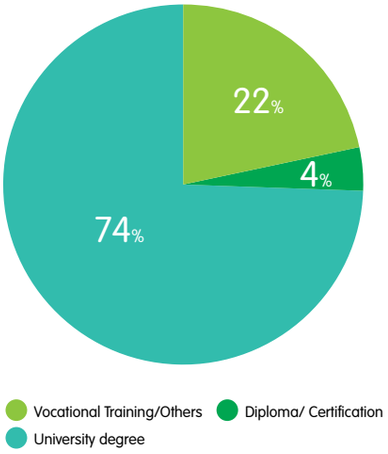
Employees' Turnover	2009
Chart Variation	
Number of Hires	156
Number of dismissals	65
Total Turnover	15%
Turnover by Gender	
Male	16%
Female	14%
Turnover by Age Range	
Less than 30 years old	20%
Between 30 and 39 years old	14%
Over 40 years old	13%
Turnover by Company	
EDPR EU	12%
EDPR NA	18%
EDPR BR	50%
Holding	17%

EDP Renováveis has a very young team, with 69% of its workforce below 40 years old and less than 2% of total headcount is above 60 years old Level of qualification is high, with 74% of the employees with university degrees. Of the total workforce, 68% are male.

Breakdown of Workforce by Age



Breakdown of Workforce by Qualification



Employees by Employment Agreement	2009
Indefinite	718
Temporary	3
Full Time	717
Part Time	4

EDP Renováveis compensation model defines the approved salary band for each position within the organization's matrix. The salaries paid are based on market benchmarks and are contingent on defined position and are therefore paid accordingly to the appropriate salary band.

2009 Employees' Chart	Headcount	M/F Salary (%)
Directors	52	105%
Senior Managers	54	103%
Managers	327	108%
Profissionals	180	118%
Administratives	108	101%

TRAINING AND EDUCATION

EDP Renováveis understands the value of developing its employees through continuous education and training activities.

Training has a particular strategic importance for EDP Renováveis. It is crucial to achieve comprehensive development of employees by improving their skills, knowledge and abilities in order to bring them into line with the current and future demands of the organization and with their own individual professional development expectations and to support their continued employability.

EDP Renováveis perform regular performance and career development review and programs to all employees, regardless of professional category. The company also provides internal training courses and funding to support external training or education.

In 2009, EDP Renováveis almost duplicated the number of hours of training, up to 14,500 hours. Total investment reached 302 thousand euros, a 28% increase comparing to 2008.

Training Metrics	2009	2008
Number of Training Hours (#)	14,559	7,569
Management (#)	1,162	965
Technical (#) [1]	10,991	3,385
Behavioral (#) [1]	413	336
Organizational (#)	1,993	2,883
Training Investment (€)	301,959	235,222
Number of Participants (#)	414	n.d.

[1] Value of 2008 was readjusted
Note: Brazil not included.

EVALUATION & PERFORMANCE

The performance and potential evaluation process is used to better understand where development programs are needed and to what degree.

In 2009, EDP Renováveis has implemented a talent management model. Although currently a 270 degree, the goal is to progress towards a 360 degree evaluation model.

The global model collects information from four data sources to evaluate employee performance: self, two peers, and the manager. Extensive training is provided to employees and managers to fully understand the competencies, how to approach performance appraisal generally, and how to utilize newly developed talent management software called Cezanne.

Performance and potential evaluations are based on strategic competencies, key performance indicators and a Global Assessment. By defining and evaluating gaps that become apparent, continuous feedback interviews are encouraged and employees are also asked to build up an Individual Development Plan.

INTERNATIONAL MOBILITY

As EDP Renováveis expands its business into new geographies, mobility is more and more a crucial factor in the success of the Company strategy and employee's career development.

In 2009, along with EDP, EDP Renováveis performed a review of the International Work Regulations. New categories of assignment were created in order to improve and promote international mobility.

International mobility will be important factor for professional development of the Company's employees.

SATISFACTION SURVEY

In 2009, EDP Renováveis performed its first global employee satisfaction survey. All Company employees were asked to participate through a web based survey and the total response rate was 78%.

The macro indicators average resulting from the study is high, showing a global satisfaction of 78%.

Based in the results of this study, the Management of EDP Renováveis will develop an action plan in 2010 in order to improve the areas that impacted the most the employee's motivation, abilities and performance.

BENEFITS

EDP Renováveis is committed to offering a competitive benefits package to recognize the contributions and talent of its 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 in accordance to local specificities) and entail important ones such as:

- Medical insurance,
- Life insurance
- Accident insurance
- Business travel insurance
- Work/life balance
- Pension plans or retirement plans.

The Company offers participation opportunities in either a pension plan or defined contribution plan, depending on home country. The guaranteed contributions are supplemental

sustainability

to and independent of those established under the Social Security System.

In North America, EDPR NA sponsors the Horizon Wind Energy Defined Contribution Retirement Plan (the "Retirement Plan"), a plan qualified under Section 401(k) of the Internal Revenue Code, for the benefit of eligible employees. Contributions are made to accounts held by Fidelity Investments. Matching contributions are made on behalf of eligible employees who elect employee deferrals from any given date and an employee may enter the plan at any time. Employees are vested in the retirement plan on both the employee and EDPR NA contributions immediately. EDPR NA contributes to each individual account up to 6% as a matching contribution so long as the employee has elected a salary deferral.

LABOUR RELATIONS

Of EDP Renováveis 721 employees at the end of 2009, 28% were covered by collective bargaining agreements.

Among the countries where EDP Renováveis has operations, the ones which are not covered by collective bargaining agreements are Poland, Romania, and North America.

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, EDP Renováveis 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 impact on employees. However, it is customary to communicate significant events to the affected groups in advance.

As an employer in the United States, EDPR NA complies 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 for more than 20 hours a week are required to receive 60 days notice in the event of closings and layoffs.

OCCUPATIONAL HEALTH & SAFETY

In 2008, EDP Renováveis EU published and communicated the Health & Safety Policy in the work site in relation with the activities as a key and priority element for the management of the company, and proceeded to developing the Health & Safety Management System.


Política de prevención de riesgos laborales

edp renováveis

La Dirección de **neo energía** entiende que la **Prevención de los Riesgos Laborales** asociados a sus actividades **es un elemento clave y prioritario** de la gestión de la empresa al cual todos sus integrantes deben prestar el máximo interés y esfuerzo **con el objetivo de lograr un entorno de trabajo seguro y saludable** para todos aquellos que prestan sus servicios en nuestros centros de trabajo e instalaciones.

neo energía mantiene implantado un Sistema de Gestión de Prevención de Riesgos Laborales conforme a la especificación internacional OHSAS 18001:2007, cuya meta es **"CERO ACCIDENTES"**, con un claro compromiso de mejora continua para cumplir los objetivos de esta política de prevención de riesgos laborales:

1. **Cumplir con todos los requisitos legales de seguridad y salud**, que resulten de aplicación a nuestra actividad así como asegurar que nuestros proveedores apliquen las prácticas de prevención de riesgos laborales exigidas por **neo energía**.
2. **Asumir un compromiso personal, visible y permanente** con la Prevención para eliminar y controlar los riesgos de los trabajadores en su actividad laboral.
3. **Disponer de canales adecuados para la participación, formación y comunicación** a todos nuestros empleados en materia de salud laboral.
4. **Medir la eficacia del Sistema Integrado de Gestión** a través del grado de cumplimiento de los objetivos establecidos, desarrollando un sistema de gestión documental, así como mecanismos de control: auditorías y revisiones periódicas.
5. **Progresar estableciendo un proceso de mejora continua** de la gestión de prevención de riesgos laborales, integrándola en el conjunto de todas las actividades y decisiones tomadas en la Compañía.

Implícate en el cumplimiento de los objetivos de la Política de Prevención y avanza en el compromiso con la salud laboral.

febrero de 2008

João Paulo Nogueira de Sousa Costeira
Consejero Delegado **neo energía**

In November of 2009, as a consequence of this policy, EDPR Renováveis was awarded in Spain the OHSAS 18001 Occupational Hazard Prevention certification, for 32 of its wind farms, representing a total of 848 MW of installed capacity. The aim of this specification is to provide organisations with a proactive system model for health and safety management in the workplace.

The OHSAS 18001 specification brings additional requirements to those that are required by law, in accordance with the Prevention of Occupational Hazards Act. These additional requirements include a more exhaustive control of documentation and records, involvement of the company's top management in the continuous improvement process, introducing annual audits to ensure that the continuous improvement process is being complied with, as well as extending the management system to all of the activities carried out in the company's different areas

EDPR EU is a member of the Health and Safety workgroup of the AEE (Managerial Wind Association), together with the most important companies of the wind sector and the manufacturers of wind turbines, in order to analyze and comment on requirements for the wind sector.

During 2009, EDPR EU introduced a computer tool to manage the health & safety requirements in relation with the works performed by its subcontractors in the installations of the company.

A new computer tool was also developed to manage the preventive actions, which should be fully implemented until the end of the first quarter of 2010.

In the US, in January of 2009 an incident reporting database was rolled out for operations and construction. EDPR NA tracks and maintains monthly incident reports by type of contractors working for the Company.

EDP Renováveis currently do not track contractor Health & Safety Training. However, each of the company contractors must go through a review process that tracks their accident rates/history and Safety programs.

Other Health and Safety measures that were implemented in 2009 in North America include:

- Health & Safety Policies and Procedures were created in 2008 and rolled out in 2009.
- Contractor safety evaluation/prequalification process.
- Random drug testing.
- Training to employees in the safety and health aspects of their jobs based on oSHA requirements and Industry Best Practices.
- Company sponsored Annual Flu shots to all employees.

During 2009, EDP Renováveis implemented a pandemic response plan.

As of December 31, 2009, 9% of the total workforce was represented in formal joint management/worker health and safety committees that help monitor and advise on occupational health and safety programs. The large majority of EDP Renováveis collective bargaining agreements address employees' rights and duties of the company regarding Heath & Safety.

Health & Safety indicators [1]	2009
OSHAS 18001 (% Installed Capacity) [2]	37%
Company workers	
On-duty accidents (#)	2
Fatal on-duty accidents (#)	1
Total days lost due to accidents	131
Contracted workers/service providers	
On-duty accidents (#)	27
Fatal on-duty accidents (#)	0
Total days lost due to accidents	n.d.

[1] For Europe, only includes Spain and North America
[2] Only applicable for Spain

HUMAN RIGHTS

All employees of the Group have been informed of the Code of Ethics Policy, as well as other Policies approved by the Board of Directors that contain specific clauses on respect for human rights. New employees are required to manually or electronically acknowledge that the policies have been read and understood.

As the business culture in the countries in which EDP Renováveis operates 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.

In compliance with the Code of Ethics, EDP Renováveis expresses its total opposition to forced or compulsory labour. Its general contracting conditions include a clause to eliminate any form or kind of forced or compulsory labour.

In 2009, EDP Renováveis had one complaint filed for discrimination with the US Equal Employment Opportunity Commission for gender discrimination. The Company has formally responded to the complaint and expects the charge to be dismissed. No incidents of violations involving rights of indigenous people were recorded.

EDP Renováveis 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 significant risk for incidents of child labour.

7. OUR COMMUNITY

EDP Renováveis activity has a significant impact in the general community. Therefore, the Company strives to develop positive relationships with all of the communities in which it works, through direct and transparent dialog and contribution to the development of the local areas.

EDP Renováveis provides information on its company website about how wind farms operate and the impacts of wind electricity.

sustainability

Within the development phase of a project, EDP Renováveis continuously engages with the major local stakeholders, namely the landowners, the local authorities, regulators and the grid operators.

EDP Renováveis also interact with various members from public service entities to discuss tax, road and other issues. While the precise nature, form and timetable of this assessment vary among geographies, similar factors are taken into account by most relevant authorities in deciding whether or not to permit a project, including:

- The visual impact of the wind farm on the landscape;
- Sound, particularly in populated areas;
- The environmental impact on flora and fauna;
- The effect on local historical, archaeological or other protected sites;
- Topographical and other site characteristics, such as ground conditions and hydrology; and
- Any concerns that the project landowners may have.

In the US, EDP Renováveis, seeks to reflect the heritage and history of the areas in which it operates through the naming process of its wind farms. By incorporating local features, historical data, geographic features, and local culture, EDP Renováveis tries to ensure its projects reflect the communities hosting them.

BLUE CANYON WIND FARM

Maple Ridge Wind Farm®

MERIDIAN WAY WIND FARM®

ETHICS

In 2009, EDP Renováveis developed a global Ethic Code, to be adopted by all company's employees.

Employees of EDP Renováveis must comply with the Code of Ethics and approved corporate policies, which provide that practices should not be used to obtain personal benefits or advantageous treatment for the Company.

Policies have been disseminated to all employees. Additionally, all policies are viewable via Company intranet.

A "Whistle-blowing" communication channel is available in the Company's Intranet, for the transmission, direct and confidential, of any presumably illegal practice of any alleged accounting and/or financial irregularity occurring in the company. A "Code of Ethic" channel is also available for the communication of any breach to the Code as well as a direct intranet channel with the Company CEO.

In 2009, no corruption-related incidents occurred at EDP Renováveis and no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices were recorded. There were no incident of no-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, nor complaints regarding breaches of customer privacy and losses of customer data, nor significant fines for non-compliance with laws and regulations concerning the provision and use of products and services, nor injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of disease.

PROGRAMS AND LOCAL CONTRIBUTION

When building a wind farm, EDP Renováveis make additional longstanding benefit to the local communities, namely in infrastructure investments, like public or private roads or utility systems upgrades, tax contribution or job generation. As an example, EDPR NA investment in Utility system, public and private road upgrade was 43,5 million euros.

Also, depending on the geography, several taxes may apply to EDP Renováveis assets, contributing to the revenue of the communities.

In Europe, various jurisdictions treat property taxes differently, depending on regional and local statutes. Some regions provide sales tax exemptions for renewable energy equipment as incentive for development. Some councils will abate certain portions of local taxes as incentive to promote development. In 2009, the values paid by EDPR EU in taxes to municipalities amounted to 4.4 million euros (excluding Economic Activity Tax).

Additionally, in many regions, EDPR EU pays a percentage of its revenues to the local municipalities. In 2009, the values paid amounted to 5.0 million euros.

In the US, property taxes are a large percentage of the operating cost of a wind farm. These are paid to the states and local governments where the assets are built. In 2009, EDPR NA paid 9.3 million euros in property tax contributions.

In states where abatements and exemptions are allowed by law, another method of favourably impacting the local communities are Payments in Lieu of Taxes (PILOTs) to the local taxing jurisdictions. In 2009, EDPR NA made a total of 7 PILOTs to local communities in areas of their operations.

In 2009, EDP Renováveis supported several initiatives with direct impact in the communities where the company, operates, investing around 725 thousand euros.

LOCAL HIRING

Although there are no in-house procedures explicitly encouraging local recruitment, a high percentage of employees originate from the locations in which the company operates, reinforcing EDP Renováveis' important role in local economic development.

For operational activities, EDP Renováveis strives to hire members from the local community for administrative positions as well as operations and maintenance services, such as, electrical and facility maintenance. Additionally, EDP Renováveis seeks to hire local companies and resources to provide operations support services, such as road maintenance and snow removal. EDP Renováveis' third party contractors also make efforts to hire labour from the local community.

Spending in local suppliers (%)	Europe	US
Local suppliers	86%	67%
Non-local suppliers	14%	33%

PUBLIC POLICY

EDP Renováveis globally takes proactive positions on public policy development that affects its projects or the industry.

EDP Renováveis participates in and is member of several associations. Apart from the national industries association, where the Company plays very relevant roles, in Europe EDP Renováveis is a board member in the European Wind Energy Association (EWEA).

In the US, EDP Renováveis has historically been a strong supporter of the American Wind Energy Association. EDPR NA has also developed close relationships with and support financially regional advocacy groups, including Wind on the Wires, the Renewable Northwest Project, and the Wind Coalition.

EDPR NA also supports and contributes to state public policy groups, including the Illinois wind Working Group among others.

In 2009, EDP Renováveis did not make any direct political donations and the Company does not have a history of making political donations. EDPR NA started in 2008 a Political Action Committee, which, while raising money, did not make any direct contributions to candidates in 2009.

8. ENVIRONMENTAL COMMITMENT

EDP Renováveis has made environmental stewardship a core value. The Company is dedicated to providing clean renewable energy through the development, construction and operation of wind farms.

Even though all human activity has an impact on the environment, the Company is committed to identifying and assessing these impacts at all stages of its business cycle and incorporating them into its decision-making process.

For this reason, EDP Renováveis activities are influenced by a Corporate Environmental Policy that seeks to protect and enhance the environment with the aim of achieving sustainable development.

For this reason, all its activities are influenced by a Corporate Environmental Policy that seeks to protect and enhance the environment with the aim of achieving sustainable development.

EDP Renováveis believes that protecting the environment and investing in local communities is fundamental to achieving its business objectives. In 2009, the Company spent a total of 9.5 million euros on environmental protection measures and allocated internal resources dedicated to implementing and managing environmental protection activities, throughout the full project life cycle of its projects.

(€ thousands)	2008[1]	2009
Total environmental expenditures and investment	4,461	9,506

[1] Only include value for US

The development of an Environmental Management System (EMS) began in 2008. The purpose of the EMS is to stimulate good environmental practices focused on protecting natural resources, minimizing waste and conducting spill management, with a commitment to continuous improvement of environmental performance.

In Europe, EDP Renováveis renewed ISO 14001 certification for five of its operating wind farms, and obtained certification for five new wind farms, resulting in a total of 289.5 MW certified. It is the intent that more than 20 new wind farms, accounting for 650 MW, will be certified in 2010.

sustainability

WIND FARMS WITH ISO 14001 CERTIFICATION

Wind farm	Location	Power (MW)	Certification date
Valsagueiro	A Coruña (Spain)	33	2008
Ponte Rebordelo	A Coruña (Spain)	40	2008
Los Cantales	Zaragoza (Spain)	24	2008
La Navica	Albacete (Spain)	30	2008
La Dehesica	Albacete (Spain)	29	2008
Virgen de la Peña	Zaragoza (Spain)	30	2009
Munera I	Albacete (Spain)	40	2009
Munera II	Albacete (Spain)	31	2009
Villamiel	Burgos (Spain)	18	2009
Villoruebo	Burgos (Spain)	16	2009
Total		**290**	

In the U.S., the EMS is currently under development. It includes EDPR NA's Corporate Environmental Policy, adopted in 2009, and Environmental Standards for Development. The Development Standards that have been developed include:

- Site Characterization Studies;
- Airspace Constraint Studies;
- Phase I Environmental Site Assessments;
- Baseline Wildlife Studies;
- Wetland Assessments; and
- Cultural and Historic Resource Assessments.

Environmental standards for operations were drafted in 2009 and were sent for internal review with the intent of finalizing them in 2010.

CLIMATE CHANGE

EDP Renováveis is dedicated to the development of renewable energy. Accordingly, the Company plays a significant role in the transition towards a more sustainable energy model that is less dependent on fossil fuels.

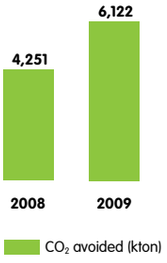
Renewable energy has significant advantages over traditional energy sources:

- It does not directly produce greenhouse gases;
- Power delivered to the grid from wind farms will directly offset the generation of energy at existing conventional power plants, having a net positive impact on air quality;
- It is inexhaustible;
- It increases the energy independence of a country.

Technological progress in recent years has contributed to making renewable energy cheaper and more efficient in generating electricity.

In 2009, EDP Renováveis produced almost 11 GWh of wind energy, enough to meet the average demand of more than 2 million households and displace the emission of approximately 6,122 k tons of CO_2.

CO_2 Emission Avoidance (k tons)



EMISSIONS, EFFLUENTS AND WASTE

The generation of wind energy does not produce greenhouse gas emissions, water pollution, nor does it consume significant amounts of water or produce significant levels of waste, compared to other energy sources.

Employee and contractor travel as well as office electricity use are the only primary sources of indirect emissions, which can be considered non-material in the context of the company's main activity.

During the construction phase, the management of hazardous and non hazardous waste is supervised by EDP Renováveis, with the support of an environmental monitoring consultant at each site.

During the operation phase, the generation of hazardous waste is extremely limited. Waste is stored at the wind farm's Operation and Maintenance building until it is documented and sent for disposal by the authorized manager.

In 2010, several initiatives will be launched to support the management and reduction of waste generated at the Company's operating wind farms, including the proper handling, accumulation, storage, manifesting, transportation, reporting disposal and recycling activities.

Waste sent for final disposal	2009	2008
Total wastes (t)	267	223
Total hazardous wastes (t)	137	71
Total recovered wastes (%)	96%	96%

EFFICIENT USE OF RESOURCES

Due to the nature of its activity, the major "raw material" of EDP Renováveis needed to produce energy is wind.

Therefore, with the exception of the construction phase, the consumption of resources, materials and energy is mainly attributed to the company offices and on-site facilities that directly support the operation and maintenance of EDP Renováveis wind farms, which can be considered of low impact in relation to the company activity through which it collects its revenue – the sale of energy produced by its wind farms.

Nevertheless, the promotion of responsible use of resources among its employees and contractors is a priority for the Company.

As a way to promote good practices among its employees in Spain, EDP Renováveis has published a Guide of Good Environmental Practices with guidelines to reduce the consumption of water, electric power, paper and toner, as well as to correctly manage and dispose of both hazardous and non-hazardous waste.

EDP Renováveis has taken measures to reduce the consumption of resources in its facilities through:

- The utilization of energy efficient lamps;
- The judicious use of air conditioning systems;
- The configuration of computer settings to save energy;
- The purchasing of Energy Star office appliances, such as computers and monitors;
- The use of ambient light in the offices;
- The recycling of paper, aluminium cans and plastic; and
- The optimization of water consumption.

At some wind farms, the Company promotes the reutilization of rain water gathered in the substations for use in the bathrooms of local facilities.

In the U.S., EDP Renováveis has pursued a design which would meet guidelines to earn Certification in Leadership in Energy and Environmental Design (LEED) for the Rail Splitter Operation and Maintenance building. It is anticipated that Rail Splitter will receive this certification in 2010.

EDP Renováveis' corporate office in Houston also has Silver LEED certification. As a component of this certification, low-flowing faucets and toilets were installed in the office bathrooms.

As a way to reduce its carbon footprint, EDP Renováveis implemented policies to promote the use of video conference and the use of "cleaner" transportation. In the U.S., ongoing initiatives include providing employees with bike storage and showers to encourage employees to ride bikes to work and providing employees with bus and rail cards to encourage the use of mass transportation.

ENVIRONMENTAL PROTECTION

EDP Renováveis believes that harnessing wind and other renewable sources is fundamental to produce energy in a manner that respects the integrity of our planet.

In the U.S., EDP Renováveis does not operate on land owned, leased, managed, or adjacent to protected areas or areas of high biodiversity value outside protected areas. Wind project development typically occurs in rural areas where wind resources are abundant and the operation of wind farms is compatible with existing land use.

In Europe, EDP Renováveis had 10 wind farms in protected areas in Spain, 10 in Portugal and 3 in France.

	Wind Farms in protected area	Total Wind Farms	%
Spain	10	92	11%
Portugal	10	54	19%
France & Belgium	3	24	13%
Poland	0	1	0%
US	0	22	0%
Brazil	0	2	0%
Total	**23**	**195**	**12%**

Only a small percent of land utilized by wind farms is taken out of permanent use. Once construction is complete, the actual land displaced is typically less than two percent of the total project area. The majority of the land is still used for its original purpose. The main use of the permanently affected land is for access roads to the wind turbine locations, a small area for the wind turbine and electrical transformer, and a gravel pad area for a crane used for construction and maintenance activities.

EDP Renováveis conducts environmental studies early in the development phase of all new projects or when significant modifications of existing wind farms are required. The Company's goal is always to avoid, minimize, or mitigate any impact on the environment. These environmental studies identify wildlife use, threatened or endangered plants and animals, sensitive habitats, wetlands, protected areas, and cultural resources.

During the construction phase, EDP Renováveis performs Environmental Construction Monitoring to ensure that environmental laws and regulations and any permit conditions are met and potential environmental impacts of construction are addressed for the entire project area.

Although not always obliged by law, EDP Renováveis promotes environmental excellence during the whole life cycle of its operating wind farms by providing training, developing waste management plans and performing environmental site audits to ensure continuous improvement. In decommissioning, EDP Renováveis will implement a restoration plan to restore the wind farm area as close to its original state as reasonably practicable.

sustainability

As a consequence of these preventives measures, EDP Renováveis only registered six spills. None of these spills entered any waterways or resulted in any notices of violation or fines. Additionally, the company did not record any sanction for non-compliance with environmental laws and regulations.

BIODIVERSITY

Early in the process of development, EDP Renováveis collects information about threatened, endangered, and sensitive species; migratory birds; and other potential wildlife impacts.

The company has also promoted and developed several habitat enhancement projects and performed thorough field studies of various animal and plant species.

In 2009, the following major projects were developed:

- Funding a rescue campaign and improvement of the Montagu's harrier in Albacete (Spain);

- Arrangement of electrical laying in which high mortality of birds has been registered;

- Installation of fire-prevention rafts in Catalonia (Spain);
- Three year commitment to support Operation Migration and participation in the Habitat Conservation Plan for Whooping Cranes (U.S.);
- Support to start a Sage Grouse Collaborative to conduct research on potential wind impact to Sage Grouse (U.S.); and
- Wetland mitigation – First year of monitoring of one wetland created during construction of Elkhorn Valley Wind farm and fourth year of monitoring of two wetlands at the Maple Ridge WindW farm (US).

EDP Renováveis conducts post-construction wildlife studies, including mortality monitoring. Post- construction mortality monitoring is conducted at all wind farms.

EDPR NA's Director of Environmental Affairs was appointed by the Secretary of the Department of Interior to serve on the USFWS Wind Turbine Guidelines Advisory Committee. The scope and objective of this committee, also known as the Federal Advisory Committee (FAC) is to provide advice and recommendations to the Secretary of the Interior on developing effective measures to avoid or minimize impacts to the wildlife and their habitats related to land-based wind energy facilities.

The Company is a founding member of American Wind & Wildlife Institute (AWWI), whose mission is to facilitate timely and responsible development of wind energy while protecting wildlife and its habitat.

ENVIRONMENTAL EDUCATION

EDP Renováveis develops internal programs for environmental awareness training to ensure that its employees recognize:

- The importance of the Corporate Environmental Policy;
- Their role in the fulfilment of the requirements and procedures of the Environmental Management System, including the requirements for emergency preparation and response;
- The potential impact of business activities on the environment;
- The benefits to the environment that come from responsible behaviours; and
- The potential consequences of non-compliance.

9. ANNEX – EDP RENOVÁVEIS SPONSORS OPERATION MIGRATION TO SUPPORT WHOOPING CRANES

EDPR NA makes a three year commitment to support Operation Migration in the reintroduction of endangered Whooping Cranes

EDPR NA is aware of its potential impact on birds, bats, and other wildlife from project activities and understands its responsibility to mitigate potential project impacts to affected wildlife. That is why EDPR NA took earnest interest in Operation Migration, a non-profit organization in the United States and Canada committed to protecting endangered species by introducing new migratory pathways for the whooping crane.

Following a 2008 flyover of its Twin Groves wind farm in Illinois, EDPR NA became aware of Operation Migration and its efforts. After learning more about the activities of Operation Migration, EDPR NA committed to supporting Operation Migration in its efforts by contributing $25,000 a year for three years (2009, 2010, & 2011).

Operation Migration was established in 1994 following the success of several experiments proving that birds can learn new migration routes. In 1999, Operation Migration began to spearhead efforts to reintroduce whooping cranes into eastern North America. Using an ultralight aircraft, Operation Migration pilots – with the support of ground crew, additional cover and spotter pilots, as well as committed education and outreach staff – guide whooping cranes to alternate locations to avoid over-populated wintering and breeding locations.

The migration passes through seven states, covers 1,250 miles, and takes anywhere from 60 to 90 days to complete. Each stopover is pre-selected for its isolation, and the birds are housed overnight in portable pens to protect them from predators. In early spring, each bird – monitored by a conventional radio-tracking device attached to its leg – begins its unassisted return migration to the central Wisconsin area for the summer.Operation Migration has played a leading role in the reintroduction of endangered whooping cranes into eastern North America. In the 1940s, the species was reduced to just 15 birds. Today, with the help of Operation Migration's efforts, there are now over 380 whooping cranes in the wild and over 150 in captivity.

10. ANNEX – EDP RENOVÁVEIS PROACTIVELY PARTICIPATES IN HABITAT CONSERVATION PLAN FOR WHOOPING CRANES

EDPR NA is involved in industry-wide collaborative effort to protect Whooping Crane habitat

An estimated 10,000 whooping cranes were present in North America during pre-colonial times with the species ranging from the Canadian Arctic to Mexico and from the Rocky Mountains to the Atlantic Ocean. Conversion of potholes and prairie to hay and grain production made much of the historic nesting habitat unsuitable for whooping cranes. They virtually reached the brink of extinction with just 15 birds left in the wild, including only 3 or 4 adult females, in 1941.

With key conservation measures put in place, the population made comeback after the 1950s. Some of the conservation actions included the passage of the Migratory Bird Treaty Act in 1918 that gave the birds protection from shooting and egg collection and establishment of the Aransas National Wildlife Refuge in 1937 to conserve their wintering grounds. Although the species numbers are slowly increasing, they are far below the level required for recovery.

Wind energy development is increasing rapidly in the United States and much of the greatest wind energy potential in the country overlaps with the migration corridor (Canada – Texas) used by the federally – listed endangered whooping crane. Therefore the potential for "take", as defined by the Endangered Species Act (ESA) exists from development, construction and operation of these wind farms. Currently the greatest known source of mortality to whooping cranes due to human activity is collision with power lines. There is also evidence to suggest that wind farms built in close proximity to wetland roosting habitat discourage whooping cranes from using that habitat.

EDPR NA is collaborating with the United States Fish & Wildlife Service and other wind industry members of the American Wind Energy Association (AWEA) to apply for incidental take provision under the ESA. The US wind industry recognizes the need to establish a Habitat Conservation Plan (HCP) for the whooping crane within the established migratory corridor. The Collaborative effort started when EDPR NA and other wind industry members met with the U.S. Fish and Wildlife Service on July, 2008, in Denver, Colorado to address wind energy development in the whooping crane migration corridor and discuss potential concerns.

sustainability

As a result, the EDPR NA and the other wind companies involved have each contributed funding to be part of the Collaborative and draft the HCP. In addition, wind industry members and the Oklahoma Department of Wildlife Conservation (ODWC) prepared an application to obtain grant funds through the U.S. Fish and Wildlife Service. The application was submitted in 2008 and was awarded in 2009 to ODWC and subsequently AWEA was named as subgrantee.

The HCP will outline components of sitting, development, and operation of utility-scale wind development in a manner that supports species conservation and alternative energy goals. Major facets of the HCP include developing habitat suitability/potential occurrence protocol survey, conservation measures, habitat protection, restoration and acquisition, and public participation.

Implementation of the HCP will be an efficient tool to ensure that habitat management occurs that benefits whooping crane populations while providing for incidental take of individuals. Through an industry-wide collaborative effort, wind farm developers will be more willing to address crane management proactively rather than as a last resort to avoid ESA violations.

11. GRI EVALUATION

This sustainability report responds to the GRI G3 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 Renovaveis is not considered an Utility company. In both cases, (GRI indicators and Sector Suplement 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. 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.

Ref. GRI	GRI Definition	Page	Comments	Type GRI
	PROFILE			
1	**Strategy and Analysis**			
1.1.	Statement from President and CEO	7, 9-10		C
1.2.	Description of key impacts, risks, and opportunities	7, 74, 106-109		C
2	**Organizational Profile**			
2.1.	Name of the organization	14		C
2.2.	Primary brands, products, and/or services	17-18, 67		C
2.3.	Operational structure of the organization	13, 17, 28		C
2.4.	Location of organization's headquarters	18		C
2.5.	Number of countries where the organization operates	18		C
2.6.	Nature of ownership and legal form	18		C
2.7.	Markets served	18		C
2.8.	Scale of the reporting organization	18		C
2.9.	Significant changes during the reporting period regarding size, structure, or ownership	18		C
2.10.	Awards received in the reporting period	67-68		C
EU1.	Installed capacity, broken down by primary energy source and by regulatory regime	21		C
EU2	Net energy output broken down by primary energy source and by regulatory regime	22		C
EU3	Number of residential, industrial, institutional and commercial customer accounts	-	Not Applicable - The company do not have final costumers	C
EU4	Length of above and underground transmission and distribution lines by regulatory regime	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	C
EU5	Allocation of CO_2e emissions allowances or equivalent	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	C
3	**Report Parameters**			
	Report Profile			
3.1.	Reporting period	14		C
3.2.	Date of most recent previous report	14		C
3.3.	Reporting cycle	14		C
3.4.	Contact point for questions regarding the report or its contents		"Contact us" on www.edprenovaveis.com	C
	Report Scope and Boundary			
3.5.	Process for defining report content	14		C
3.6.	Boundary of the report	14, 134		C
3.7.	Limitations on the scope or boundary of the report	14, 188		C
3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that could affect comparability	14		C
3.9.	Data measurement techniques and assumptions	14	To consolidate economic and social data have been used exchange rates used in financial reporting.	C
3.10.	Explanation of the effect of any restatements of information provided in earlier reports	14		C
3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	14		C
	GRI Content Index			
3.12.	GRI content index	79-84		C
	Assurance			
3.13.	Policy and current practice with regard to seeking external assurance for the report	14, 205		C
4	**Governance, Commitments, and Engagements**			
	Governance			
4.1.	Governance structure	94-97		
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer	94-96		C
4.3.	State the number of members of the highest governance body that are independent and/or nonexecutive members	94		C
4.4.	Mechanism for shareholders and employees to provide recommendations or direction to the board	69, 72, 93		C
4.5.	Linkage between compensation for members of the board, senior managers, and executives and the organization's performance	113-115		C

sustainability

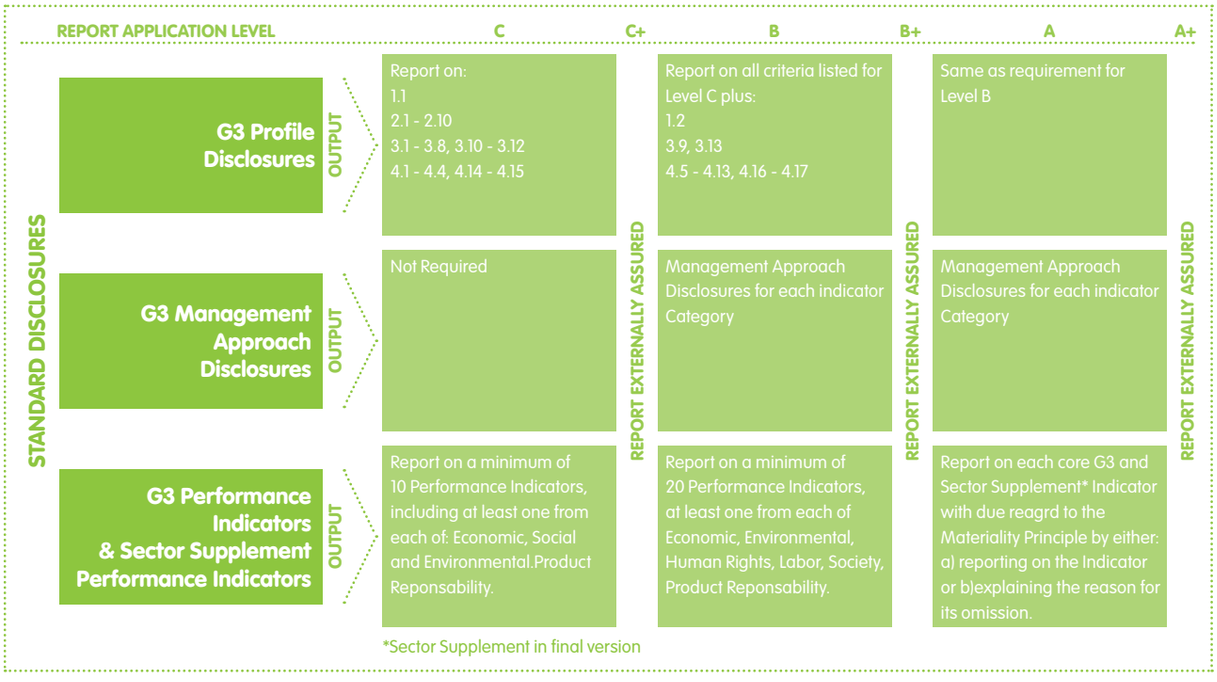
Ref. GRI	GRI Definition	Page	Comments	Type GRI
4.6.	Processes in place for the board to ensure conflicts of interest are avoided	102-103	www.edprenovaveis.com/Investors/ Corporate Governance/By laws and Internal Regulations	C
4.7.	Process for determining the qualifications and expertise of the members of the board for guiding the organization's strategy on economic, environmental, and social topics	99-100		C
4.8.	Statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	14, 16, 18		C
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	64		C
4.10.	Processes for evaluating the board's own performance	99-100		C
	Commitments to External Initiatives			
4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the organization	74		C
4.12.	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	14, 16, 18, 76-77		C
4.13.	Memberships in associations and/or national/international advocacy organizations in which the oganization has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine dues; or views membership as strategic	73, 76-77		C
	Stakeholder Engagement			
4.14.	List of stakeholder groups engaged by the organization	65		C
4.15.	Basis for identification and selection of stakeholders with whom to engage	65		C
4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	65		C
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	65		C
	ECONOMIC PERFORMANCE			
	Management Approach	18-19, 38-40		
	Economic Performance			
EC1	Direct value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	23		C
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	7, 34-38, 74, 107-108		C
EC3	Coverage of the organization's defined benefit plan obligations	69-70		C
EC4	Significant financial assistance received from government	23		C
	Market Presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	23		A
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	73		C
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	73		C
	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	72-73		C
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	72-73		A
	Availability and Reliability			
EU6	Management approach to ensure short and long-term electricity availability and reliability	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
	Demand-Side Management			
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
	Research and Development			
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	65-66		S
	Plant Decommissioning			
EU9	Provisions for decommissioning of nuclear power sites	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
	System Efficiency			
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
EU12	Transmission and distribution losses as a percentage of total energy	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S

Ref. GRI	GRI Definition	Page	Comments	Type GRI
	ENVIRONMENTAL			
	Management Approach	73-74		
	Materials			
EN1	Materials used by weight or volume	74-75	Not Material - The Company's core business is power generation from renewable sources.	C
EN2	Percentage of materials used that are recycled input materials	75	Not Material - The Company's core business is power generation from renewable sources.	C
	Energy			
EN3	Direct energy consumption by primary energy source	75	Not Material - The Company's core business is power generation from renewable sources.	C
EN4	Indirect energy consumption by primary energy source	75	Not Material - The Company's core business is power generation from renewable sources.	C
EN5	Energy saved due to conservation and efficiency improvements	75	Not Material - The Company's core business is power generation from renewable sources.	A
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	75		A
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	75		A
	Water			
EN8	Total water withdrawal by source	-	Not Applicate - Wind generation does not have significant impact in Water use or withdrawal	C
EN9	Water sources significantly affected by withdrawal of water	-	Not Applicate - Wind generation does not have significant impact in Water use or withdrawal	A
EN10	Percentage and total volume of water recycled and reused	-	Not Applicate - Wind generation does not have significant impact in Water use or withdrawal	A
	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.	75		C
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	75-76		C
EN13	Habitats protected or restored.	76-77		A
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.		"In 2009, there has not been any necessity for compensatory mearures regarding habitats "	S
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	76-77		A
	Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	74	Not Applicable - The company business does not produce relevant emissions	C
EN17	Other relevant indirect greenhouse gas emissions by weight.	74	Not Applicable - The company business does not produce relevant emissions	C
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	75	Not Applicable - The company business does not produce relevant emissions	A
EN19	Emissions of ozone-depleting substances by weight.	74	Not Applicable - The company business does not produce relevant emissions	C
EN20	NOx, SOx, and other significant air emissions by type and weight.	74	Not Applicable - The company business does not produce relevant emissions	C
EN21	Total water discharge by quality and destination.	74	Not Applicable - The company business does not use water as relevant resource	C
EN22	Total weight of waste by type and disposal method.	74		C
EN23	Total number and volume of significant spills.	75		C
	Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	73-74	Not Applicate - Does not relate to the Company business compared to a traditional utility company	C
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-	Not applicable - Does not relate to the Company business, as the company end product is energy	C
	Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	76		C
	Overall			
EN30	Total environmental protection expenditures and investments by type.	73		A

Ref. GRI	GRI Definition	Page	Comments	Type GRI
	SOCIAL PERFORMANCE INDICATORS			
	Labor Practices and Decent Work			
	Management approach	68		
	Employment			
EU14	Programs and processes to ensure the availability of a skilled workforce	69		S
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job the next 5 and 10 years broken down by job category and by region	68		S
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	70-71		S
LA1	Total workforce by employment type, employment contract, and region.	68-69		C
LA2	Total number and rate of employee turnover by age group, gender, and region.	68		C
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	-	Not Available - Currently this information is not recorded. The company will analyse the materiallity of this information to be able to reported in the short term	S
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	71		S
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	69		A
	Labor/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements.	70		C
LA5	Minimum notice period(s) regarding significant operational changes, including whether they are specified in collective agreements.	70		C
	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.	71		A
LA7	Rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region.		"For Spain and North America: – Frecuency Rate: 2,47 – Severity Rate: 108"	C
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	70-71		C
LA9	Health and safety topics covered in formal agreements with trade unions.	71		A
	Training and Education			
LA10	Average hours of training per year per employee by employee category.	69		C
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	69		A
LA12	Percentage of employees receiving regular performance and career development reviews.	69		A
	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.	68		C
LA14	Ratio of basic salary of men to women by employee category.	69		C
	Human Rights			
	Management approach	71		
	Investment and Procurement Practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.	71		C
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	71		C
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.	71	EDP Renoaveis did not offer additional specific training about human rights.	A
	Non- Discrimination			
HR4	Total number of incidents of discrimination and actions taken.	71		C
	Freedom of Association and Collective Bargaining			
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights.	71		C
	Child Labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	71		C
	Forced and Compulsory Labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	71		C
	Indigenous Rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	71		A
	Society			
	Management approach	71- 73		
	Community			
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development	71-72		S

Ref. GRI	GRI Definition	Page	Comments	Type GRI
EU20	Approach to managing the impacts of displacement.	-	Not Applicable - The company business does not produce displacements	S
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.	71-72		C
EU22	Number of people physically or economically displaced and compensation, broken down by type of project	-	Not Applicable - The company business does not produce displacements	S
	Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	72	100%, as all employees have to follow the code of ethics	C
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	72	100%, as all employees have to follow the code of ethics	C
SO4	Actions taken in response to incidents of corruption.	72		C
	Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying.	73		C
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	73		A
	Anti-competitive Behaviour			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	72		A
	Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	72		C
	Disaster /Emergency Planning and Response			
EU21	Contingency planning measures, disaster/ emergency management plan and training programs, and recovery/restoration plans	71		S
	Product Responsibility			
	Management approach	65-67		
	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.	65-66, 70-71		C
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	72		A
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases.	72		S
	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 Applicate - Does not relate to the Company business compared to a traditional utility company	C
	Marketing Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	67		C
	Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	72		A
	Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	72		C
	Access			
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity services.	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
EU26	Percentage of population unserved in licensed distribution or service areas	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
EU28	Power outage frequency.	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
EU29	Average power outage duration.	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S
EU30	Average plant availability factor by energy source and by country or regulatory regime	42-44, 49		S
	Provision of Information			
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	-	Not Applicate - Does not relate to the Company business compared to a traditional utility company	S

sustainability



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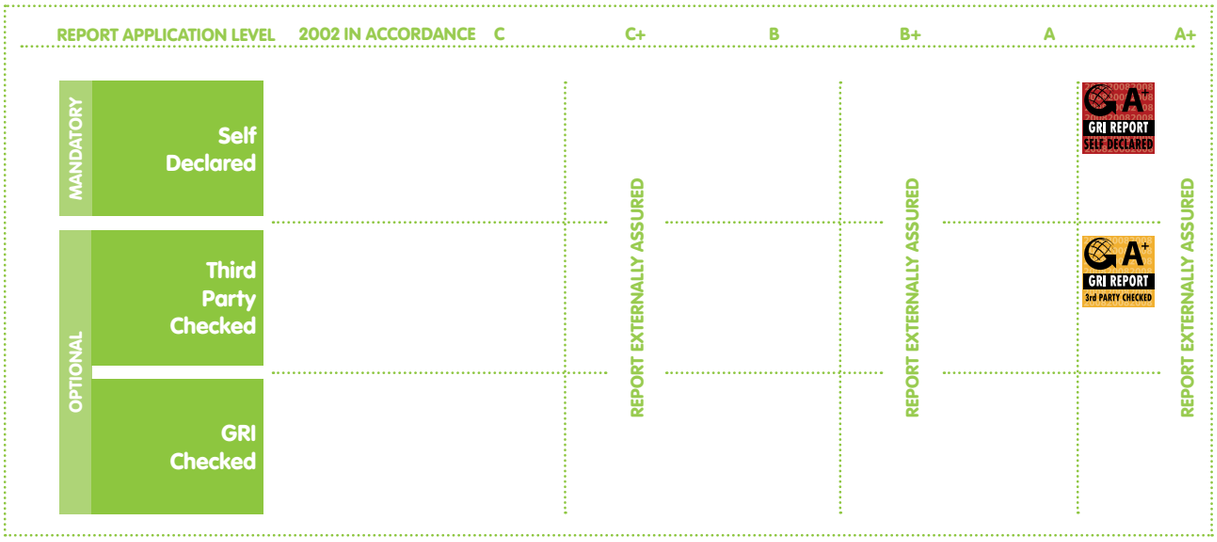


corporate governance

corporate governance

0. STATEMENT OF COMPLIANCE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis or the Company) is a listed company that was admitted to trading on the regulated market of NYSE Euronext Lisbon (Eurolist by Euronext Lisbon) following an initial public offering in May 2008. In view of its status as a company with shares listed on a regulated market in Portugal, EDP Renováveis' corporate organization is subject to the recommendations contained in the corporate governance code called "Código de Governo das Sociedades" approved by the CMVM (Portuguese Securities Market Commission) in September 2007. This governance code is available to the public at the CMVM website, www.cmvm.pt.

EDP Renováveis states that it has adopted in full the CMVM recommendations on the governance of listed companies provided in the "Código de Governo das Sociedades", with the exception of Recommendations I.4.1. and II.2.2. of the code, which have 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 EDP Renováveis 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 Board of the General Meeting		
I.1.1 The Chairperson of the General Meeting shall have access to human and logistical resources appropriate to his/her needs, taking into account the company's financial position.	Adopted	4.6
I.1.2 The remuneration of the Chairperson of the Board of the General Meeting shall be disclosed in the annual corporate governance report.	Adopted	4.6
I.2 Participation in the Meeting		
I.2.1 The time limit imposed by the Articles of Association for depositing or blocking shares for the purpose of participating in the meeting shall not exceed five working days.	Adopted	4.2
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 apply the same time limit as for the first session.	Adopted	4.2
I.3 Voting and Voting Rights		
I.3.1 Company's Articles of Association shall not impose any restrictions on votes by mail.	Adopted	4.4

STATEMENT OF COMPLIANCE

Recommendation	Adoption Information	Description in Report
I.3.2 The time limit imposed by the Articles of Association on receipt of votes by mail shall not exceed three working days.	Adopted	4.4
I.3.3 Company Articles of Association shall provide for one vote per share.	Adopted	4.3
I.4 Quorum and Decisions		
I.4.1 Companies shall not fix a constitutive or deliberative quorum higher than that prescribed by law.	Not adopted ("Under Spanish Law, the constitutive quorums on first and second call to order are 25% and 0% for ordinary and extraordinary general meetings and 50% and 25% for ordinary and extraordinary general meetings in which valid decisions may be made on the issue of bonds, increases or reductions in share capital, transformation, mergers or spin off of the company and, in general, any amendments to the Articles of Association. The company's Articles of Association establish a slightly higher constitutive quorum in order to reinforce shareholder support for approval of decisions. On the 24th of February 2010, the Board of Directors approved to propose to the next General Meeting a modification of the Article 17 of the Articles of Association so as to adopt the quorums provided of the Law.")	
I.5 Minutes and Information on Decisions		
I.5.1. The minutes of general meetings shall be made available to shareholders on the company's website within five days, even if they do not constitute privileged information under the law. A collection of attendance lists, agendas and decisions passed during meetings shall be kept on file on the company's website for at least three years.	Adopted	4.7
I.6 Company Control Measures		
I.6.1. Measures to prevent successful takeover bids shall respect the interests of the company and its shareholders.	Adopted	4.8
I.6.2 Company's Articles of Association that, in compliance with the previous sub-paragraph, limit the number of votes that may be held or cast by a sole shareholder, either individually or jointly with other shareholders, shall also provide for the General Meeting to decide, at least every five years, on whether this provision is to be maintained, without higher quorum requirements than those established by law, and for all votes cast to be counted in said decision without the limitation being imposed.	Not applicable	
I.6.3 There shall be no defensive measures intended to automatically cause a serious depletion of the company's assets in the event of transfer of control or a change of membership of the Board of Directors thereby affecting the free transferability of shares and free appreciation by shareholders of the Board member's performance.	Adopted	4.8
II. MANAGEMENT AND SUPERVISORY BODIES		
II.1. General Matters		
II.1.1. Structure and Duties		
II.1.1.1. The Board of Directors shall, in its governance report, assess the model adopted, identify any constraints on its functioning and recommend appropriate measures to overcome them.	Adopted	1.1
II.1.1.2. Companies shall set up in-house control systems for the effective detection of risks associated with their activity in order to safeguard their assets and ensure the transparency of their corporate governance.	Adopted	3.7
II.1.1.3. Management and supervisory bodies shall have their own regulations which shall be posted on the company's website.	Adopted	3.1.3/3.3.3/7.4
II.1.2 Incompatibilities and Independence		
II.1.2.1 The Board of Directors shall include a number of non-executive members to guarantee its effective ability to supervise, audit and assess the work of the executive members.	Adopted	1.2.2/1.2.6.1/3.1.3
II.1.2.2. The non-executive directors must include a suitable number of independent directors, taking into account the size of the company and its shareholder structure. This number shall be no less than one quarter of the total number of directors.	Adopted	1.2.2/1.2.6.1
II.1.3 Eligibility and Appointment		
II.1.3.1 Depending on the applicable model, the Chairperson of the Audit Board, the Audit Committee or the Financial Committee shall be independent and be adequately capable to carry out their duties.	Adopted	1.2.2/1.3/3.3

corporate governance

STATEMENT OF COMPLIANCE

Recommendation	Adoption Information	Description in Report
II.1.4 Whistle-blowing Policy		
II.1.4.1 The company shall adopt a whistle-blowing policy for reporting irregularities occurring in it, indicating the following information: i) means by which irregularities can be reported within the company, including the names of the people qualified to receive reports, ii) the treatment to be given to reports, including confidentiality if the whistle-blower so wishes.	Adopted	3.9
II.1.4.2 The general lines of this policy shall be set forth in the corporate governance report.	Adopted	3.9
II.1.5 Remuneration		
II.1.5.1 The remuneration of the members of the Board of Directors shall be structured in such a way as to ensure that their interests are in line with that of the company. In this context: i) The remuneration of executive directors shall include a performance-based component and a performance evaluation conducted by the competent body shall therefore be taken into account. ii) The variable component shall be such as to maximise the company's long-term performance and shall depend on the sustainability of the performance variables adopted. iii) When not otherwise required by law, the remuneration of the non-executive members of the Board of Directors shall consist exclusively of a fixed amount.	Adopted	5.1/5.2/5.3
II.1.5.2 The Remuneration Committee and the Board of Directors shall submit to the Annual General Meeting a statement on pay policy of the members of the managing and supervisory bodies and other managers, as set forth in Article 248-B(3) of the Securities Code. In this context, the shareholders shall be informed of the criteria and main parameters used to evaluate performance for the purpose of calculating the variable component, whether it is in the form of rewards in shares, share options or other components.	Adopted	5.4
II.1.5.3 At least one representative of the Remuneration Committee shall attend annual general meetings.	Adopted	5.6
II.1.5.4 A proposal to approve share distribution or share option plans or plans based on variations in share price to members of the managing and supervisory bodies and other managers, as defined in Article 248-B(3) of the Securities Code shall be submitted to the general meeting. The proposal shall mention all the necessary information for its correct assessment. The proposal shall be accompanied by the regulations of the plan or, if they have not yet been drawn up, the general conditions with which they must comply. The main characteristics of the retirement benefit system for members of the managing and supervisory bodies and other managers, as set forth in Article 248-B(3) of the Securities Code shall be approved by the general meeting.	Not applicable	5.3 5.7
II.1.5.5 The remuneration of each member of the managing and supervisory bodies shall be disclosed annually on an individual basis and, distinguishing, whenever appropriate, between fixed and variable remuneration and between remuneration received from other group companies controlled by shareholders owning qualifying holdings.	Adopted	5.3
II.2. Board of Directors		
II.2.1 Within the limits established by law for each managing and supervisory body, and unless the company is small in size, the Board of Directors shall delegate the day-to-day running of the company. The duties delegated shall be identified in the annual corporate governance report.	Adopted	3.1/3.2.1/3.3
II.2.2 The Board of Directors shall ensure that the company acts in accordance with its goals and shall not delegate its powers 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) the adoption of decisions that should be considered strategic due to their amount, risk or special characteristics.	Not Adopted ("Under Spanish Law, the matters referred to in this recommendation can be delegated 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 If the chairperson of the Board of Directors has executive functions, the Board of Directors shall find efficient mechanisms for coordinating the work of the non-executive members to ensure that they can make independent, informed decisions. These mechanisms shall be explained to the shareholders in the annual corporate governance report.	Adopted	3.1.3
II.2.4 The company's annual report shall include a description of the work done by the non-executive directors and mention any constraints arising.	Adopted	3.1.3
II.2.5. The Board of Directors shall rotate the financial director at least at the end of every two terms.	Not applicable ("The Board of Directors only took office in the first half of 2008).	
II.3 CEO, Executive Committee and Executive Board of Directors		
II.3.1 When asked to do so by other members of the corporate bodies, executive directors shall provide the appropriate information in good time.	Adopted	3.2.1.3
II.3.2 The Chairperson of the Executive Committee shall send to the Chairperson of the Board of Directors and, as applicable, to the Chairperson of the Audit Board or Audit Committee, the respective invitations to and minutes of its meetings.	Adopted	3.2.1.3.

STATEMENT OF COMPLIANCE

Recommendation	Adoption Information	Description in Report
II.3.3 The Chairperson of the Executive Board of Directors shall send to the Chairperson of the General and Supervisory Board and the Chairperson of the Financial Committee the respective invitations to and minutes of its meetings.	Not applicable	
II.4. General and Supervisory Board, Financial Committee, Audit Committee and Audit Board		
II.4.1 In addition to its supervisory duties, the General and Supervisory Board shall advise, monitor and constantly assess the company's management by the Executive Board of Directors. The matters on which the General and Supervisory Board shall give opinions include: i) the company's general strategy and policies, ii) the group's corporate structure and iii) decisions that are considered strategic due to their amount, risk or special characteristics.	Not applicable	
II.4.2 The annual reports on the work of the General and Supervisory Board, Financial Committee, the Audit Committee and the Audit Board shall be published on the company's website together with the financial statements.	Adopted	3.3.4./7.4
II.4.3 The annual reports on the work of the General and Supervisory Board, Financial Committee, the Audit Committee and the Audit Board shall include a description of their supervision and mention, in particular, any constraints found.	Adopted	3.3.4/7.3
II.4.4 The Financial Committee, Audit Committee and Audit Board, depending on the model adopted, shall represent the company for all purposes in relations with the external auditor ,and shall notably, propose a person to render these services ,his/her/its fees, ensure that the company offers all the right conditions for the provision of these services, act as an interlocutor for the company and be first recipient of the auditor's reports.	Adopted	3.3.2
II.4.5 Every year, the Financial Committee, Audit Committee and Audit Board, depending on the model adopted, shall evaluate the external auditor and propose his/he/itsr discharge to the general meeting, if there is due cause.	Adopted	3.3.2/3.8
II.5. Specialised Committees		
II.5.1 Unless the company is small in size, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall set up any necessary committees to: i) conduct a competent, independent evaluation of the performance of the executive directors and assess their own overall performance and that of the different committees, ii) reflect on the company's governance system, check its effectiveness and suggest measures for improving it to the competent bodies.	Adopted	1.1/2.2.2/3.3.2
II.5.2 The members of the Remuneration Committee or equivalent shall be independent from the members of the Board of Directors.	Not applicable ("The members of the Nomination and Remuneration 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 9 and 130 of the Spanish Public Company 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.").	1.2.6.2/3.2.2.1
II.5.3 All committees shall draft minutes of their meetings.	Adopted	3.2.1.3 / 3.2.2.3 / 3.2.3.3./ 3.3.3
III. DISCLOSURE AND AUDITS		
III.1 General Disclosure Obligations		
III.1.2 Companies shall ensure permanent contact with the capital market, abide by the principle of equality between shareholders and prevent asymmetries in access to information by investors. The company shall maintain an investor relations office for the purpose.	Adopted	7.1 / 7.2
III.1.3 The following information shall be posted on the company's website in English: **a.** Its name, status as a listed company, registered office and other information mentioned in Article 171 of the Portuguese Companies Code; **b.** Its Articles of Association; **c.** The names of the members of the corporate bodies and 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	7.3

corporate governance

STATEMENT ON COMPLIANCE WITH INDEPENDENCE CRITERIA

Article 20.2 of the EDP Renováveis Articles of Association defines as independent members of the Board of Directors those that are able to perform their offices without being limited by relations with the company, its shareholders with significant holdings or its directors and meet the other legal requirements.

For the purpose of this statement of compliance with independence criteria and for the sake of comparison between EDP Renováveis and the other companies listed on Eurolist by Euronext Lisbon in matters of compliance with corporate governance recommendations, we have also considered the criteria for appraising independence and incompatibilities set forth in Articles 414-A (1), (save for paragraph b)) and 414 (5) both of the Portuguese Companies Code ("Código das Sociedades Comerciais"), and so the Board of Directors of EDP Renováveis considers that the following directors meet cumulatively (i) these criteria of independence required by law and the Articles of Association and (ii) if they were to apply those criteria of incompatibilities as legally defined:

Name	Position	Date of Appointment	End of Term
José Silva Lopes	Director (Independent) Member of the Audit Committee	04-06-2008	04-06-2011
Antônio Nogueira Leite	Director (Independent)	04-06-2008	04-06-2011
Rafael Caldeira Valverde	Director (Independent)	04-06-2008	04-06-2011
José Araújo e Silva	Director (Independent)	04-06-2008	04-06-2011
Jorge Santos	Director (Independent)	04-06-2008	04-06-2011
Francisco José Queiroz de Barros de Lacerda	Director (Independent) Member of Audit Committee	04-06-2008	04-06-2011
João Manuel de Mello Franco	Director (Independent) Chairperson of Audit Committee	04-06-2008	04-06-2011
João Lopes Raimundo	Director (Independent)	04-06-2008	04-06-2011
Daniel M. Kammen	Director (Independent)	04-06-2008	04-06-2011

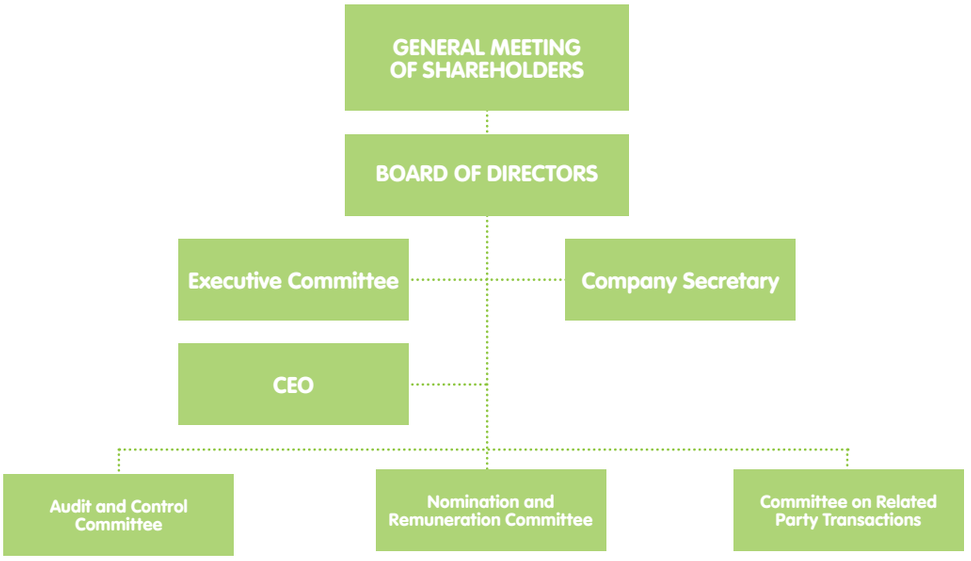
1. CORPORATE GOVERNANCE STRUCTURE

1.1. MODEL OF MANAGEMENT AND SUPERVISION

EDP Renováveis, has adopted the governance structure in effect in Spain. It comprises a General Meeting of Shareholders, which expresses corporate wishes, 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 Nomination and Remuneration Committee and the Committee on Related-Party Transactions.

The Company's governance structure is shown in the chart below.



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 the model.

Although EDP Renováveis shares were only admitted to trading on Eurolist by Euronext Lisbon in mid-2008, the experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organisation of EDP Renováveis activity, especially because it affords a healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different specialised Board of Directors committees.

The governance model of EDP Renováveis is designed to ensure the transparent, meticulous separation of duties and the specialisation of supervision. The following are the most important bodies in the management and supervision model at EDP Renováveis:

- Board of Directors;
- Executive Committee;
- Audit and Control Committee;
- External auditor.

The purpose of the adoption of this model by EDP Renováveis is to adapt the Company's corporate governance to the Portuguese legislation, due to the fact that Spanish law is its personal law. The governance model adopted by EDP Renováveis therefore seeks, insofar as it is compatible with its personal law, to correspond to the Anglo-Saxon model set forth in the Código das Sociedades Comerciais, in which the management body is a Board of Directors, and the supervision and control duties are the responsibility of an Audit Committee.

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

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

1.2. CORPORATE BODIES

1.2.1. GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's highest governing body. It is a meeting of shareholders that, when properly convened, has the power to decide and adopt majority decisions on matters that the law and the Articles of Association set forth that it should be decided and be submitted for its approval.

The Board of the General Meeting is responsible for organising its proceedings. It is made up of the Chairperson of the Meeting, the Chairperson of the Board of Directors, or his substitute, the other Board members and the Secretary of the Board of Directors.

corporate governance

1.2.2. BOARD OF DIRECTORS

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

The structure, competences and functioning of the Board of Directors are described in more detail in point 3.1. The Board of Directors currently consists of the following sixteen (16) members:

Name	Position	Date of Appointment	End of Term
António Mexia	Chairman and Director	18/03/2008	18/03/2011
Ana Maria Fernandes	Vice-Chairman, CEO	18/03/2008	18/03/2011
António Martins da Costa	Director	18/03/2008	18/03/2011
Nuno Alves	Director	18/03/2008	18/03/2011
João Manso Neto	Director	18/03/2008	18/03/2011
José Silva Lopes*	Director (Independent)	04/06/2008	04/06/2011
António Nogueira Leite*	Director (Independent)	04/06/2008	04/06/2011
Rafael Caldeira Valverde*	Director (Independent)	04/06/2008	04/06/2011
José Araújo e Silva*	Director (Independent)	04/06/2008	04/06/2011
Manuel Menéndez Menéndez*	Director	04/06/2008	04/06/2011
Jorge Santos*	Director (Independent)	04/06/2008	04/06/2011
Francisco José Queiroz de Barros de Lacerda*	Director (Independent)	04/06/2008	04/06/2011
João Manuel de Mello Franco*	Director (Independent)	04/06/2008	04/06/2011
João Lopes Raimundo*	Director (Independent)	04/06/2008	04/06/2011
Daniel M. Kammen*	Director (Independent)	04/06/2008	04/06/2011
Gilles August	Director (Independent)	14/04/2009	14/04/2012

*Appointed in Agreement adopted by the General Meeting of EDP Renováveis, S.A. on the May 14, 2008, to take office as member of the Board of Directors on the June 4, 2008.

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 Board members' professional and academic careers.

Finally, the shares of EDP Renováveis owned by each Board member are described in the table in Annex V.

1.2.3. CHAIRPERSON AND VICE-CHAIRPERSON OF THE BOARD

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 appointed on March 18, 2008.

Chairperson of the Board

António Mexia

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 appointed on March 18, 2008.

Vice-Chairperson of the Board

Ana Maria Fernandes

1.2.4. CHIEF EXECUTIVE OFFICER

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 favor of two-thirds of the directors and must be chosen from among the Board members.

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 appointed on June 4, 2008 with competences including coordination of the implementation of Board and Executive Committee decisions, monitoring, leading and coordinating the management team, representing the company in dealings with third parties and other related duties.

CEO

Ana Maria Fernandes

1.2.5. COMPANY SECRETARY

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/her 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 EDP Renováveis, was appointed on December 4, 2007.

Company Secretary
Emilio García-Conde Noriega

1.2.6. COMMITTEES

The structure, competences and operation of the Executive Committee, Nomination and Remuneration Committee and the Committee on Related-Party Transactions are described in point 3.2. Nonetheless, the nature of the committees and the names of their members are detailed below.

1.2.6.1. EXECUTIVE COMMITTEE

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 i) election of the Chairperson of the Board of Directors, ii) appointment of directors by cooption, iii) requests to convene or convening of General Meetings, iv) preparation and drafting of the Annual Report and Accounts and submission to the General Meeting, v) change of registered office and vi) drafting and approval of mergers, spin off or transformation of the company.

The committee currently consists of five (5) members, who were appointed on June 4, 2008, plus the Secretary.

Executive Committee	
Chairperson	António Mexia
CEO	Ana Maria Fernandes
	António Martins da Costa Nuno Alves João Manso Neto
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.

1.2.6.2. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is a permanent body of a merely informative and advisory nature and its recommendations and reports are not binding.

The Nomination and Remuneration Committee currently consists of three (3) independent members, who were appointed on June 4, 2008, plus the Secretary.

Nomination and Remuneration Committee	
Chairperson	Jorge Santos
	João Lopes Raimundo 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.

1.2.6.3. COMMITTEE ON RELATED-PARTY TRANSACTIONS

The Committee on Related-Party Transactions is a body of the Board of Directors.

The committee currently consists of three (3) members, who were appointed on June 4, 2008, plus the Secretary.

Committee on Related-Party Transactions	
Chairperson	António Nogueira Leite
	João Manuel de Mello Franco João Manso Neto
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.

1.3. AUDIT AND CONTROL COMMITTEE

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 who are independent directors and were appointed on June 4, 2008, plus the Secretary.

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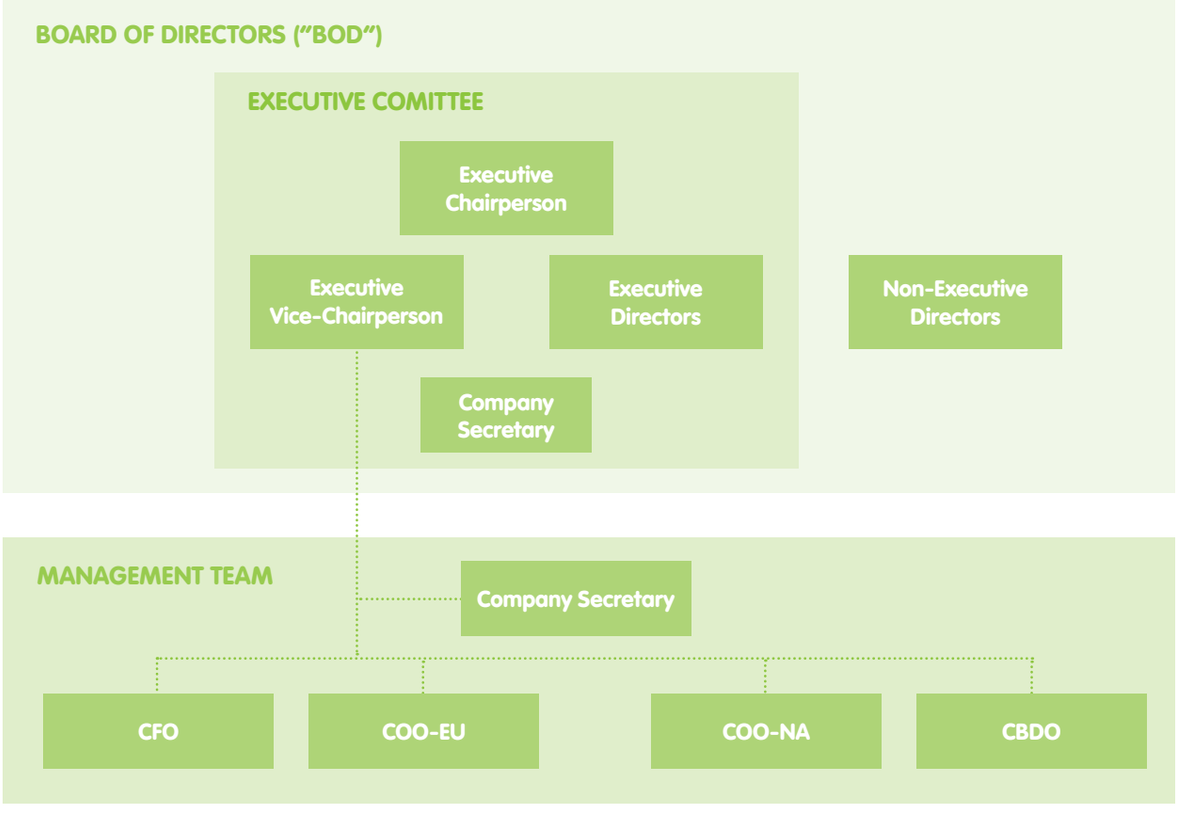
Audit and Control Committee	
Chairperson	João Manuel de Mello Franco
	João Silva Lopes Francisco José Queiroz de Barros de Lacerda
Secretary	Emilio García-Conde Noriega

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.

The structure, competences and functioning of the Audit and Control Committee are described in point 3.3.

1.4. ORGANIZATION CHART

EDP Renováveis has adopted the following organization chart for its management:



The EDP Renováveis management team consists of the Chief Executive Officer, four areas of responsibility (Chief Financial Officer, Chief Business Development Officer, Chief Operating Officer for Europe and Chief Operating Officer for North America) and Company Secretary and Legal Counsel. The functions and competences of the management team, with the exception of the Chief Executive Officer, whose functions have already been described and who runs the management team, are as follows:

1.4.1. CHIEF FINANCIAL OFFICER (RUI TEIXEIRA)

It is the Chief Financial Officer's job:

- To propose and ensure the implementation of the Group's financial policy and management, including (i) negotiating, managing and controlling financing, (ii) optimizing cash management and (iii) proposing financial risk management policy;
- To coordinate and prepare budget and business plan of the Group, with the Group's business platforms.

- To manage the Group's monthly closing of accounts and financial statements, and to analyze the financial and operational performance of the Group;

- To manage relations with the Group's shareholders, potential investors and market analysts to promote the value of its shares on the capital market;

- To coordinate the Group's procurement and its relations with main suppliers and ensuring the implementation of the Group's procurement strategy and policy.

1.4.2. CHIEF BUSINESS DEVELOPMENT OFFICER (LUÍS ADÃO DA FONSECA)

The job of the Chief Business Development Officer is to promote, direct and approve the development of EDP Renováveis business. In line with the strategic plan and in coordination with the other members of the management team, he must increase the value of the group's business portfolio, while watching the potential and risks of markets and new technologies. His teams coordinate and implement new business development initiatives in new countries and are responsible for monitoring and assessing investments in the consolidated platforms.

1.4.3. CHIEF OPERATING OFFICER FOR EUROPE (JOÃO PAULO COSTEIRA)

It is the job of the Chief Operating Officer for Europe to coordinate the EDP Renováveis European platform in establishing, developing and implementing the EDP Renováveis group's strategic plan for the renewable energies business, drafting and implementing the strategic plan for Europe in accordance with the guidelines set by the Board of Directors of EDP Renováveis, planning, organizing and managing resources, controlling, measuring and improving the management of projects and subsidiary companies and achieving the results expected by the Group to make EDP Renováveis a leader in the renewable energy sector in Europe.

1.4.4. CHIEF OPERATING OFFICER FOR NORTH AMERICA (GABRIEL ALONSO IMAZ)

The Chief Operating Officer for North America is responsible for coordinating the North American platform of EDP Renováveis. His task is acomplished through the establishing, developing and implementing of the EDP Renováveis group's strategic plan for the renewable energies business, drafting and implementing the strategic plan for the United States, in accordance to the guidelines set by the Board of Directors of EDP Renováveis, planning, organizing and managing resources, controlling, measuring and improving the management of projects and subsidiary companies and achieving the results expected by the Group to make EDP Renováveis a leader in the renewable energy sector in the United States.

1.4.5. COMPANY SECRETARY AND LEGAL COUNSEL (EMILIO GARCÍA-CONDE NORIEGA)

He assists the Management Team in its legal, administrative and logistics activities to ensure that it functions effectively, provides legal advice to the group in order to guarantee compliance with applicable legislation, and provides legal support at Management Team meetings, including the circulation of its decisions.

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2. SHAREHOLDER STRUCTURE

2.1 CAPITAL STRUCTURE

The EDP Renováveis share capital of EUR 4,361,540,810 is represented by 872,308,162 shares with a face value of EUR 5 each.

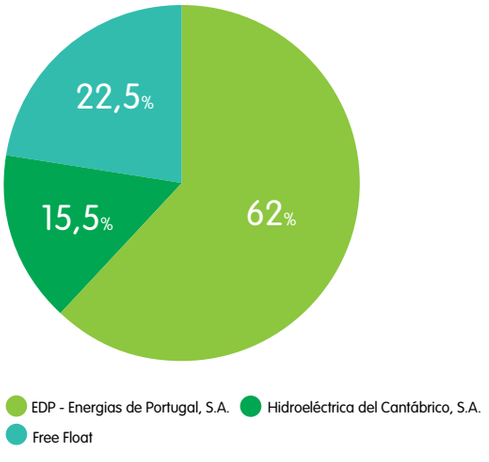
All EDP Renováveis shares are have same category. Under the Spanish Ley de Sociedades Anónimas, approved by Royal Decree 1564/1989 of 22 December 1989 (hereinafter Public Company Law) and the Articles of Association of EDP Renováveis, the owner of a share becomes a shareholder with all the inherent rights and obligations established by the Public Company Law and articles of association of EDP Renováveis. The most important rights inherent in shares are the right to receive dividends, the right to obtain general information on any matters to be discussed in the General Meetings, general rights to attend, voting rights, the right to object to company decisions, preemptive rights in share capital increases and the right to participate in the distribution of assets if EDP Renováveis is dissolved.

2.2 SHAREHOLDER STRUCTURE

Shareholder Structure – 31 December 2009

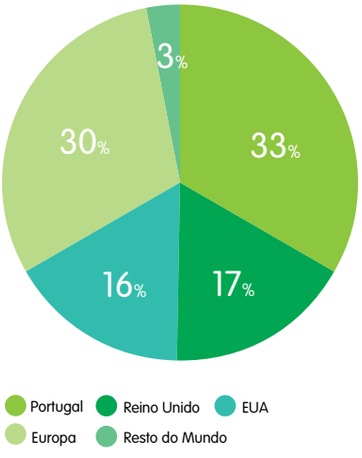
31 Dec 2009	Nº. Shares
EDP - Energias de Portugal, S.A.	541,027,156
Hidroeléctrica del Cantábrico, S. A.	135,256,700
Free Float	196,024,306
Total	**872,308,162**

Free Float

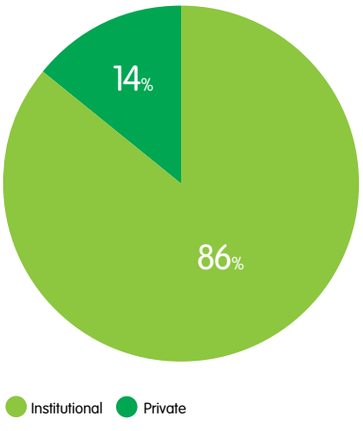


In December 2009, EDP Renováveis had more than 70,000 institutional and private shareholders in over 50 countries, with special focus on Portugal, United Kingdom, United States and Rest of Europe.

Free Float Geographic Breakdown



Free Float Investor Type



2.3. QUALIFYING SHAREHOLDING

Qualifying shareholdings in EDP Renováveis are subject to the Spanish law, which regulates the criteria and thresholds of the shareholders' holdings. As of December 31, 2009, no qualifying shareholdings in EDP Renováveis with the exception of EDP and Hidrocantábrico were identified.

2.4. HOLDER OF SPECIAL RIGHTS

EDP Renováveis share are of a single class and series and have been fully paid up. There are no holders of special rights.

2.5. RESTRICTIONS ON THE TRANSFER OF SHARES

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

2.6. SHAREHOLDERS' AGREEMENTS

As far as the Board of Directors of EDP Renováveis knows, there are currently no shareholders' agreements regarding the Company.

3. MANAGEMENT AND CONTROL SYSTEM

Pursuant to Articles 10 and 19 et seq of the Articles of Association of EDP Renováveis, the Company's managing body is a Board of Directors, and there are four committees stemming from it. They are the Executive Committee, the Audit and Control Committee, the Nomination and Remuneration Committee and the Committee on Related-Party Transactions.

3.1. STRUCTURE, COMPETENCES AND FUNCTIONING OF THE BOARD OF DIRECTORS

3.1.1. STRUCTURE

Pursuant to Articles 20 and 21 of the Company's Articles of Association, the Board of Directors shall consist of no fewer 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 sixteen (16) members, whose particulars were indicated in point 1.2.2. above.

3.1.2. 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 General Meetings in the Company's Articles of Association or applicable law. The Board is therefore expressly empowered to:

- Acquire, for the purpose of encumbrance of profit, assets and properties, rights, shares and holdings convenient to the Company;
- Dispose of, mortgage or encumber assets and properties, rights, shares and holdings of the Company and cancel mortgages and other real rights;
- Negotiate and make as many loans or credit operations as it sees fit;
- Sign and enter into any acts or contracts with public or private entities;
- Bring all civil and criminal suits of all kinds pertaining to the Company and represent it in dealings with officials, authorities, corporations and government, administrative, economic, litigant and judicial courts, civil courts and chambers for social and labour matters of the Supreme Court and higher courts of justice of the autonomous communities, with no limitations, including the Court of Justice of the European Communities, and in general in dealings with the public administration at all levels and to intervene or promote, pursue and end by all proceedings and instances any processes, judgments and proceedings, to consent to settlements, lodge all classes of appeal, including cassation and other extraordinary actions, to drop cases or settle, make concessions, submit disputes to arbitration, make all kinds of notifications and applications and grant powers to attorneys and other representatives to settle cases, with the authority for the case and those usual in general for lawsuits and special authority to grant and revoke these powers;
- Call General Meetings and submit to their appreciation any proposals that it sees fit;
- Run the Company's affairs and the organization of its work and operations, be informed of the course of company business and operations, decide on the investment of funds, perform extraordinary amortization of bonds in circulation and do anything it sees fit for the best pursuit of the Company's object;
- Freely appoint and discharge directors and all technical and administrative personnel at the Company and indicate their duties and remuneration;
- Agree to changes in registered office within the same municipality;
- Constitute and endow under the law all kinds of legal person, contribute and transfer all classes of goods and rights and enter into concentration and cooperation agreements, associations, groupings and temporary unions of companies or businesses and community property and agree upon their alteration, conversion and closure;
- Perform any other acts expressly assigned to it by the Articles of Association or applicable law. This list is not limitative and only indicative in nature.

Regarding 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.

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.

3.1.3. FUNCTIONING

In addition to the Articles of Association and the law, the Board of Directors is governed by the regulations approved on 13 May 2008. The regulations on the functioning of the Board are available to Company shareholders on 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 in the Company's interest. The Board of Directors held five (5) meetings during the year ended on December 31, 2009.

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

Thanks to the mechanisms set forth in the regulations, non-executive directors have encountered no difficulties in performing their duties.

In 2009, the non-executive directors were involved in the governance of EDP Renováveis 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 Nomination and Remuneration Committee, Committee on Related-Party Transactions and Audit and Control Committee, where all the members are non-executive, with the exception of the Committee on Related-Party Transactions, which has one executive director.

3.2. STRUCTURE, COMPETENCES AND FUNCTIONING OF COMMITTEES

3.2.1. EXECUTIVE COMMITTEE

3.2.1.1. STRUCTURE

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no fewer than three (3) and no more than six (6) directors. The committee currently consists of the members indicated in point 1.2.6.1.

Its creation, 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.

3.2.1.2. COMPETENCES

The Executive Committee is a permanent body. It has currently been delegated all the Board of Directors' powers that are delegable under the law and the articles of association legal, with the exception of: i) election of the Chairperson of the Board of Directors, ii) appointment of directors by cooption, iii) requests to convene or convening of General Meetings, iv) preparation and drafting of the Annual Report and Accounts and submission to the General Meeting, v) change of registered office and vi) 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 of its members can act jointly in the name and on behalf of the Company.

3.2.1.3. FUNCTIONING

In addition to the Articles of Association, this committee is also governed by the regulations approved on June 4, 2008 and also by the Board Regulations. The committee's regulations are available to shareholders 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-three (33) meetings during the year ended on December 31, 2009.

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 said meetings.

Meetings of the Executive Committee shall be 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.

3.2.2. NOMINATION AND REMUNERATIONS COMMITTEE

3.2.2.1. STRUCTURE

Pursuant to Article 29 of the Company's Articles of Association, the Nomination and Remunerations Committee shall consist of no fewer 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 also not be members of the Executive Committee. The committee currently consists of the members indicated in point 1.2.6.2 and are all independent directors.

The Nomination and Remunerations Committee is made up of 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 27 December, which lays down that the Nomination 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 as completely as possible with the recommendation indicated in point II.5.2 of the Portuguese Code of Corporate Governance.

3.2.2.2. COMPETENCES

The Nomination and Remunerations Committee is a permanent body of a merely informative and advisory nature and its recommendations and reports are not binding.

The Nomination and Remunerations Committee has no executive functions. The main functions of the Nomination 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 Nomination 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:

- To define the principles and criteria regarding the membership of the Board of Directors and the selection and appointment of its members;
- To propose the appointment and re-election of directors when they should be done by co-option or in any case for their submission to the General Meeting by the Board;
- To propose members of the different committees to the Board of Directors;
- Within the provisions of the Articles of Association, to propose to the Board the system, distribution and amount of remuneration of the directors and, if applicable, propose to the Board the terms of the directors' contracts;
- To inform and, if applicable, propose to the Board of Directors the appointment and/or dismissal of senior managers and the terms of their contracts and, in general, define senior management hiring and remuneration policies;
- To revise and report on incentive plans, pension supplements and remuneration programs;
- To evaluate the members of the Executive Committee with a view to establishing individual remuneration proposals for each of its members;
- To evaluate the overall performance of the Board of Directors, on the basis of its own performance and that of its committees;
- To perform any other functions assigned to it by the Articles of Association or the Board of Directors.

3.2.2.3. FUNCTIONING

In addition to the articles of association, the Nomination and Remunerations Committee is governed by the Regulations approved on June 4, 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.

3.2.2.4. ACTIVITY IN 2009

In 2009 the main proposals made by the Nomination and Remunerations Committee were:

- Propose an annual fixed remuneration for the Chairperson of the General Meeting;
- Fixed remuneration and annual and multi-annual variable remuneration for the year 2009 and 2010;
- Performance evaluation of the Board of Directors and the Executive Committee.

3.2.3. RELATED PARTY TRANSACTIONS COMMITTEE

3.2.3.1. STRUCTURE

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

corporate governance

of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be independent.

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

The committee currently consists of the members indicated in point 1.2.6.3.

3.2.3.2. 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 informing the Company's Board of Directors of business and legal relations to be established between EDP or related parties and EDP Renováveis or related parties;
- To submit for annual approval the Company's results in terms of compliance of business and legal relations between the EDP Group and the EDP Renováveis Group and operations between related parties performed during the year in question;
- Ratifying, within the deadlines of meeting the needs of each particular case, transactions between EDP and/or its related parties with EDP Renováveis, and/or its related parties, whenever the value of an transaction is higher than € 5,000,000 or represents 0.3% of the consolidated annual revenue of the EDP Renováveis Group in the preceding year;
- Ratifying any amendments to the framework agreement signed by EDP and EDP Renováveis on May 7, 2008;
- Submitting recommendations to the Company's Board of Directors or the Executive Committee on operations between EDP Renováveis and its related parties and EDP and its related parties;
- Asking EDP for access to information required to perform its duties.

Should the Related Party Transactions Committee not ratify business or legal relations between EDP or its related parties and EDP Renováveis 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 favor, 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 EDP Renováveis or its related parties that have standard conditions and these conditions are applied in the same way in trasactions with parties not related to EDP and EDP Renováveis nor their respective related parties.

3.2.3.3. FUNCTIONING

In addition to the Articles of Association, the Related Party Transactions Committee is governed by the regulations approved on June 4, 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.

3.2.3.4. ACTIVITY IN 2009

In 2009, 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 for its consideration.

Point 3.6 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 EDP Renováveis business.

3.3. AUDIT AND CONTROL COMMITTEE

3.3.1. STRUCTURE

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 directors. The committee currently consists of the members indicated in point 1.3.

3.3.2. COMPETENCES

The Audit and Control Committee is a permanent body and performs independent supervision of the work of the Board of Directors. The competences of the Audit and Control Committee are as follows:

- Informing General Meetings, through its Chairperson, on matters regarding its competences;
- Proposing to the Board of Directors for submission to the General Meeting the appointment of Company Auditors and the terms of their hiring, scope of their work and revocation and renewal of their contracts;
- Supervising internal auditing activities;
- Monitoring financial reporting, internal control systems and risk management;
- Drafting an annual report on its supervisory duties and giving its opinion on the annual report, accounts and proposals submitted by the Board of Directors;

- Receiving whistle-blowing reports on financial and accounting matters made by Company employees or shareholders;

- Hiring experts to collaborate with any of the committee members in their duties, in which case contracts and remuneration of said experts shall take into account the importance of the matters assigned to them and the Company's economic situation;

- Keeping up relations with the auditors on questions that may jeopardize their independence and any others related to the auditing process and receiving and keeping information on any other matters set forth in audit legislation and auditing standards in effect at any given time;

- Writing reports at the request of the Board and its committees;

- Reflecting on the governance system adopted by EDP Renováveis in order to identify areas for improvement;

- Dealing with any other matters assigned to it by the Board of Directors or the Articles of Association.

3.3.3. FUNCTIONING

In addition to the Articles of Association and the law, this committee is governed by the regulations approved on June 4, 2008 and also by the Board regulations. The committee's regulations are at the shareholders' disposal on www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit. In 2009, the Audit and Control Committee met eleven (11) times not only to monitor the closure of quarterly accounts in the first half-year but also to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities.

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 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.

3.3.4. ACTIVITY IN 2009

In 2009, the Audit Committee's activities included the following: (i) analysis of relevant rules to which the committee is subject in Portugal and Spain, (ii) assessment of the external auditor's work, (iii) 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, (iv) drafting of an opinion in the individual and consolidated annual reports and accounts, (v) supervision of the quality, integrity and efficacy of the internal control system, risk management and internal auditing, (vi) reflection on the corporate governance system adopted by EDP Renováveis, (vii) analysis of the evolution of the SCIRF project, (viii) 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 Committee in the year ended on December 31, 2009 is available to shareholders at www.edprenovaveis.com.

3.4. INCOMPATIBILITY AND INDEPENDENCE

Following the recommendations of the CMVM, Article 12 of the Board regulations requires at least twenty-five percent (25%) of the Board members 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 EDP Renováveis and those who are related to the above. A company shall be considered to be a competitor of EDP Renováveis 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 EDP Renováveis, 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 EDP Renováveis, 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) holding certain management positions are not allowed to be directors.

3.5. RULES OF APPOINTMENT AND DISCHARGE OF MEMBERS OF THE BOARD OF DIRECTORS AND AUDIT AND CONTROL COMMITTEE

Each member of the Board of Directors is appointed by majority of the General Meeting 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 137 of the Public Company 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 Board members 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.

Given that the directors do not have to be elected on the same date, if there is a vacancy, pursuant to Article 23 of the Articles of Association and 137 of the Public Company Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the first General Meeting, which shall ratify the co-opted director. Pursuant to Article 139 of the

corporate governance

Public Company Law, the co-option of directors, as for other Board decisions, must be approved by absolute majority of the directors at the meeting.

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 members of the Audit and Control Committee is the same as their term as directors. The committee members, the majority of whom must be independent, can be reelected and discharged by the Board of Directors at any time. The term of office of the Chairperson of the Audit 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.

3.6. BUSINESS BETWEEN THE COMPANY AND MEMBERS OF THE COMPANY'S GOVERNING BODIES OR GROUP COMPANIES

EDP Renováveis has signed no contracts with the members of the corporate bodies at the close of 2009.

Regarding related party transactions, EDP Renováveis 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 EDP Renováveis subgroup.

3.6.1. FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDP Renováveis on May 7, 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 EDP Renováveis and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDP Renováveis. EDP Renováveis 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.

Finally, it lays down the obligation to provide EDP with any information that it may request from EDP Renováveis to fulfill its legal obligations and prepare the EDP Group's consolidated accounts.

The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDP Renováveis or appoints more than 50% of its directors.

3.6.2. EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4, 2008 EDP and EDP Renováveis signed an Executive Management Services Agreement.

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 four people to form EDPR's Executive Committee, for which EDP Renováveis pays EDP an amount for the services rendered. Until April 30, 2009 the CEO remuneration was also covered by this contract.

Under this contract, EDP Renováveis is due to pay an amount of EUR 1,453,441.23 for management services rendered by EDP through 2009.

The initial term of the contract is March 18, 2011.

3.6.3. FINANCE AGREEMENTS AND GUARANTEES

The finance agreements between EDP Group companies and EDP Renováveis Group companies, were established under the above described Framework Agreement and currently include the following:

3.6.3.1. LOAN AGREEMENTS

EDP Renováveis (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 31, 2009, such loan agreements totalled EUR 822,918,847.72 and USD 1,884,481,823.97 .

3.6.3.2. 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 EDP Renováveis, Nuevas Energias de Ocidente SL (hereinafter EDPR EU) and Horizon Wind Energy 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.

EDP Renováveis will be jointly liable for compliance by EDPR EU and EDPR NA.

The subsidiaries of EDP Renováveis 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

The agreement may be terminated (i) by any party at any time, whenever there are no guarantees in effect, or if (ii) any of the subsidiaries ceases to be controlled by the guarantor with regard to the guarantees provided to say subsidiary.

3.6.3.3. CURRENT ACCOUNT AGREEMENT

EDP Sucursal and EDP Renováveis signed an agreement through which EDP Sucursal manages EDP Renováveis`s cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As at December 31, 2009, the current account had a balance of EUR 35,042,724.62 in favour of EDP Renováveis.

The agreement is valid for one year as of date of signing and is automatically renewable for equal periods.

3.6.3.4. FINANCING AGREEMENTS

In order to manage its US$ cash surplus, at December 31, 2009 EDP Renováveis had two short term deposits placed with EDP Finance BV in the total amount of US$ 370,675,000.00.

The two short term deposits mature on January 2010.

3.6.3.5 CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, the company and Group accounts of EDP Renováveis 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 Euros, between EDP Sucursal and EDP Renováveis for a total amount of USD 2,632,613.00.

3.6.3.6. HEDGE AGREEMENTS – EXCHANGE RATE

EDP Sucursal and EDP Renováveis 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 31, 2009, a total amount of EUR 87,660,918.51 remained outstanding.

3.6.4. HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into several hedge agreements related with the expected sales of energy in the Spanish market and due between March-09 and December -10 for a total volume of 3,357 MWh (1,991 MWh regard 2009 hedged generation and for 1,366 MWh regard 2010 hedged generation) at market forward prices in each contract.

3.6.5. TRADEMARK LICENSING AGREEMENT

On May 14, 2008, EDP and EDP Renováveis 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, EDP Renováveis 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 2009 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 EDP Renováveis. 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.

3.6.6. CONSULTANCY SERVICE AGREEMENT

On June 4, 2008 EDP and EDP Renováveis 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 2009 the estimated cost of these services is EUR 2,781,506.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

3.6.7. RESEARCH AND DEVELOPMENT AGREEMENT

On May 13, 2008, EDP Inovação, S.A. (hereinafter EDP Inovação), an EDP Group company, and EDP Renováveis 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 EDP exercises its option to undertake them.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or appoints the majority of the members of the Board and Executive Committee of the parties to the agreement.

3.6.8. MANAGEMENT SUPPORT SERVICE AGREEMENT BETWEEN ENERNOVA – NOVAS ENERGIAS, S.A. AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS, S.A.

On January 1, 2003, Enernova – Novas Energias, S.A. (hereinafter Enernova), leader of the EDP Renováveis 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 Enernova 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 Enernova and its subsidiaries for the services provided in 2009 totaled EUR 748,634.81.

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 1 , 2008.

Either party may renounce the contract with one (1) year's notice.

3.7. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

3.7.1. INTERNAL FINANCIAL INFORMATION CONTROL SYSTEM

Along with the maintenance of the traditional mechanisms related to the control process of preparing financial information (based in the definition of functions and responsibilities, implementation of support systems, decision workflows and communication of accounting criteria, internal supervision, supervision by the Audit and Control Committee and in the execution of financial audits by an external and independent firm), EDP Renováveis Group decided to implement an Internal Control System over Financial Reporting (ICSFR) following the COSO (Committee of Sponsoring Organizations) framework, international reference in this subject.

This system, implemented in the European platform and in process of implementation in the American platform, includes description, detailed documentation and evaluation of control at a process level relevant for the financial reporting and at Entity Level Control's level.

In line with this decision, during 2009 were developed the inherent activities for the updating of the scope, extension to new geographies and to the organization in general, as well as the activities related to the executive level responsibilities in terms of maintenance, controls execution and global conformity certification by means of an auto-certification.

With respect to the American platform, the implementation of the Internal Control System started in 2009, and its documentation and systematization will be revised in 2010, after SAP software implementation in the financial areas.

In 2009, the Executive Committee approved the Model of Responsibilities of the Internal Control System, applicable to the group. The Model describes the main functions and responsibility levels to guarantee the commitment of the organization and an adequate effectiveness of the system.

The Audit and Control Committee supervises the whole process and makes a continuous follow-up of its development, and of the evolution of the items in need for remedy identified during the evaluation.

3.7.2. INTERNAL BUSINESS RISK DETECTION SYSTEM

The main risks and uncertainties that can affect the operation performance of EDP Renováveis are the following:

3.7.2.1. RISKS RELATING TO RECEIVED PRICES

Exposure to market electricity prices

Remuneration for electricity sold by EDP Renováveis wind farms depends, in part, on market prices for electricity. Market prices may be volatile as they are affected by various factors, including the cost of fuels, average rainfall levels, the cost of power plant construction, the technological mix of installed generation capacity and user demand. Therefore, a decline in market prices below anticipated levels could have a material adverse effect on EDP Renováveis' business, financial condition or results of operations. EDP Renováveis currently uses various financial and commodity hedging instruments in order to reduce the exposure to fluctuating electricity prices. However, it may not be possible to successfully hedge the exposures or the company may face other difficulties in executing the hedging strategy.

Management of electricity prices exposure

As of December 31, 2009, EDP Renováveis faced limited market price risk. In the case of EDPR NA, most of its installed capacity has fixed prices determined by long-term purchase agreements.

In the remaining countries, prices are mainly determined through regulated tariffs (France and Portugal) or managed through long-term power purchase agreements (Brazil, Poland, and Belgium).

In the case of Spain, electricity is sold directly on the daily market at spot prices plus a pre-defined regulated premium. EDP Renováveis also has an option of selling this electricity through regulated tariffs, guaranteeing minimum prices. In 2009 the company closed a hedge in order to mitigate the effect of pool price fluctuations.

3.7.2.2. REGULATORY RISKS

Exposure to Regulatory risks

The development and profitability of renewable energy projects is dependent on policies and regulatory frameworks that support such development. The jurisdictions in which EDP Renováveis operates provide various types of incentives that support the sale of energy generated from renewable sources.

Support for renewable energy sources has been strong in previous years, and both the European Union and various U.S.

federal and state bodies have regularly reaffirmed their desire to continue and strengthen such support.

In Europe, this support has been steady and has to be strengthened as EU countries have renewable and mandatory targets. The new EU directive on renewable energies, agreed in December 2008, requires each member state to increase its share of renewable energy in the bloc's energy mix to raise the overall share from 5.5% level in 2005 to 20% in 2020. Additionally EU countries have interim targets in order to ensure a steady progress towards it 2020 target. For these reason they must present national action plans (NAPs) based on the indicative trajectories to the European Commission by 30 June 2010, followed by progress reports submitted every two years. Therefore, EU countries must have short and long term renewables strategies which will be monitored and tracked by the EU authorities.

US, on the contrary, has not mandatory energy targets at a federal level. However, under the Obama Administration, renewables have found strong political support. The Stimulus package (American Recovery & Reinvestment Act) approved in February 2009 included a wide range of measures addressed to boost renewable energies.

Nevertheless, it cannot be guaranteed that support will be maintained or than the electricity produced by future renewable energy projects will benefit from statutory purchase obligations, tax incentives, or other support measures for the generation of electricity from renewable energy sources

Management of regulatory risks

EDP Renováveis belongs to the most prestigious wind energy associations, both at national and international level. EDP Renováveis is member of "La Asociación Empresarial Eólica" (Spain), "APREN" -Associação Portuguesa de Produtores de Energia Eléctrica de Fontes Renováveis- (Portugal), Le Syndicat des Energies Renouvelables (France), ANEV (Italy), BWEA (UK) and PIGEO (Poland). In the US, EDP Renováveis participates in the following wind associations: AWEA (American Wind Energy Association), Wind on the Wires (Mid West) and CEERT (California). At an international level, EDP Renováveis belongs to the EWEA (European Wind Energy Association), which is today the biggest wind energy network.

Being an active member in all these associations allows EDP Renováveis to keep abreast of any regulatory change, and represent wind energy sector's interests when required by the governments.

3.7.2.3. RISKS RELATED TO ENERGY PRODUCTION

Risk related to volatility of energy production

EDP Renováveis business is focused on the production of electricity from renewable energy sources. The amount of energy generated by, and the profitability of wind farms is dependent on climatic conditions, which vary across the locations of the wind farms, the seasons and years. Because turbines will only operate when wind speeds fall within certain specific ranges that vary by turbine type and manufacturer, if wind speeds fall outside or towards the lower end of these ranges, energy output at wind farms would decline.

Variation 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 the results of operations. Furthermore, a sustained decline in wind conditions could lead to reductions in operational efficiency, energy production and profitability.

Management of risks related to volatility of energy production

Variations in wind conditions are due to seasonal fluctuations, and these fluctuations have an impact in the amount of the electricity generated. EDP Renováveis mitigates this risk by the geographical diversification of its wind farm in each country. This "portfolio effect" enables to offset wind variations in each area and to keep the total energy generation relatively steady.

3.7.2.4. RISKS RELATED WIND TURBINE PERFORMANCE

Wind turbine performance risk

Wind turbine performance risk is the risk that the performance of the turbine is not optimum, and therefore, the energy output declines.

Management of wind turbine performance risk

EDP Renováveis is not highly exposed to this risk as its large volume limits the availability risk as economies of scale protect the company against unforeseen events. Nevertheless, EDP Renováveis mitigates the wind turbine performance risk by implementing the following measures.

Firstly, EDP Renováveis mitigates wind turbine performance risk by using a mix of turbine suppliers which minimizes technological risk. Secondly, wind turbine performance risk is reduced by signing strict and thorough O&M contracts with suppliers, usually for a 5-year period (full-scope maintenance agreement), being the 2 first year-period of full guarantee.

Additionally, technical warranties are signed with the turbine suppliers, in order to guarantee that the performance of the turbine will be optimum. The availability and the power curve of each turbine is adequately guarantee with "liquidated damages" clauses that set up penalties to be paid by the supplier when the availability is not met (usually 96 or 97%) or the power curve is not reached. Wind turbine performance risk is also mitigated with an adequate preventive and scheduled maintenance and predictive maintenance is being also brought in.

After the first 5-year period, O&M is usually contracted with an external company, but a technical assistance agreement is signed with the turbine supplier.

Finally, EDP Renováveis has in place a LEAN Project. LEAN is a continuous improvement program that aims to achieve the following:

- Maximize Availability of Turbines
- Improve Efficiency
- Manage Reactive Energy

In order to achieve the objectives listed above, the LEAN team effectively collaborates with all technical areas such as O&M, Wind Assessment, Technology and Dispatch Center.

3.7.2.5. PERMITTING RISKS

Permitting risks

Wind farms are subject to strict international, national, state, regional and local regulations relating to the development, construction, licensing and operation of power plants. Among other things, these regulate: land acquisitions, leasing and use; building, transportation and distribution permits; landscape and environmental permits; and regulations on energy transmission and distribution network congestions. Development process of wind farms is subject to the possibility of obtaining such permits. If authorities do not grant these permits or they do so with delays or with restrictions, such actions could have a material adverse effect on the business.

Management of permitting risk

Permitting risk is mitigated by the fact that EDP Renováveis in present in different countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, US and Brazil. Additionally, the company has a large pipeline of projects that provide a "buffer" to overcome potential problems in the development of other projects, ensuring the growth targets.

Finally, EDP Renováveis mitigates development risk creating partnerships with local partners.

3.7.2.6. WIND TURBINE SUPPLY RISKS

Wind turbine supply risk

Wind turbine is a significant part of a wind farm's investment cost (70% to 80%). The main risks associated to wind turbines are:

- Price risk: this occurs when the supply of wind turbines cannot meet the growing demand, and prices rises sharply, impacting profitability of new wind farms
- Quantity risk: when no wind turbines are available for the construction of new wind farms

Management of wind turbine supply risk

Last years were marked by the difficulties of the wind turbine industry to catch up with the booming demand. In this high growth environment, wind generators endured difficulties to secure the supply of wind turbines. This trend, however, was reversed in 2008 and 2009 as turbine demand slowed down creating a more favourable scenario for EDP Renováveis. The company is exploring the possibility to contract part of its expected turbine supply needs in this favourable situation.

EDP Renováveis uses a large mix of turbine supplier in order to reduce its dependency on any one supplier. At present EDP Renováveis is one of the generators with a more diversify portfolio, being Vestas and Gamesa the most important suppliers. The large range of EDP Renováveis suppliers allows the company to avoid technological risk of each turbine supplier. Additionally, EDP Renováveis has the required size to contract with a large range of suppliers.

EDP Renováveis has traditionally been securing its wind turbines by establishing long-term flexible agreements with several major turbine vendors. Frame agreements enabled EDP Renováveis to have available turbine when needed, but in the current context, they could prevent the company to capture the drop in turbine prices. For this reason EDP Renováveis is renegotiating frame agreements as well as negotiating more flexible agreements for the next years. By monitoring market trends, EDP Renováveis can reach these agreements with suppliers when market conditions are favourable. Additionally, when contracting large volumes, EDP Renováveis can obtain better prices and conditions that mitigate the effect of general increases in assets prices.

3.7.2.7. EXPOSURE TO FINANCIAL MARKETS

Risks related to the exposure to financial markets

EDP Renováveis is exposed to fluctuations in interest rates as result of financing, operations in particular, financing by means shareholder loans from the EDP Group and financing from institutional investors in connection with its Partnerships Structures in the case of the US operations, as well as, project financing and third party loan financing from entities outside the EDP Group. This risk can be mitigated using hedging instruments, including interest rate swaps, but it cannot be guaranteed that the hedging efforts will operate successfully.

Finally, currency fluctuations may also have a material adverse effect on the financial condition and results of operations. EDP Renováveis may attempt to hedge against currency fluctuations risks by matching revenue and costs in the same currency, as well as by using various hedging instruments, including forward foreign exchange contracts. However, there can be no assurance that the company efforts to mitigate the effects of currency exchange rate fluctuations will be successful.

Management of financial risks

The evolution of the financial markets is analyzed on an on-going basis in accordance with the EDP Group's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the interest rates and foreign exchange rates risks on its financial performance.

The execution of financial risks management of EDP Renováveis Group is undertaken by the Financial Department of EDP, in accordance with the policies approved by the Board of Directors of EDP Renováveis. The Financial Department identifies, evaluates and submits to the Board for approval, hedging mechanisms appropriate to each exposure. The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits.

i. Interest rate risk

The Group's operating and financial 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 financial charges and the exposure of debt cash flows from market fluctuations through the settlement of derivative financial instruments to fix the debt interest rates. 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-interest rate loans into fixed-interest rate loans.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities between approximately 1 and 10 years. The EDP Group's Financial Department undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations.

ii. Exchange rate risk

The Group operates internationally and is exposed to the exchange-rate risk resulting from investments in subsidiaries. As a general policy, EDP Renováveis matches costs and revenues of its wind farms in the same currency, reducing the effect of currency fluctuations while preserving value. Currently, main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from the shareholding in EDPR NA.

EDP Group's Financial Department is responsible for monitoring the evolution of the U.S. dollar, seeking to mitigate the impact of currency fluctuations on the financial results of the Group companies and consequently, on consolidated net profit, using exchange-rate derivatives and/or other hedging structures. The policy implemented by the Group consists of undertaking derivative financial instruments for the purpose of hedging foreign exchange risks with characteristics similar to those of the hedged item. The operations are revalued and monitored throughout their useful lives and, periodically, their effectiveness in controlling and hedging the risk that gave rise to them is evaluated.

3.7.2.8. COUNTERPARTY CREDIT RISK

Counterparty credit risk

Counterparty risk is the risk that the other party in an agreement will default, either due to temporary liquidity issues or longer term systemic issues.

Management of counterparty credit risk

The EDP Renováveis Group 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, it cannot be considered that there is any significant risk of counterparty non-compliance and no collateral is demanded for these transactions.

In the specific case of EDPR EU, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. In Europe main customers are operators and distributors in the energy market of their respective countries.

In the case of EDPR NA, counterparty risk analysis is more relevant given typical price structure and terms of PPA contracts. In the light of this, counterparty risk is carefully evaluated taking into account offtakers credit rating. In many cases additional credit support is required in line with the exposure of the contract.

3.7.2.9. LIQUIDITY RISK

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

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.

Given the current condition of the debt market, it could be difficult to cover the financial requirements needed to carry out the Group's activities.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group credit facilities.

3.8. 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 and the terms of their contracts, scope of their duties and revocation and renewal of their contracts.

The Audit and Control Committee remains in contact with the auditors 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 auditor appointed by EDP Renováveis at the moment is KPMG Auditores S.L.

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.

corporate governance

3.9. WHISTLE-BLOWING POLICY

Since the beginning of trading on the Eurolist by Euronext Lisbon, it has sought to introduce measures to ensure its good governance and that of its companies, including the prevention of improper practices, especially in the fields of accounting and finance.

The Board of Directors of EDP Renováveis therefore decided to provide its employees with a direct, confidential communication channel for them to report any presumed unlawful practices or alleged accounting or financial irregularities occurring in their company. These communications go directly to the Audit and Control Committee.

EDP Renováveis creation of this channel for whistle-blowing on irregularities in financial and accounting practices is essentially intended:

- To enable any employee to freely report his/her concerns in these areas to the Audit and Control Committee;
- To facilitate early detection of irregularities that, if they occurred, might cause serious losses to the EDP Renováveis Group and its employees, 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 Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2009 there were no communications regarding any irregularity in EDP Renováveis.

4. EXERCISE OF SHAREHOLDER'S RIGHTS

4.1. DESCRIPTION AND COMPETENCES OF THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's highest governing body and is a meeting of shareholders that, 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:

- Appointing and dismissing the directors;
- Appointing the auditors;
- Review of the performance the company management, approving, if applicable, the accounts of the previous financial year and deciding on the appropriation of profits;
- 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 153(1)(b) of Royal Legislative Decree 1564/1989 of 22 December, which approves the Revised Text of the Law on Public Limited Companies (Public Company 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.

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 to review of the performance the company management, approve the annual report and accounts for the previous year and the proposal for appropriation of profits and approve the consolidated accounts, if appropriate. The General Meeting also decides

on any other matters falling within its powers and included on the agenda;

- An Extraordinary General Meeting is any meeting other than that mentioned above.

4.2. 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, shareholders must have their shares registered in their name in the Book Entry Account at least five (5) days in advance of the date of the General Meeting. EDP Renováveis therefore does not even establish the need to block shares as a requirement for shareholders to participate in 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, EDP Renováveis plans to adopt Recommendation I.2.2 of the 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.

4.3. 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 EDP Renováveis and so no relevant control mechanisms on the exercise of voting rights by employees or their representatives have been set up.

4.4. 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 on www.edprenovaveis.com.

4.5. QUORUM FOR CONSTITUTING AND ADAPTING DECISIONS OF THE GENERAL MEETING

Both ordinary and extraordinary General Meetings are validly constituted when first called to order if the shareholders present or represented own at least thirty-three percent (33%) of the subscribed capital with voting rights and when called to order a second time if the shareholders present or represented own at least twenty-five (25%) of the subscribed capital with voting rights.

Nonetheless, for ordinary or extraordinary General Meetings to be able to pass valid decisions on the issue of bonds, increases or reductions in share capital, conversion, merger or split of the Company and, in general, any amendments to the Articles of Association, shareholders representing fifty percent (50%) of the subscribed capital with voting rights must be present or represented when the meeting is first called to order and thirty-three percent (33%) of the subscribed capital with voting rights when the meeting is called to order a second time.

An ordinary or extraordinary General Meeting shall adopt its decisions by simple majority of votes of shares with voting rights present or represented. Nonetheless, for the decisions referred to in the previous paragraph, when shareholders representing less than fifty percent (50%) the subscribed capital with voting rights are present or represented, decisions may only be validly adopted with a vote in favour of two-thirds (2/3) of the capital with voting rights present or represented at the meeting.

On the February 24, 2010, the Board of Directors approved to propose to the next General Meeting a modification of the Article 17 of the Articles of Association to establish the quorums require by Law.

4.6. BOARD OF THE GENERAL MEETING

The Chairperson of the General Meeting is appointed by the meeting itself and must be a person who meets the same requirements of independence as for independent directors. The appointment is for three years and s/he may be re-elected once only.

Since June 4, 2008, the position of Chairperson of the General Meeting has been held by Rui Chancerelle de Machete,

whose work address is Luso-American Development Foundation, Rua do Sacramento à Lapa, 21, 1249-090 Lisbon.

In addition to the Chairperson, the Board of the General Meeting is made up of the Chairperson of the Board of Directors, or his replacement, the other directors and the Secretary of the Board of Directors.

The position of Secretary of the General Meeting is occupied by the non-member Secretary of the Board of Directors, Emilio García-Conde Noriega, whose work address is that of the Company.

The Chairperson of the General Meeting of EDP Renováveis has the appropriate human and logistical resources for his needs, considering the economic situation of EDP Renováveis, in that, in addition to the resources from the Company Secretary and the legal support provided for the purpose, the Company hires a specialised entity to collect, process and count votes.

In 2009, the remuneration of the Chairperson of the General Meeting of EDP Renováveis was EUR 15,000.

4.7. MINUTES AND INFORMATION ON DECISIONS

Given that EDP Renováveis has been a listed company since June 4, 2008, with its shares admitted to trading on Eurolist by Euronext Lisbon, shareholders have access to corporate governance information on 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. The publishing of the minutes will begin after the first General Meeting held after the Company's admission to trading.

Given the personal nature of the information involved, the history does not include attendance lists at general meetings, although, in accordance with CMVM Circular no. 156/EMIT/DMEI/2009/515, when General Meetings are held, EDP Renováveis plans to replace them by statistical information indicating the number of shareholders present and distinguishing between the number of physical presences by mail.

EDP Renováveis considers that materially relevant information to investors does not include all the content of the minutes. Indeed, their publication in full could be used for purposes unrelated to the interest of the company, shareholders, investors and the market in general.

EDP Renováveis 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 EDP Renováveis 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.

4.8. 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 EDP Renováveis. 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, EDP Renováveis 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 OF THE AUDIT AND CONTROL COMMITTEE

Pursuant to Article 26 of the Company's Articles of Association, the remuneration of the members of its Board of Directors shall consist of a fixed amount to be determined by the General Meeting for the whole Board 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 Nomination and Remunerations Committee is responsible for proposing to the Board of Directors, albeit 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 also may 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 Nomination and Remunerations Committee.

The maximum remuneration approved by the General Meeting of Shareholders for 2009 for all the members of the Board of Directors is EUR 2,500,000.

5.2. PERFORMANCE-BASED COMPONENTS, VARIABLE COMPONENT AND FIXED AMOUNT

Although 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 (who devotes most of his/her work to the activity of EDP Renováveis) are not remunerated and so in 2009 the remuneration paid directly by EDP Renováveis to these directors was zero.

This corporate governance practice for remuneration is in line with the model adopted by the EDP Group, in which 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, EDP Renováveis has signed an Executive Management Services Agreement with EDP, under which the Company bears a cost for the provision of said services corresponding to the remuneration defined for the executive members of the Board of Directors.

The fees in the management service contract are divided into a fixed and a variable component. The variable component is divided into an annual and a multi-annual dimension, each of which is calculated on the basis of shareholders' return, ability to create value, increases in installed capacity (MW), growth in net profits and EBITDA.

The remuneration of the CEO has a fixed and a variable component. The variable part is divided into an annual and a multi-annual dimension, each of which is calculated on the basis of shareholders' return, ability to create value, increases in installed capacity (MW), growth in net profits and EBITDA.

On the other hand, the non-executive directors only receive fixed remuneration, which is calculated on the basis of their work exclusively as directors or cumulatively with their membership of the Nomination and Remunerations Committee, Related Party Transactions Committee and the Audit and Control Committee.

EDP Renováveis has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its directors.

5.3. ANNUAL REMUNERATION OF THE BOARD OF DIRECTORS AND AUDIT AND CONTROL COMMITTEE

The remuneration of the members of the Board of Directors for the year ended on December 31, 2009 was as follows:

Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Executive Directors				
António Mexia*	0	0	0	0
Ana Maria Fernandes (CEO)*	246,857	0	0	246,857
António Martins da Costa*	0	0	0	0
Nuno Alves*	0	0	0	0
João Manso Neto*	0	0	0	0
Non-Executive Directors				
José Silva Lopes	60,000	0	0	60,000
António Nogueira Leite	60,000	0	0	60,000
Rafael Caldeira Valverde	55,000	0	0	55,000
José Araújo e Silva	0	0	0	0
Manuel Menéndez Menéndez	0	0	0	0
Jorge Santos	60,000	0	0	60,000
Francisco José Queiroz de Barros de Lacerda	60,000	0	0	60,000
João Manuel de Mello Franco	80,000	0	0	80,000
João Lopes Raimundo	55,000	0	0	55,000
Daniel M. Kammen	45,000	0	0	45,000
Gilles August	33,750	0	0	33,750
Total	**755,607**	**0**	**0**	**755,607**

* With exception of the CEO, the members of the Executive Committee have not received any remuneration from EDP Renováveis. Nonetheless EDP Renováveis has entered in a Executive Management Services Agreement with EDP pursuant to which EDP Renováveis is due to pay to EDP an amount of EUR 884,481 for the services rendered by EDP in 2009.

** The amount refers to the period between May and December 2009. Through the Executive Management Services Agreement, EDP Renováveis is due to pay EDP an additional amount of EUR 568,960 that includes fixed remuneration related to the period from January to April and variable remuneration related with 2008.

The retirement savings plan for the members of the Executive Committee acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The directors do not receive any relevant non-monetary benefits as remuneration.

Additionally the remuneration of the members of the Management Team excluding the Chief Executive Officer was as follows:

Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Management Team	928,315	550,000	163,359	1,641,674

5.4. STATEMENT ON REMUNERATION POLICY

The Nomination and Remuneration Committee appointed by the Board of Directors is responsible for defining the draft remuneration policy for the members of the Board of Directors. This committee defined the directors' remuneration and sought to ensure that it reflected the performance of all members in each year (variable annual remuneration) and their performance throughout their terms of office by means of a variable component consistent with the maximization of the Company's long-term performance (multi-annual variable remuneration). This is intended to ensure alignment of the Board of Directors' behaviour with the shareholders' interests. A statement on remuneration policy will be submitted to the next General Meeting, for appreciation as a separate point on the agenda of a consultative nature. It is currently in force (with no alterations), on the following terms:

Fixed remuneration for the CEO is EUR 384,000 gross annual salary and will be determined for the remaining members on terms fixed by the EDP Group.

Variable annual remuneration for each Executive Committee member may vary between 0% and 100% of their gross, fixed, annual remuneration. It only comes into effect if at least 90% of the strategic goals have been met. The amount is determined on the basis of the following indicators on each year of their term: relative performance of total shareholder return of EDP Renováveis vs. Eurostoxx Utilities, PSI-20 and Iberdrola Renováveis 2009, real capacity to generate shareholder value at EDP Renováveis, increase in installed capacity (MW), growth in net profits and EDP Renováveis EBITDA in 2009.

Multi-annual variable remuneration for all members of the Executive Committee may total from 0% to 100% of their gross tri-annual remuneration and is based on an accumulated annual evaluation of the directors' performance in achieving economic sustainability for the EDP Renováveis Group. Although this multi-annual remuneration is calculated annually, it only comes into effect at the end of their term of office if at least 90% of the strategic goals have been met. This is assessed on the basis of performance and a comparison with strategic benchmarks. In fact, the factors used to calculate the remuneration component are the relative performance of the EDP Renováveis Group's market capitalisation vs. Eurostoxx Utilities and PSI-20 during the term, the EDP Renováveis Group's capacity to create value, the performance of the Sustainability Index applied to EDP Renováveis (DJSI method), the EDP Renováveis Group's image in the national and international markets (through brand audit and surveys), its capacity to change and adapt to new market requirements (through surveys), fulfilment of strategic national and international targets and the EDP Renováveis Group's EBITDA margin vs. Eurostoxx Utilities during their term.

The time period considered for determining the multi-annual dimension of the component of their remuneration (3 years), the use of qualitative criteria aimed at a strategic, medium-term perspective in the Company's development, the existence of a cap on variable remuneration and the relative weight of this component on total remuneration are decisive factors in fostering management performance that does not focus solely on short-term objectives but includes the medium and long term interests of the Company and its shareholders.

The retirement savings plan for the members of the Executive Committee acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The directors do not receive any substantial non-monetary benefits as remuneration.

The Board of Directors is responsible for fixing managers' remuneration policy (as understood in Article 248-B(3) of the Securities Code) who do not belong to the governing or supervisory bodies.

The Board will therefore submit the managers' remuneration policy to the next General Meeting for appreciation. It is based on the following factors:

- The policy followed when fixing EDP Renováveis managers' remuneration is the same as that for Company employees in general;
- The remuneration of the company's managers consists on fixed remuneration and variable component;
- The quality/quantification of the performance is established in accordance with criteria previously defined by the Board of Directors;
- As a result, when defining any managers' performance bonuses, consideration is given not only to factors all employees' behavior, taking into account the degree of responsibility their position and their ability to adapt to the Company and its procedures but also the economic and financial performance of their particular business area and of EDP Renováveis as a whole.

5.5. GENERAL MEETING'S ASSESSMENT OF COMPANY REMUNERATION POLICY AND PERFORMANCE EVALUATION OF ITS GOVERNING BODIES

The General Meeting is responsible for appointing the Board of Directors, which appoints the Nomination and Remuneration Committee, which is responsible for submitting the statement on remuneration policy for the Company's corporate bodies.

The General Meeting's duties include appraising the above mentioned statement.

Pursuant to Article 95 of the Public Company Law, the General Meeting is also required to evaluate the performance of the corporate public bodies and make an annual decision as whether to maintain confidence in their members.

5.6. ATTENDANCE AT THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF A REPRESENTATIVE OF THE NOMINATION AND REMUNERATION COMMITTEE

All the members of the Nomination and Remuneration Committee will be present or represented at the General Meeting of Shareholders of EDP Renováveis.

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. AUDITOR'S REMUNERATION

For the year ended on December 31st, 2009, the fees paid to KPMG Auditores, S.L. for auditing of the annual accounts, guarantee and reliability services, tax advisory and other services unrelated to audits are as follows:

Countries	Auditing and Legal Revision of Accounts	Relaiability guarantee services	Tax consultancy services	Other services different from Auditing and Legal Revison of Accounts	Total
Portugal	166,200	-	-	-	166,200
Spain	687,597	99,813	331,491	-	1,118,901
Brazil	35,824 BRL 99,700	-	-	-	35,824
USA	694,403 USD 965,000	208,680 USD 290,000	659,214 USD 916,098		1,562,297
Others	217,909 EUR 151,750 PLN 188,250 RON 130,000	13,900	6,000 PLN 28,090		237,809
Total	**1,801,933**	**322,393**	**996,705**	**0**	**3,121,031**

The accounts audit services are those necessary for the issue of a legal opinion on the individual and consolidated annual accounts of the company and its subsidiaries in Spain and abroad.

6. THE EDP RENOVÁVEIS' SHARE AND DIVIDEND POLICY

6.1 EDP RENOVÁVEIS IN THE CAPITAL MARKETS

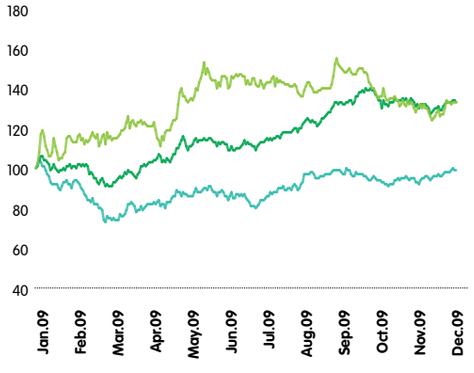
The shares representing the EDP Renováveis share capital were initially admitted to trading in the official stock exchange NYSE Euronext Lisbon on the 4 June 2008, in the largest Initial Public Offering launched in Western Europe of the year 2008.

EDP Renováveis has 872,308,162 ordinary shares, with a face value of EUR5.00 representing 100% of the share capital, admitted to trading in the NYSE Euronext Lisbon market. The free float since the IPO is 22.5%.

EDP RENÓVAVEIS, S.A.	
Shares	
Share Capital	€ 4,361,540,810
Nominal Share Value	€ 5.00
N.º of Shares	872,308,162
Date of IPO	4 June 2008
NYSE Euronext Lisbon	
Reuters RIC	EDPR.LS
Bloomberg	EDPR PL
ISIN	ES0127797019

6.2 EDP RENOVÁVEIS SHARE PRICE

In 2009, EDP Renováveis' share price rose by 33%, closing the year at EUR6.63 each. In the same period, the PSI20 and the Euronext 100 increased by 33% and 25%, respectively, while the Dow Jones Eurostoxx Utilities fell 1%.



During the year 256,979,419 EDP Renováveis shares, corresponding to a turnover of approximately EUR1,676 billion were traded. On average, at Euronext Lisbon, EDP Renováveis daily trade volume was around 1 million shares per day.

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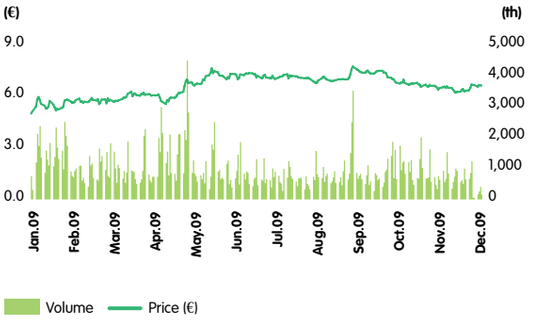
EDP Renováveis ended the year with a market capitalization of EUR5.8 billion, making it the fourth largest listed company in Portugal.

2009 EDP Renováveis Share Price and Transactions

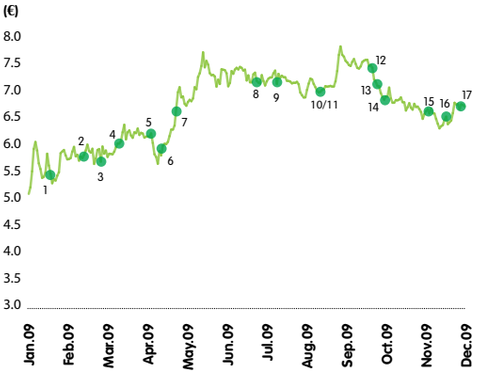


Capital Market Indicators		
EDP Renováveis Shares in NYSE Euronext Lisbon (EUR)	**2009**	**2008**
Opening price*	5.00	8.00
Closing price	6.63	5.00
Peak price	7.75	8.00
Minimum price	5.00	3.45
Variation in Share Price and Reference Indexes	**2009**	**2008**
EDP Renováveis	33%	-37%
PSI20	33%	-51%
Dow Jones Eurostoxx Utilities	-1%	-38%
Euronext 100	25%	-45%
Liquidity of EDP Renováveis Shares in the Market	2009	2008
Volume in NYSE Euronext (€ million)	1,676.0	1,646.0
Daily average volume (€ million)	6.4	11.0
Number of shares traded	256,979,419	215,951,049
Average number of shares traded	984,595	1,459,129
Total shares issued	872,308,162	872,308,162
Number of own shares	0	0
EDP Renováveis Market Value (€ million)	**2009**	**2008**
Market capitalisation at end of period	EUR 5,783	EUR 4,364

(*) January 1st, 2009 and June 4th, 2008, respectively

The graph below shows the evolution in EDP Renováveis prices over the year and all announcements and relevant events that may had impact on them.

2009 Main events impact on EDP Renováveis share price



	Date	Descripton
1	20-Jan	EDPR announces provisional 2008 operating data
2	17-Feb	Approval of key energy-related incentives in the US applicable to EDPR NA
3	26-Feb	EDPR announces 2008 results
4	18-Mar	EDPR increases its presence in the Brazilian market
5	14-Apr	EDPR annual shareholder meeting
6	22-Apr	EDPR announces provisional 1st-quarter 2009 operating data
7	6-May	EDPR announces 1st-quarter 2009 results
8	16-Jul	EDPR announces provisional 1st-half 2009 operating data
9	29-Jul	EDPR announces 1st-half 2009 results
10	1-Sep	EDPR establishes a new type of institutional partnership structure for 101 MW in the US
11	1-Sep	US treasury approves EDPR's first cash grant
12	14-Oct	EDPR announces provisional nine-months 2009 operating data
13	20-Oct	Government of Asturias provisionally awards 246 MW to EDPR
14	28-Oct	EDPR announces nine-months 2009 results
15	2-Dec	EDPR closes two institutional partnership structures in the US
16	16-Dec	EDPR obtains 840 MW in the Spanish pre-registry for renewable capacity
17	28-Dec	EDPR establishes its second institutional partnership structure incorporating the cash grant for 101 MW in the US

6.3 DIVIDEND POLICY

The distribution of dividends is proposed by the Board of Directors of EDP Renováveis and authorized by decision of the company's General Meeting of Shareholders. As set forth in the Spanish Public Company Law, a dividend declared in each financial year may only be distributed from EDP Renováveis profits for that year or from distributable reserves and this distribution must not cause the assets of EDP Renováveis to fall below the value of the company's share capital.

As of 2011, EDP Renováveis expects to declare and pay dividends representing at least 20% of the profits for the year and to begin to do so for the financial year ending on 31 December 2010. The Board of Directors of EDP Renováveis may, if necessary, adjust this dividend policy in order to reflect changes in the business strategy and capital needs, among other aspects. Any future dividends will depend on conditions at the time, including individual and consolidated net profits, earnings, the company's financial situation, availability of legally distributable funds and future prospects. As a result, no guarantee can be given that dividends will be proposed and declared in any particular year. Any dividends paid in the future may be subject to withholding of tax at source.

7. INVESTOR RELATIONS

7.1 GENERAL OBLIGATION TO PROVIDE INFORMATION

Provide information to actual and potential investors about the Company is a structural aspect of EDP Renováveis' policy and action as a listed company. The promotion of a transparent, easily accessible and high-quality information is of fundamental importance to an accurate perception of the company's strategy, financial situation, accounts, assets and significant events.

EDP Renováveis therefore seeks to provide investors with information that will help them make informed, clear, concrete investment (or divestment) decisions.

This Company's positioning is demonstrated by the relative frequency with which it publishes privileged information on significant events in its activities each year.

The periodic publication of information on the company, such as the quarterly announcement of results, as required by law, is an important feature of the company's relationship with the market when it comes to the duty to inform.

EDP Renováveis considers its website a fundamental vehicle for circulating information and uses it to ensure that up-to-date information on its activities and results is always available.

EDP Renováveis therefore wishes to maintain a close ongoing, transparent relationship with all market agents.

7.2 EDP RENOVÁVEIS INVESTOR RELATIONS DEPARTMENT

The EDP Renováveis' Investor Relations Department (IRD) acts as an intermediary between the EDP Renováveis management team and a vast universe of shareholders, financial analysts, investors and the market in general. Its main purposes are to guarantee the principle of equality among shareholders, prevent asymmetries in access to information by investors and reduce the gap in the perception of the company's strategy and intrinsic value. This department is responsible for developing and implementing the company's communication strategy and maintaining an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDP Renováveis shares are traded and their regulatory and supervisory bodies (CMVM – Comissão do Mercado de Valores Mobiliários in Portugal and CNMV – Comisión Nacional del Mercado de Valores in Spain)

The Investor Relations Department is coordinated by Mr. Rui Antunes and is located at the company's Madrid office. Its contact details are as follows:

Calle Serrano Galvache, nº 56
Centro Empresarial Parque Norte
Edifício Encina – 4º Piso
28033 Madrid, Espanha
Telefone: +34 902 830 700
Fax: +34 914 238 410
E-mail: ir@edprenovaveis.com

The IRD reports directly to the EDP Renováveis management team through its Chief Financial Officer (CFO) and its main duties are:

- To ensure compliance with all legal obligations arising from the fact that EDP Renováveis is a listed company;
- To define and implement the company's strategy for communication with analysts and investors, when assisting the management team in drafting EDP Renováveis financial and strategic communication policy and in preparing, processing and publishing information;
- To coordinate, prepare and conduct information sessions, press conferences and roadshows. This includes disclosing significant events and other communications, to publish quarterly results and periodic financial statements, to give strategic presentations to the market, to organise road-shows with management team members in the main financial markets, to hold and monitor regular meetings and conference calls at the request of investors and analysts and to provide answers to queries on the business environment and activities of EDP Renováveis by email, telephone or in person from analysts and institutional and private investors;
- To inform the management team of the expectations of financial analysts and benchmark with the competition, to monitor all changes in the stock exchange and financial markets of interest to the company, to filter information into the company when justified and to inform it of the different perceptions that capital market players have of EDP Renováveis' activity;
- To develop and update the investor relations section of the EDP Renováveis' website (www.edprenovaveis.com).

7.3 ACTIVITY IN 2009

During 2009, EDP Renováveis' IRD pursued its market activities, meeting with more than 450 institutional investors in Europe and the United States, surpassing the meetings held in 2008, in clear evidence of investor's high interest in the company and its strategy.

The IRD of EDP Renováveis held several events, as roadshows, presentations to investors and analysts, meetings and conference calls and as well attended in several conferences to present the company and to answer queries about its activities and business environment. Along 2009, the Investor Relations Department carried out roadshows in the world's main financial cities (New York, Boston, San Francisco, Chicago, Denver, Miami, London, Frankfurt, Lisbon, Edinburgh, Helsinki, Copenhagen, Paris, Geneva, Zurich, etc) and several meetings and reverse roadshows were held in the company's offices in Madrid and Houston.

On each earnings announcement, EDP Renováveis' IRD promoted a conference call with webcast access, where the company's management announces the development of EDP Renováveis activities and updates futures prospects in the different business areas. On this conference calls, shareholders, investors, analysts and all the interested parties had the opportunity to discuss with EDP Renováveis'

management the company's results and its future expectation and strategy, and hear from the company's management its point of view of the current issues. The Investor Relations Department also remained in permanent contact with the financial analysts who evaluate the company and with all shareholders and investors by mail, phone or face-to-face meetings.

7.4 COMPANY INFORMATION ON WEBSITE

As required by CMVM regulations, EDP Renováveis provides all legal and corporate governance information on its website - (www.edprenovaveis.com). The company website also carries updates on developments in the Group's activity and financial and operational data to ensure that shareholders, financial analysts and others have easy access to information.

This online information includes data on reports, on accounts' announcements of relevant events, the articles of association with its modifications, internal regulations of corporate bodies, Group's shareholder structure, preparatory documentation for each General Meeting, fluctuations in EDP Renováveis' share prices and other information of potential interest on the Group.

This information also includes data on the company, such as its name, status as a listed company, registered office, articles of association, regulations governing the management and supervisory bodies, names of the members of the corporate bodies and the market relations representative. Contact details for the Investor Relations Department, its functions, financial statements and a calendar of company events are also available.

EDP Renováveis posts on its website invitations to the General Meeting and proposals for discussion and voting at the meeting.

EDP Renováveis also publishes online the annual report on the work of the Audit Committee.

The table below summarises the information posted on the website and in which languages used.

	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	√	√	√

corporate governance - annex I

MAIN POSITIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS IN LAST FIVE YEARS

Name	Positions
ANTÓNIO MEXIA	
	CEO of EDP-Energias de Portugal, S.A.
ANA MARIA FERNANDES	
	Member of the Board of Directors of EDP-Energias de Portugal, SA
ANTÓNIO MARTINS DA COSTA	
	CEO and Vice-Chairperson of EDP Energias do Brasil, SA CEO and Chairperson of Horizon Wind Energy LLC Member of the Board of EDP-Energias de Portugal, SA
NUNO ALVES	
	Director of the Foreign Exchange and Capital Division of Millennium BCP Investimento Member of the Executive Board of Directors of EDP-Energias de Portugal, SA (CFO)
JOÃO MANSO NETO	
	Chairperson of the Executive Committee of EDP Produção CEO Vice-Chairperson of Hidroeléctrica del Cantábrico, SA Member of the Executive Board of Directors of EDP-Energía de Portugal, SA
JOSÉ SILVA LOPES	
	Chairperson of the Board of Directors Montepio Geral
ANTÓNIO NOGUEIRA LEITE	
	Board Member of the Instituto Português de Relações Internacionais, UNL Director of Reditus, SGPS, SA Managing Director José de Mello, SGPS, SA Director of Companhia União Fabril CUF, SGPS, SA Director of Quimigal, SA Director of CUF-Químicos Industriais,SA Director of ADP, SA-CUF Adubos Director of Sociedades de Explosivos Civic, SEC, SA Director of Brisa, SA Director of Efacec Capital, SGPS, SA Director of Comitur, SGPS, SA Director of Comitur Imobiliária, SA Director of Expocomitur-Promoções e Gestão Imobiliária, SA Director of Heredade do Vale da Fonte-Sociedade Agricola, Turística e Imobiliária, SA Director of Sociedade Imobiliária e Turística do Cojo, SA Director of Sociedade Imobiliária da Rua das Flores, nº 59, SA Director of José de Mello Saúde, SGPS, SA Vice-Chairperson of the Advisory Board do Banif Banco de Investimentos Chairperson of the Board General y de Supervisión de Opex, SA Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade
RAFAEL CALDEIRA VALVERDE	
	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, SA Member of the Executive Committee of Banco Espirito Santo de Investimento, SA
JOSÉ ARAUJO E SILVA	
	Director of Corticeira Amorim, SGPS, SA Member of the Executive Committee of Corticeira, SGPS, SA Member of the Board of Directors of Caixa Geral de Depósitos
MANUEL MENÉNDEZ MENÉNDEZ	
	Member of the Board of Directors of EDP-Energias de Portugal, SA Chairperson of Cajastur Chairperson of Hidroeléctrica del Cantábrico, SA Chairperson of Naturgas Energía, SA Member of the Board of Directors of Nuevas Energías de Occidente, SL Representative of Peña Rueda, SL in the Board of Directors of Enagas, SA Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of UNESA
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 Económica y Gestión de la Universidad Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
FRANCISCO JOSÉ QEUIROZ DE BARROS DE LACERDA	
	Member of the Board of Banco Comercial Português, SA Member of the Board Mague-SPGS, SA
JOÃO MANUEL DE MELLO FRANCO	
	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, SA Member of the Remunerations Committee of Portugal Telecom SGPS, SA Chairperson of the Corporate Governance Committee of Portugal Telecom SGPS, SA
JOÃO LOPES RAIMUNDO	
	Chairperson of the Board of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Member of the Board of Banque Orive BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millenniun Angola Member of the Board of Banco Millennium BCP de Investimento
DANIEL M. KAMMEN	
	Founding Directors Renewable and Appropiate Energy Laboratory (RAEL) de la Universidad de California, Berkeley Lecturer in Nuclear Energy at the University of California, Berkeley Lecturer in the Energy and Resources Group at University of California, Berkeley Lecturer in public policy at Goldman School of Public Policy at University of California, Berkeley Codirector of thel Berkeley Institute of the Environment Member of the Executive Committee of Energy Biosciences Institute
GILLES AUGUST	
	Co-founder of August & Debouzy . He now manages the firm's corporate department.

corporate governance - annex II

CURRENT POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS IN COMPANIES NOT BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS, S.A.

Name	Positions
ANTÓNIO MEXIA	
	N/A
ANA MARIA FERNANDES	
	N/A
ANTÓNIO MARTINS DA COSTA	
	N/A
NUNO ALVES	
	N/A
JOÃO MANSO NETO	
	N/A
JOSÉ SILVA LOPES	
	Chairperson of the Board of Directors of Montepio Geral
ANTÓNIO NOGUEIRA LEITE	
	Board Member of the Instituto Português de Relações Internacionais, UNL Director of Reditus, SGPS, SA Managing Director José de Mello, SGPS, SA Director of Companhia União Fabril CUF, SGPS, SA Director of Quimigal, SA Director of CUF-Químicos Industriais,SA Director of ADP, SA-CUF Adubos Director of Sociedades de Explosivos Civic, SEC, SA Director of Brisa, SA Director of Efacec Capital, SGPS, SA Director of Comitur, SGPS, SA Director of Comitur Imboiliária, SA Director of Expocomitur-Promoções e Gestão Imobiliária, SA Director of Heredade do Vale da Fonte-Sociedade Agricola, Turística e Imobiliária, SA Director of Sociedade Imobiliária e Turística do Cojo, SA Director of Sociedade Imobiliária da Rua das Flores, nº 59, SA Director of José de Mello Saúde, SGPS, SA Vice-Chairperson of the Advisory Board do Banif Banco de Investimentos Chairperson of the Board General y de Supervisión de Opex, SA Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade
RAFAEL CALDEIRA VALVERDE	
	Vice-Chairperson of the Board of Directors Banco Espírito Santo de Investimento, SA Member of the Executive Committee of Banco Espírito Santo de Investimento, SA
JOSÉ ARAUJO E SILVA	
	Director of Corticeira Amorim, SGPS, SA Member of the Executive Committee of Corticeira, SGPS, SA Member of the Board of Directors of Caixa Geral de Depositos
MANUEL MENÉNDEZ MENÉNDEZ	
	Chairperson of Cajastur Representative of Peña Rueda, SL in the Board of Directors of Enagas, SA Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of UNESA
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 Econômica y Gestión de la Universidad Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
FRANCISCO JOSÉ QEUIROZ DE BARROS DE LACERDA	
	Miembro del Consejo de Mague-SPGS, SA
JOÃO MANUEL DE MELLO FRANCO	
	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, SA Member of the Remunerations Committee of Portugal Telecom SGPS, SA Chairperson of the Corporate Governance Committee of Portugal Telecom SGPS, SA
JOÃO LOPES RAIMUNDO	
	Vice-Chairman and CEO of Banco Millennium BCP, North America
DANIEL M. KAMMEN	
	Founding Directors Renewable and Appropiate Energy Laboratory (RAEL) de la Universidad de California, Berkeley Lecturer in Nuclear Energy at the University of California, Berkeley Lecturer in the Energy and Resources Group at University of California, Berkeley Lecturer in public policy at Goldman School of Public Policy at University of Calirfornia, Berkeley Codirector of thel Berkeley Institute of the Environment Member of the Executive Committee of Energy Biosciences Institute
GILLES AUGUST	
	Co-founder of August & Debouzy . He now manages the firm's corporate department.

corporate governance - annex III

CURENT POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS IN COMPANIES BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS, SA

	António Mexia	Nuno Alves	Ana Maria Fernandes	António Martins da Costa	João Manso Neto	Manuel Ménendez Menéndez
EDP—Energias de Portugal, S.A.	Chairperson of the Executive Board of Directors	Director	Director	Director	Director	
EDP—Gestão da Produção de Energia, S.A.					Chairperson of the Board of Directors	
EDP—Energias do Brasil, S.A.	Chairperson of the Board of Directors	Director	Director			
EDP—Estudos e Consultoria, S.A.		Chairperson of the Board of Directors				
EDP—Soluções Comerciais, S.A.				Chairperson of the Board of Directors		
EDP—Imobiliária e Participações, S.A.		Chairperson of the Board of Directors				
EDP Valor—Gestão Integrada de Serviços, S.A.		Chairperson of the Board of Directors				
Sãvida—Medicina Apoiada, S.A.		Chairperson of the Board of Directors				
SCS—Serviços Complementares de Saúde, S.A.		Chairperson of the Board of Directors				
Energia RE S.A.		Chairperson of the Board of Directors				
Hidroeléctrica del Cantábrico, S.A.		Director	Director		Vice-Chairperson and CEO of the Board of Directors	Chairperson of the Board of Directors
Naturgás Energia, S.A.					Vice-Chairperson of the Board of Directors	Chairperson of the Board of Directors
EDP Investimentos, SGPS, S.A.					Chairperson of the Board of Directors	
EDP Gás III, SGPS, S.A.					Chairperson of the Board of Directors	
EDP Gás II, SGPS, S.A. (ex-NQF Gás, SGPS, S.A.)					Chairperson of the Board of Directors	
EDP Gás—SGPS, S.A.					Chairperson of the Board of Directors	
EDP Internacional, S.A.				Chairperson of the Board of Directors		
Horizon Wind Energy, LLC		Director	Director	Chairperson of the Board of Directors		
Nuevas Energias de Occidente, S.L.			Chairperson of the Board of Directors			Director
Balwerk - Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.		Manager				
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative	Permanent Representative	Permanent Representative	Permanent Representative	Permanent Representative	
EDP Gás.com - Comércio de Gás Natural, S.A.					Director	
EDP Finance BV	Representative	Representative	Representative	Representative	Representative	
Electricidade de Portugal Finance Company Ireland Lt.		Director				
ENEOP – Eólicas de Portugal, S.A.			Chairperson of the Board of Directors			
EDP Renováveis Brasil, S.A.			Chairperson of the Board of Directors			
EDP Ásia - Investimentos e Consultoria Lda.				Chairperson of the Board of Directors		
Empresa Hidroeléctrica do Guadiana, S.A.					Chairperson of the Board of Directors	
EDP Energia Ibérica S.A.					Director	
EDP Energia Ibérica S.A.					Director	

corporate governance - annex IV

BOARD OF DIRECTORS

António Mexia (Chairman)

He was 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. He served as Assistant to the Secretary of State for Foreign Trade from 1986 until 1988. From 1988 to 1990 he served as Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998 he was Director of Banco Espírito Santo de Investimentos and, in 1998, he was appointed Chairman of the Board of Directors of Gás de Portugal and Transgás. In 2000 he joined Galp Energia as Vice-Chairman of the Board of Directors. From 2001 to 2004, he was the Executive Chairman of Galp Energia and Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, he was appointed Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairman of the Portuguese Energy Association (APE) from 1999 to 2002, member of the Trilateral Commission from 1992 to 1998, Vice-Chairman of the Portuguese Industrial Association (AIP) and Chairman of the General Supervisory Board of Ambelis. He was also a Government representative to the EU working group for the trans-European network development.

Ana Maria Fernandes (Vice-Chairman and Chief Executive Officer)

She was 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. She 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 she began working at Efisa, Sociedade de Investimentos, in the area of corporate finance, and was later made a director of Banco Efisa. In 1992 she 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 she 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 she was director of the Board of Galp Energia.

António Martins da Costa

Born in 1954. From 1976 to 1989, he held the position of lecturer at the Superior Engineering Institute of Porto. In 1981 he joined EDP to work in the hydro power generation sector, a position he held until 1989. From 1989 to 2003, he held various positions in the Banco Comercial Português group, namely as an executive member of the board of directors of its insurance companies and asset management operations, as well as being a general manager of the bank. Between 1999 and 2003, he served as deputy chief executive officer and vice-president of the board of directors of PZU (Poland). In 2003 he rejoined EDP as a general manager and was appointed as chief executive officer and vice-chairman of the board of directors of EDP—Energias do Brasil, a position he held until being appointed as chief executive officer and chairman of the board of directors of Horizon in July 2007, a position he still holds. In March 2006, he was appointed as a member of the Executive Committee of EDP's Board of Directors.

He was President of the Portuguese Association of Investment Pension Funds (2003), President of the Brazilian Association of Electrical Distribution Companies (2006/2007) and Vice-President of the Portuguese Chamber of Commerce in Brazil (2005/2007).

He holds a degree in civil engineering and a master of business administration degree from the University of Oporto, has completed executive education studies at INSEAD (Fontainebleau) and AESE (University of Lisbon), and has completed the Advanced Management Programme at the Wharton School (University of Pennsylvania).

Nuno Alves

He was 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, he became Director of Investor Relations. In 1994, he became the Director of Private Retail Coordination. In 1996, he 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, he became Chairman of the Board of Directors of CISF Dealer, where he remained until 2000, when he became Director of Milleniumbcp Investimento (formerly Banco CISF), responsible for Capital Markets and Treasury of the BCP Group. He has served as Director-General of BCP from 2000 to 2006.

João Manso Neto

He was 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 he 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 he 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-Chairman of BIG Bank Gdansk. From 2002 to 2003, in Banco Português de Negócios, he was the Chairman 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 he worked at EDP as Director-General and Administrator of EDP Produção. In 2005 he was named Appointed Adviser at HC Energía, Chairman of Genesa and Director of Naturgas Energia and OMEL.

José Silva Lopes

Born in 1932. From 1969 to 1974, he was a member of the board of Caixa Geral de Depósitos and director of the Cabinet of Studies and Planning of the Ministry of Finance. In 1972, he held the position of deputy chief of negotiations for the free market agreement of the EC. Between 1974 and 1978, he was Minister of Finance, additionally holding the position of External Markets Minister between 1974 to 1975. Between 1975 and 1980, he held the position of Governor of the Bank of Portugal. Since January 2004, he has been chairman of the board of directors of Montepio Geral.

In 2003, he was awarded the Order of Grã Cruz by the President of Portugal for his 48 years of service as an economist predominantly for the Portuguese state. In 2004, he was awarded a degree of doutor honoris causa by Instituto Superior de Economia e Gestão. He also has a degree in finance from the Instituto Superior de Ciências Económicas e Financeiras.

António Nogueira Leite

Born in 1962. Between 1988 and 1996, he 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, he was general secretary of APRITEL, and between 2000 and 2002 was a member of the board of directors of APRITEL. From 1997 to 1999, he was a director of Soporcel, S.A., between 1998 and 1999, he was a director of Papercel, S.A., and in 1999, was a director of MC Corretagem, S.A. Also in 1999, he was appointed chairman 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, he was a consultant for Vodafone—Telecomunicações Pessoais,S.A., between 2001 and 2002, he was a consultant of GE Capital, and in 2002 was a member of the consultant 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, he was Secretary of State for Treasury and Finance and Governor Substitute of the European Bank of Investments. He 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-chairman of the consultative council of Banif Banco de Investimento, S.A., and chairman of the general and supervision council of OPEX, S.A.

He 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.

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 member of the Board of Directors and the Executive Committee. In March 2005, he was appointed as vice-chairman of the board of directors of Banco Espírito Santo de Investimento, S.A. and formed part of the executive committee of the company.

He has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

José Fernando Maia de Araújo e Silva

Born in 1951. He began his professional career as an assistant lecturer at Faculdade de Economia do Porto. From 1991 he was invited to be a lecturer at Universidade Católica do Porto and additionally held a part-time position as technician for Comissão de Coordenação da Região Norte. 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-chairman 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.

He has an undergraduate degree in economics from the Faculdade de Economia do Porto and has obtained certificates from Universidade de Paris IX, Dauphine and the Midland Bank International banker's course in London.

Manuel Menéndez Menéndez

Born in 1960. He has been a member of the board of directors and a member of the executive committee of each of Cajastur and Hidrocantábrico. He has been a member of the board directors, executive committee and audit and control committee of AIRTEL. He has also been a member of the board of directors of LICO Corporación and ENCE, vice-chairman of the board of SEDES, S.A. and executive chairman of Sociedade de Garantias Recíprocas de Astúrias. Currently, he is chairman of Cajastur, Hidrocantábrico and Naturgas Energia, a member of the board of NEO and Confederación

corporate governance - annex IV

Española de Cajas de Ahorros, a member of the Junta Directiva of UNESA and a member of Registro Oficial de Auditores de Cuentas. He also represents Peña Rueda, S.L. (a subsidiary of Cajastur) on the board of directors of Enagas.

He has an undergraduate degree in economics and company management and a Ph.D. in economic sciences, each from the University of Oviedo. He has been appointed university professor (catedrático) of company management and accounts at the University of Oviedo.

Jorge Santos

Born in 1951. From 1997 to 1998, he coordinated the committee for evaluation of the EC Support Framework II and was a member of the committee for the elaboration of the ex-ante EC Support Framework III. From 1998 to 2000, he was chairman of the Unidade de Estudos sobre a Complexidade na Economia and from 1998 to 2002 was chairman 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, and since 2008, he has been a member of the representatives' assembly of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa (ISEG).

He has an undergraduate degree in economics from Instituto Superior de Economia, 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. Hes has been appointed as university professor (catedrático) of Universidade Técnica de Lisboa.

Francisco José Queiroz de Barros de Lacerda

Born in 1960. From 1984 to 1985, he was an assistant professor at Universidade Católica Portuguesa. Between 1982 and 1990, he held the position 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 managing director since 1990 and as CEO between 1993 and 2000, being after 1997 also vice-chairman of the board of directors, and, over that period, chairman 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 as director of UIF, SGPS, 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. He is presently a member of the board of Mague—SPGS, S.A. and business consultant to several companies.

He has an undergraduate degree in company administration and management from Universidade Católica Portuguesa.

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 chairman of the board of directors of Telefones de Lisboa e Porto, S.A., and between 1993 to 1995 he was chairman of Associação Portuguesa para o Desenvolvimento das Comunicações. From 1994 to 1995, he was chairman of the board of directors of Companhia Portuguesa Rádio Marconi and additionally was chairman of the board of directors of Companhia Santomense de Telecomunicações e da Guiné Telecom. From 1995 to 1997, he was vice-chairman of the board of directors and chairman of the executive committee of Lisnave (Estaleiros Navais) S.A. Between 1997 and 2001, he was chairman 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-chairman of José de Mello Imobiliária SGPS, S.A., and was chairman of the boards of directors of IMOPÓLIS, S.A., José de Mello Residenciais & Serviços, S.A. and Engimais, S.A. Since 1998, he has been a director of Portugal Telecom SGPS, S.A., chairman of the audit committee since 2004, and chairman of the corporate governance committee since 2006.

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.

João José Belard da Fonseca Lopes Raimundo

Born in 1960. Between 1982 to 1985 he was senior auditor of BDO—Binder Dijker Otte Co. Between 1987 to 1990, he was director of Banco Manufactures Hanover (Portugal), S.A. and between 1990 to 1993 was a member of the boards of TOTTAFactor, S.A. (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS, S.A. In 1993, he held directorships with Nacional Factoring, da CISF—Imóveis and CISF Equipamentos. Between 1995 and 1997 he was a director of CISF—Banco de Investimento and a member of the board of directors of Nacional Factoring. In 1998, he was 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 member of the board of BCP Leasing, BCP Factoring and Leasefactor SGPS. From 2000 to 2003, He was appointed chairman of the board of directors of Banque BCP (Luxemburg) and chairman of the executive committee of Banque BCP (France). Between 2003 and 2006 he was a member of management of Banque Prive BCP (Switzerland) and was general director of private banking of BCP. Since 2006, he has been a member of the board of directors of Banco Millennium BCP de Investimento, and general director of Banco Comercial Português. Mr. Lopes Raimundo is presently Vice-Chairman and CEO of Millenniumbcp bank, NA.

He has an undergraduate degree in company management and administration from Universidade Católica Portuguesa de Lisboa, and a master of business administration degree from INSEAD.

Daniel M. Kammen

Born in 1962. Between 1988 and 1991, he was a research fellow in the division of engineering and applied science and the division of biology at the California Institute of Technology and a post-doctorate researcher of Weizmann & Bantrell in the engineering and applied science and biology department at California Institute of Technology. Between 1991 and 1993, he was a research collaborator for science and international affairs at the John F. Kennedy School of Government, Harvard University. Between 1991 and 1993, he was a research associate for the northeast regional centre for global environmental change and the department of physics, Harvard University. In 1993, he was appointed a permanent fellow at the African Academy of Sciences. Between 1993 and 1999, he was a member of the research faculty at the Centre for Energy and Environmental Studies at the School of Engineering and Applied Science at Princeton University. Between 1997 and 1999, he was Class of 1934 Preceptor at the Woodrow Wilson School of Public and International Affairs at Princeton University, and between 1998 to 1999 he was chair of the science, technology and environmental policy program (STEP) of the same institution. Between 1998 and 2001, he was an associate professor of the energy and resource group and between 1999 and 2001 was an associate professor of nuclear engineering at the University of California, Berkeley. In 1999, he was a founding director of the renewable and appropriate energy laboratory (RAEL) of the University of California, Berkeley. From 2000 to 2001, he joined the core management team of the Commission of Power of California Public Interest Environmental Research—Environmental Area. Between 2004 and 2009, he was the director of the University of California, Berkeley, and Industrial Technology Research Institute of Taiwan. In 2005, he was appointed co-director of the Berkeley Institute of the Environment. In 2006, he was appointed a member of the Energy and Resources Group and in 2007 held the position of coordinator of the science and impact sector in the Energy Biosciences Institute. In addition, since 2001, he has been a professor of public policy of the Goldman School of Public Policy, University of California, Berkeley. He is also an author of several studies and has received several awards in the energy sector.

He has an undergraduate degree, a masters degree and a Ph.D. each in physics.

Gilles August

Born in 1957, between 1984 and 1986, he 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 1995 he co-founded August &Debouzy Law firm where he is presently working as the manager of the firm's corporate department. He has been a Lecturer at École Supérieur des Sciences Economiqueset Commerciales and at Collège de Polytechnique and is currently giving lecturersat CNAM (Conservatoite National des Arts et Métiers). He is Knight of the Lègion d'Honneur.

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

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. He presently serves as general counsel of the Company, as secretary of the Board, and is also director and/or secretary on the boards of directors of a number the Company's subsidiaries in Europe.

He holds a master's degree in law from the University of Oviedo.

corporate governance - annex V

EDP RENOVÁVEIS SHARES OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AT 31.12.2009

Name	Direct	Indirect	Total
António Luis Guerra Nunes Mexia	3,880	320	4,200
Ana Mª Machado Fernandes	1,510	0	1,510
Joao Manuel Manso Neto	0	0	0
Nuno María Pestana de Almeida Alves	5,000	0	5,000
António Fernando Melo Martins da Costa	1,330	150	1,480
Francisco José Queiroz de Barros de Lacerda	310	310	620
Joao Manuel de Mello Franco	380	0	380
Jorge Manuel Azevedo Henriques dos Santos	200	0	200
José Silva Lopes	760	0	760
José Fernando Maia de Araujo e Silva	80	0	80
Rafael Caldeira de Castel-Branco Valverde	0	0	0
António do Pranto Nogueira Leite	0	0	0
Joao José Belard da Fonseca Lopes Raimundo	170	670	840
Daniel M. Kammen	0	0	0
Manuel Menéndez Menéndez	0	0	0
Gilles August	0	0	0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EDP Renováveis, S.A.

Consolidated Annual Accounts
31 December 2009

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2009 and 31 December 2008

	Notes	2009	2008
		(Thousands of Euros)	(Thousands of Euros)
Revenue	6	648,242	532,429
Cost of consumed electricity	6	-1,522	-993
Changes in inventories and cost of raw materials and consumables used	6	-4,713	-11,251
		642,007	520,185
Other operating income / (expenses)			
Other operating income	7	125,231	89,524
Supplies and services	8	-148,304	-106,947
Personnel costs	9	-41,914	-37,011
Employee benefits expenses	9	-633	-1,090
Other operating expenses	10	-33,838	-26,784
		-99,458	-82,308
		542,549	437,877
Provisions		183	806
Depreciation and amortisation expense	11	-314,350	-207,764
Amortisation of deferred income / Government grants	11	2,403	696
		230,785	231,615
Gains / (losses) from the sale of financial assets	12	268	2,363
Other financial income	13	35,717	270,901
Other financial expenses	13	-108,151	-348,120
Share of profit of associates		3,922	4,438
Profit before tax		162,541	161,197
Income tax expense	14	-44,754	-48,979
Profit after tax		117,787	112,218
Profit for the period		117,787	112,218
Attributable to:			
Equity holders of EDP Renováveis	27	114,349	104,364
Non controlling interest	29	3,438	7,854
Profit for the period		117,787	112,218
Earnings per share basic and diluted - Euros	27	**0.13**	**0.16**

EDP Renováveis, S.A. and subsidiaries

Consolidated Balance Sheet
for the years ended 31 December 2009 and 31 December 2008

	Notes	2009	2008
		(Thousands of Euros)	(Thousands of Euros)
Assets			
Property, plant and equipment	15	8,635,011	7,141,805
Intangible assets	16	17,340	22,408
Goodwill	17	1,318,356	1,305,718
Investments in associates	18	47,609	40,782
Available for sale financial assets	19	12,630	12,501
Deferred tax assets	20	28,066	21,834
Debtors and other assets	23	129,447	141,540
Total Non-Current Assets		10,188,459	8,686,588
Inventories	21	11,344	12,377
Trade receivables	22	106,148	82,598
Debtors and other assets	23	337,458	195,813
Tax receivable	24	169,670	175,093
Financial assets at fair value through profit or loss	25	37,103	35,774
Cash and cash equivalents	26	443,633	229,680
Assets held for sale		-	985
Total Current Assets		1,105,356	732,320
Total Assets		11,293,815	9,418,908
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	25,964	27,595
Other reserves and Retained earnings	28	166,173	61,824
Consolidated net profit attributable to equity holders of the parent		114,349	104,364
Total equity attributable to equity holders of the parent		5,220,062	5,107,359
Non controlling interest	29	107,493	91,514
Total Equity		5,327,555	5,198,873
Liabilities			
Medium / Long term financial debt	30	2,563,171	1,376,108
Employee benefits	31	59	1,162
Provisions	32	67,085	49,698
Deferred tax liabilities	20	342,924	316,920
Trade and other payables	33	1,747,511	1,695,387
Total Non-Current Liabilities		4,720,750	3,439,275
Short term financial debt	30	110,268	86,165
Trade and other payables	33	1,098,105	648,334
Tax payable	34	37,137	46,261
Total Current Liabilities		1,245,510	780,760
Total Liabilities		5,966,260	4,220,035
Total Equity and Liabilities		11,293,815	9,418,908

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EDP Renováveis and subsidiaries

Consolidated statement of comprehensive income for the years ended at 31 December 2009 and 31 December 2008

(Thousands of Euros)

	2009		2008	
	Equity holders of the parent	Non controlling interests	Equity holders of the parent	Non controlling interests
Profit for the period	114 349	3 438	104 364	7 854
Exchange differences arising on consolidation	-609	858	1,998	-
Fair value reserve (cash flow hedge)	-2,433	-530	3,928	-986
Fair value reserve (available for sale investments)	912	-	7,747	-
Actuarial gains / (losses)	-24	-	-	-
Income tax on other comprehensive income	499	159	3,175	-
Other comprehensive income for the period, net of income tax	-1,655	487	16,848	-986
Total comprehensive income for the period	112,694	3,925	121,212	6,868

EDP Renováveis, S.A. and subsidiaries

Statement of Changes in Consolidated Equity as at 31 December 2009 and 2008

(Thousands of Euros)

	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Consolidation exchange differences reserve	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non controlling interests
Balance as at 31 December 2007	**2,245,721**	**18,873**	**1,882,338**	**120,190**	**-819**	**11,566**	-	**2,032,148**	**213,573**
Comprehensive income for the period									
Fair value reserve (available for sale financial assets) net of tax	7,747	-	-	-	-	-	7,747	7,747	-
Fair value reserve (cash flow hedge) net of taxes	6,117	-	-	-	-	7,103	-	7,103	-986
Exchange differences arising on consolidation	1,998	-	-	-	1,998	-	-	1,998	-
Profit for the period	112,218	-	-	104,364	-	-	-	104,364	7,854
Total comprehensive income for the period	128,080	-	-	104,364	1,998	7,103	7,747	121,212	6,868
Transactions with owners recorded directly in Equity									
Share capital increase in kind	180,208	4,718	175,490	-	-	-	-	180,208	-
Share capital increase by incorporation of share premium	-	2,057,828	-2,057,828	-	-	-	-	-	-
Share capital increase by incorporation of loans	1,300,000	1,300,000	-	-	-	-	-	1,300,000	-
Share capital increase by IPO	1,566,726	980,122	586,604	-	-	-	-	1,566,726	-
Expenses incurred with the IPO	-49,385	-	-49,385	-	-	-	-	-49,385	-
Tax effect of expenses incurred with the IPO	14,816	-	14,816	-	-	-	-	14,816	-
Dividends attributable to non controlling interests	-2,740	-	-	-	-	-	-	-	-2,740
Reserves and non controlling interests arising from the acquisition of 40% of NEO	-205,109	-	-	-58,431	-	-	-	-58,431	-146,678
Share capital increase in NEO Group companies	11,320	-	-	-	-	-	-	-	11,320
Non controlling interests decrease resulting from acquisition of additional 10% of Dessarollos Catalanes del Viento subsidiaries	-2,479	-	-	-	-	-	-	-	-2,479
Non controlling interests arising from NEO Group companies power purchase agreements	8,763	-	-	-	-	-	-	-	8,763
Non controlling interests decrease resulting from acquisitions	3,489								3,489
Other	-537	-	-	65	-	-	-	65	-602
Balance as at 31 December 2008	**5,198,873**	**4,361,541**	**552,035**	**166,188**	**1,179**	**18,669**	**7,747**	**5,107,359**	**91,514**
Comprehensive income for the period									
Fair value reserve (cash flow hedge) net of taxes	-2,305	-	-	-	-	-1,934	-	-1,934	-371
Exchange differences arising on consolidation	249	-	-	-	-609	-	-	-609	858
Actuarial gains / (losses)	-24	-	-	-24	-	-	-	-24	-
Fair value reserve (available for sale financial assets) net of tax	912	-	-	-	-	-	912	912	-
Profit for the period	117,787	-	-	114,349	-	-	-	114,349	3,438
Total comprehensive income for the period	116,619	-	-	114,325	-609	-1,934	912	112,694	3,925
Transactions with owners recorded directly in Equity									
Dividends attributable to non controlling interests	-3,491	-	-	-	-	-	-	-	-3,491
Share capital increase in EDP Renovaveis Brazil	7,997	-	-	-	-	-	-	-	7,997
Share capital increase in NEO Group companies	9,200	-	-	-	-	-	-	-	9,200
Non controlling interests decrease resulting from acquisitions	-1,625	-	-	-	-	-	-	-	-1,625
Other	-18	-	-	9	-	-	-	9	-27
Balance as at 31 December 2009	**5,327,555**	**4,361,541**	**552,035**	**280,522**	**570**	**16,735**	**8,659**	**5,220,062**	**107,493**

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Cash Flow
for the year ended 31 December 2009 and 31 December 2008

(Thousands of Euros)

	Group	
	2009	2008
Cash flows from operating activities		
Cash receipts from customers	646,621	506,740
Cash paid to suppliers	-154,183	-114,662
Cash paid to employees	-49,366	-30,582
Concession rents paid	-4,153	-5,692
Other receipts / (payments) relating to operating activities	-20,812	-25,388
	418,107	330,416
Income tax received / (paid)	-25,682	-36,573
Net cash flows from operating activities	392,425	293,843
Continuing activities	392,425	293,843
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of financial assets	1,795	16,922
Proceeds from sale of property, plant and equipment	2,047	4,512
Other proceeds related to fixed assets	-	6,803
Interest received	5,965	44,492
Dividends received	4,122	2,651
	13,929	75,380
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-118,822	-85,128
Acquisition of property, plant and equipment	-1,729,837	-1,919,762
	-1,848,659	-2,004,890
Net cash flows from investing activities	-1,834,730	-1,929,510
Continuing activities	-1,834,730	-1,929,510
Cash flows from financing activities		
Receipts/ (payments) of loans	1,199,634	-315,854
Interest and similar costs	-49,613	-77,625
Governmental cash grants received	155,946	
Increases in capital and share premium	20,743	1,538,958
Receipts/ (payments) from derivative financial instruments	-6,390	13,412
Dividends paid	-3,197	-2,759
Receipts from institutional partnership (Horizon)	333,528	319,985
Net cash flows from financing activities	1,650,651	1,476,117
Continuing activities	1,650,651	1,476,117
Net increase / (decrease) in cash and cash equivalents	208,346	-159,550
Effect of exchange rate fluctuations on cash held	5,607	738
Cash and cash equivalents at the beginning of the period (*)	229,680	388,492
Cash and cash equivalents at the end of the period (*)	443,633	229,680

(*) See Note 26 to the financial statements for a detailed breakdown of Cash and cash equivalents

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EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

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, especially hydroelectric, mini-hydroelectric, wind, solar, thermal solar, photovoltaic, biomass and waste plants, among others. 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 2009 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 Euronext Lisbon.

As at 31 December 2009, EDP Renováveis holds a 100% stake in the share capital of Nuevas Energias de Occidente, S.L. ("NEO"), a 100% stake in the share capital of Horizon Wind Energy, LLC ("Horizon") and a 55% stake in the share capital of EDP Renováveis Brasil. The holdings in NEO and Horizon were transferred to EDP Renováveis through several share capital increases in kind subscribed by EDP Branch and Hidroeléctrica del Cantábrico, S.A. The holding in Horizon was acquired by EDP Branch, on 2 July 2007, from Goldman Sachs, and was subsequently transferred to EDP Renováveis on 18 December 2007.

NEO operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland and Romania. NEO's main subsidiaries are: Enernova (wind farms in Portugal), Genesa (renewable resources electricity generation in Spain), Agrupación Eólica (wind farms in Spain and France), Greenwind (wind farms in Belgium - partnership with local investors) and Relax Wind Parks (wind farms in Poland).

Horizon's main activities consist on 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 South America.

As at 31 December 2009, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a total gross installed capacity of 6,227 MW (5,052 MW as at 31 December 2008), operating in Portugal 680 MW (553 MW as at 31 December 2008), in Spain 2,278 MW (2,109 MW as at 31 December 2008), in France 220 MW (185 MW as at 31 December 2008), in Belgium 57 MW (47 MW as at 31 December 2008), in Poland 120 MW, in the United States 2,859 MW (2,158 MW) and in Brazil 14 MW.

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 arwere 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 entittlements set oit in RD 661/2007. Installations will be registered in chronological order until the government 's target is met (20.155MW) and new remuneration scheme should be approved for following projects

The decision on 19 November 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 500MW in solar thermal generation will be allowed each year until 2012. The 15th of December 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 allocalted capacity.

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 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. As part of the American Recovery and Reinvestment of 2009, which was enacted this spring, the federal government will also encourage 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 was approved and 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.

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 12MW 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.

EDP Renováveis, S.A. and subsidiaries

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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 wich 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 annualy 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 amenended 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.

New Decree approved on December 15th 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 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 suppoted. 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) paya a substitute fee calculated in accordance with the Energy Act. ii) If the power company does not purchase certificates or orgin or doest not pay a substitute fee, the ERA President will penalize such company by the financial penalty calculated in accordance with the Energy Act.

The minimun 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.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the "Electricity Act"). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

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.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brazil is regulated by Federal Law nº 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nº 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nº 10,438 of 26 April 2002, which governs the increase in Emergency Electric Power Supply and creates the 3,300 MW Program of Incentives for Alternative Electricity Sources (PROINFA); Federal Law nº 10,762 of 11 November 2003 and Law nº 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power and; Subsequent amendments to the legislation.

The Decree nº 5,025 of 30 March 2004, regulates the Federal Law nº 10,438 and states the "Alternative Energy Sources" economical and legal framework. PROINFA participants have granted a PPA with ELETROBRÁS, and are subject to the regulator (ANEEL) authority. However, the first stage of PROINFA has ended and the second stage is highly uncertain.

The Decree nº 5,163 of 30 July 2004 regulates the Federal Law nº 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 nº 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 nº 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.

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 2009 and 2008 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2009 and 2008, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 24 February 2010. The annual accounts are presented in thousand 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 the 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 believed to be reasonable under 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 accordance with IFRS 3, the adjustments that have resulted from the purchase price allocation carried out in 2009 (Neo Catalunia and Romania subgroups) and 2008 (Relax Wind subgroup) for the goodwill booked in 2008 and 2007, respectively, originate a reclassification of the comparative financial information as if the accounting for this business combination had been completed at the date of acquisition.

b) Basis of consolidation

The consolidated annual acounts of EDP Renováveis comprise the assets, liabilities and results of EDP Renováveis and its subsidiaries and the results and net equity from its associated companies attributable to the Group. The accounting policies described below have been consistently applied by all Group companies.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Control also exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of the entity, so as to obtain benefits from its activities, even if its shareholding is less than 50%.

Accumulated losses of a subsidiary attributable to non controlling interest, which exceed the equity of the subsidiary attributable to the non controlling interest, are attributed to the Group and charged to the income statement when incurred. If the subsidiary subsequently reports profits, such profits are recognised as profits of the Group until the losses attributable to the non controlling interest previously recognised by the group have been recovered.

The annual accounts or financial statements of consolidated subsidiaries refer to the same date of preparation and the same period as those of the Parent company.

Gains or losses as a consequence of a dilution or a sale of a portion of an interest in a subsidiary without a change in control are recognised in Profit or loss.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

Associates

Investments in associates are accounted for by the equity method since the date on which significant influence is transferred to the Group until the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies. Generally when the Group holds more than 20% of the voting rights of the investor it is presumed that it has significant influence. If the Group holds, directly or indirectly, less than 20% of the voting rights of the investor it is presumed that the group does not have significant influence, except when such influence can be clearly demonstrated.

The significant influence by EDP Renováveis Group is normally demonstrated by one or more of the following ways:
- Representation on the Board of Directors or equivalent management committee;
- Participation in the policy making processes, including participation in decisions over dividends and other distributions;
- Existence of material transactions between the Group and the investor;
- Interchange of managerial personnel;
- Provision of essential technical information.

The consolidated annual accounts include the Group's attributable share of total reserves and results of associated companies accounted under the equity method.

When the Group's share of losses exceeds its interest in na associate, the Group's carrying amount is reduced to nil and recognition of further losses is descontinued, except to the extent that the Group has a legal or constructive obligation of covering those losses or make payments on behalf of the associate.

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 condensed consolidated financial statements include the Group's proportionate share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins until it ceases.

Business Combinations

Following the transition to International Financial Reporting Standards (IFRS), adopted by the EDP Energias de Portugal Group as of 1 January 2004, and as permitted by IFRS 1 — First-time Adoption, the EDP Group opted to maintain the goodwill resulting from the business combinations that occurred prior to the transition date, calculated according to the previous accounting principles applied by the Group. This accounting policy was maintained when the holdings in NEO and Horizon were transferred to EDP Renováveis Group. As such, the goodwill booked on the EDP Renováveis consolidated financial statements remained as it was on the EDP Energias de Portugal Group consolidated annual accounts on the date of the transfer (18 December 2007).

Business combinations occurring are recorded using the purchase method. According to this method, the acquisition cost is equivalent to the fair value of assets transferred and liabilities incurred or assumed on the purchase date, plus any costs directly attributable to the acquisition. The total amount of positive goodwill resulting from acquisitions is recognised as an asset and recorded at cost, not being subject to depreciation.

Goodwill arising on the acquisition of holdings in subsidiaries and associates is defined as the difference between the acquisition cost and the proportion of fair value of the identifiable assets, liabilities and contingent liabilities acquired by the Group.

The value of goodwill recognised as an asset is assessed annually to identify any impairment, regardless of the existence of any indication of impairment. Impairment losses are recognised in the year's income statement. The recoverable amount is determined based on the future cash flows of the assets, which are calculated using valuation methods based on discounted cash flows techniques, considering market conditions, time value of money and business risks.

A liability is recognised for contingent consideration as part of a business combination as soon as payment becomes probable and the amount can be measured reliably. The purchase price subsequently is adjusted against goodwill or negative goodwill as the estimate of the amount payable is revised.

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.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated 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 absense 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 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

EU-IFRS currently do 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. In the event that these written put options are engaged at a date subsequent to the acquisition of the business combination, the same accounting policy would be applied.

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.

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, if available, or, in the absence of a market, are determined by external entities through the use of valuation 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.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

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 agianst exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Non derivative financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Accounts receivable and loans

Accounts receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of accounts receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired principally for the purpose of being sold in the short term and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available for sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available for sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available for sale financial assets are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in equity recognised in the income statement. Foreign exchange differences arising from equity investments classified as available for sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date, an assessment is performed as to whether there is objective evidence 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 other operating income 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.

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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	20
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

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 financial statements are authorised for issue.

n) Employee benefits

Pensions

Enernova, 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 and Portugal, 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.

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Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is setlled 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.

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.

Engeneering 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 interest, foreign exchange gains and losses and gains and losses on financial instruments.

Interest income is recognised in the income statement based on the effective interest note 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. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

x) 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.

3. Critical accounting estimates and judgments in applying accounting policies

The IFRSs 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.

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.

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.

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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 EDP Group'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 operational 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.

The risk management policy implemented by the Group accomodated the adverse environment in capital markets allowing EDP Renováveis to follow its strategy and investment plan without significative changes.

Exchange-rate risk management

EDP Renováveis Group operates internationally and is exposed to the exchange-rate risk resulting, mainly, from investments in subsidiaries whichfunctional currency is the US Dollar (USD), Poland Zloty (PLN) and Romanian Lei (RON). Currently, the main exposure to the exchange-rate risk is the USD/EUR currency fluctuation risk, which results mainly from the shareholding in Horizon.

EDP Group's Finance Department is responsible for monitoring the evolution of the USD, seeking to mitigate the impact of currency fluctuations on the financial results and/or equity of the Group, using exchange-rate derivatives and/or other hedging structures.

The policy implemented by the EDP Renováveis Group consists of undertaking derivative financial instruments for the purpose of hedging foreign exchange risks with characteristics similar to those of the hedged item. The operations are revalued and monitored throughout their useful lives and, periodically, their effectiveness in controlling and hedging the risk that gave rise to them is evaluated.

Sensivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2009 and 2008, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity, as follows (amounts in thousands of Euros):

	31 Dec 2009			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	6,415	-7,841	-	-
PLN / EUR	-	-	7,984	-9,759
	6,415	-7,841	7,984	-9,759

	31 Dec 2008			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	4,432	-5,416	-	-
PLN / EUR	-	-	7,316	-8,942
	4,432	-5,416	7,316	-8,942

This analysis assumes that all other variables, namely interest rates, remain unchangeable.

As at 31 December 2009 and 2008, EDP Renováveis Group has no significant exposure to exchange rate risks related essentially with the Horizon activity. To hedge these risks, EDP Renováveis Group entered into a CIRS in USD and EUR with EDP Branch.

Interest rate risk management

The Group's operating and financial 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-interest rate loans into fixed-interest rate loans.

All these operations 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 12 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or up-coming cash flows.

Sensivity 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 NEO 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 2009 and 2008 would increase / (decrease) equity and results of EDP Renováveis Group in the following amounts (in thousands of Euros):

	31 Dec 2009			
	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow hedge derivatives	-	-	9,822	-10,455
Unhedged debt (variable interest rates)	-985	985	-	-
	-985	985	9,822	-10,455

	31 Dec 2008			
	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow hedge derivatives	-	-	10,621	-11,109
Unhedged debt (variable interest rates)	-1,433	1,433	-	-
	-1,433	1,433	10,621	-11,109

This analysis assumes that all other variables, namely foreign exchange rates, remain unchangeable.

As at 31 December 2009 and 2008, Horizon has no significant exposure to interest rate risks.

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, to assure a greater flexibility in the transfer of the instruments in the market.

In the specific case of the NEO 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 Horizon 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 unaceptable 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 (see note 2 (a)).

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

Market price risk

As at 31 December 2009, market price risk affecting the EDP Renovavéis Group is not significant. In the case of Horizon, prices are fixed and mainly determined by power purchase agreements. In the case of NEO the electricity is sold in Spain directly on the daily market at spot prices plus a pre-defined premium (regulated). Nevertheless, NEO has an option of selling the power through regulated tariffs, granting minimum prices. In the remaining countries, prices are mainly determined through regulated tariffs.

Neo and Horizon have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the year 2009 and 2008 (see note 35).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. Changes in consolidation perimeter: Business combinations, Sale of affiliates and Merge of affiliates

During the year ended in 31 December 2009, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies sold and liquidated:

- Generaciones Especiales I, S.L, sold its 50% interest in the subsidiary Ibersol E. Solar Ibérica, S.A.;
- Generaciones Especiales I, S.L, dissolved and liquidated the subsidiary Horta Medioambiente, S.A.;
- Generaciones Especiales I, S.L., dissolved and liquidated the subsidiary Eólica Mare Nostrum S.A.;
- Horizon Wind Energy LLC, dissolved the subsidiary Chocolate Bayou Windpower I, LP;
- Nuevas Energías de Occidente, S.L., dissolved the Hollywell Investments Limited, SARL;
- Nuevas Energías de Occidente, S.L., dissolved and liquidated the subsidiary Ridgeside Investments Limited, SARL;

Companies merged during the period:

- Horizon Wind Energy Company LLC was merged into Horizon Wind Energy LLC;
- Levante Energia Eólica, Lda was merged into Enernova Novas Energias, S.A.;

Companies acquired during the period:

- EDPR Group, through its subsidiary EDPR Brasil, S.A. acquired 100% of the share capital of CENAEEL - Central Nacional de Energia Eólica, Lda. ("CENAEEL") (see note 17);
- EDPR Group, through its subsidiary Nuevas Energías de Occidente,S.L. acquired 100% of the share capital of the companies Mardelle, SARL and Vallée du Moulin, SARL and 49% of the share capital of Quinze Mines, SARL. (see note 17);
- EDPR Group, through its subsidiary Neo Catalunia, S.A. acquired 100% of the share capital of the companies Parc Eólic Coll de la Garganta, SL., Parc Eólic Serra Voltorera, SL. y Bon Vent de L'Ebre, SL. (see note 17);
- EDPR Group acquired 100% of the share capital of Elektrownia Wiatrowa Kresy I, S.P. through its subsidiary Neo Polska (see note 17);
- EDPR Group acquired 100% of the share capital of Elebrás Projectos, Ltda through its subsidiary EDP Renováveis Brasil (see note 17);
- EDPR Group acquired 60.63% of the share capital of Aprofitament D'Energies Renovables de la Terra Alta, S.A. through its subsidiaries Parc Eòlic de Coll de Moro, S.L. (12.24%), Parc Eòlic de Torre Madrina, S.L. (12.24%), Bon Vent de Corbera, S.L. (10.68%), Bon Vent de Vilalba, S.L. (10.42%), Bon Vent de L'Ebre, S.L. (9.70%) and Parc Eòlic de Vilalba dels Arcs, S.L. (5.35%) (see note 17);
- EDPR Group acquired 38.96% of the share capital of Aprofitament D'Energies Renovables de L'Ebre, S.A. through its subsidiary Aprofitament D'Energies Renovables de la Terra Alta, S.A. (see note 18).

Companies incorporated during the period:

- Agrupación Eólica Francia, S.L. was incorporated being 100% held by Nuevas Energias del Occidente, S.A.;
- Desarrollos Eólicos de Teruel, S.L.. was incoporated being 51% held by Sinae, S.A.;
- Eólica Garcimuñoz, S.L.. was incoporated being 100% held by Desa, S.A.;
- Meadow Lake Windfarm III LLC;
- Meadow Lake Windfarm IV LLC;
- Meadow Lake Wind Farm V, LLC;
- Black Prairie Wind Farm II LLC;
- Black Prairie Wind Farm III LLC;
- Horizon Wind Energy Northwest IV LLC;
- Horizon Wyoming Transmission LLC;
- 2009 Vento IV, LLC;
- 2009 Vento V, LLC;
- 2009 Vento VI, LLC;
- Horizon Wind Ventures II, LLC;
- Paulding Wind Farm, LLC;
- Paulding Wind Farm II, LLC;
- Paulding Wind Farm III, LLC;
- Simpson Ridge Wind Farm II, LLC;
- Simpson Ridge Wind Farm III, LLC;
- Simpson Ridge Wind Farm IV, LLC;
- Simpson Ridge Wind Farm V, LLC;
- Horizon Wind Ventures VI, LLC;
- Lexington Chenoa Wind Farm II, LLC;
- Lexington Chenoa Wind Farm III, LLC;

Companies incorporated during the period:
- Athena-Weston Wind Power Project II, LLC;
- Blue Canyon Wind Power VII, LLC;
- EDPR UK Limited was incoporated being 100% held by Nuevas Energías de Occidente, S.L.;
- Moray Offshore Renewables Limited was incoporated being 75% held by EDPR UK Limited.

The following companies were merged in Neogália, S.A.S.:
- C.E. Ayssenes-Le Truel, S.A.S.;
- C.E. Beaurevoir, S.A.S.;
- C.E. Bourbriac, S.A.S.;
- C.E. Calanhel Lohuec, S.A.S.;
- Eole Service, S.A.R.L.;
- Eole 76 Developpement, S.A.R.L.;
- Le Gollot, S.A.S.;
- Keranfouler, S.A.S.;
- Parc Eolien Les Bles D'Or, S.A.R.L.;
- C.E. Les Vielles, SAS;
- Eole Futur Montloue 1, SAS;
- SOCPE Pieces de Vigne, S.A.R.L.;
- CE Pont d Ýeu, SAS;
- C.E. NEO Prouville, S.A.S.;
- Recherches et Dével. Éoliennes, S.A.R.L.;
- C.E. Saint Alban-Henansal, S.A.S.;
- SOCPE Saint Jacques, S.A.R.L..

The following companies were merged in Neolica Polska:
- Zulawy Wind Park II, Sp.z.o.o.;
- Kip Wind Park II, Sp. z.o.o.;
- Relax Wind Park V, Sp. z.o.o.;
- Relax Wind Park VI, Sp. z.o.o.;
- Chodow Wind Park, Sp. z o.o.;
- Sk Wind Park, Sp. z o.o;
- Kip Wind Park I, Sp. z.o.o.;
- Sokolowo Wind Park, Sp. z o.o..

Other changes
- Genesa I S.L. acquired the remaining 10% of the share capital of Hidroeléctrica Fuentermosa, S.L.;
- Neolica Polska acquired 3,14% of the share capital of Relax Wind Park I SP Z.O.O.;
- Sinae Inversiones Eólicas S.A. acquired 18% of the share capital of Parque Eólico del Voltoya, S.A. (see note 18);
- Desarrollos Eólicos Promoción S.A.U. acquired 3,33% of the share capital of Desarrollos Eólicos de Galicia, S.A..

During 2008, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies sold during the period:
- Generaciones Especiales I, S.L, sold its 50% interest in the subsidiary Marquesado Solar, S.A. to Solar Millenium AG;
- Sinae Inversiones Eólicas, S.A. sold 20% of its interest in IDER, S.L.;
- Sinae Inversiones Eólicas, S.A. sold an interest of 5% in Eólica Sierra de Avila, S.L. and Eólica del Alfoz, S.L. to Invesducro Eólica, S.L.;
- Enernova sold its 5% interest in Bioeléctrica, S.L. to EDP Imobiliária.

Companies merged during the period:
- Horizon Wind Energy Company LLC was merged into Horizon Wind Energy LLC;
- Bolores - Energia Eólica, S.A. and Safra - Energia Eólica, S.A. were merged into Enernova - Novas Energias, S.A..

Companies incorporated during the period:
- Eólica de Radona S.L. was incorporated being 100% held by Sinae Inversiones Eólicas, S.A.;
- Neolica Polska SP Z.O.O. was incorporated and it is 100% held by NEO;
- The companies Cloud County Wind Farm, Pioneer Prairie Wind Farm I, LLC, Sagebrush Power Partners, LLC, Rail Splitter, Cloud West Wind Project, LLC, Wheatfield Wind Power Project, LLC and Whitestone Wind Purchasing, LLC were incorporated during 2008 and are 100% held by Horizon Wind Energy LLC.

Companies acquired during the period:
- DEPSA S.A. acquired an additional 5% interest in Desarollos Eólicos del Corme, S.A.;
- Desarrollos Catalanes Del Viento,S.L. acquired 100% of the companies Parc Eòlic de Coll de Moro, S.L., Parc Eòlic de Torre Madrina, S.L. and Parc Eòlic de Vilalba dels Arcs, S.L. (see note 17);
- Nuevas Energías de Occidente,S.L. acquired 100% of the subgroups Hollywell and Ridgeside, several companies that are currently included in the Neo Galia subgroup, Bom Vent de Corbera, Bom Vent de Vilalba and Parc Eolic Molinars, S.L. (see note 17);
- Nuevas Energías de Occidente,S.L. acquired 85% of the companies Renovatio Power and Cernavoda Power (see note 17);
- Nuevas Energías de Occidente,S.L. acquired 51% of the companies Relax Wind Park IV Sp and Relax Wind Park II Sp;
- Nuevas Energías de Occidente,S.L. increased the interest from 73.3% to 93.3% in the company Relax Wind Park I Sp and from 51% to 100% in the company Relax Wind Park III, Sp.

The companies included in the consolidation perimeter as at 31 December 2009 and 2008 are listed in the Annex 1 to these consolidated annual accounts.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

6. Revenue

Revenue is analysed by sector as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Revenue by sector of activity/business:		
Electricity	632,726	514,039
Other	10,791	12,738
	643,517	526,777
Services rendered by sector of activity:		
Other	4,725	5,652
	648,242	532,429
Total Revenue:		
Electricity	632,726	514,039
Other	15,516	18,390
	648,242	532,429

The breakdown of **Revenue** for the Group, by geographic market, is presented in the Segmental reporting (see note 43).

Cost of consumed electricity and **Changes in inventories and cost of raw material and consumables used** is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Cost of consumed electricity	1,522	993
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	2,803	17,160
Changes in inventories	1,910	-5,909
	6,235	12,244

7. Other operating income

Other operating income is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Supplementary income	1,303	1,503
Gains on fixed assets	51	823
Turbine availability income	12,692	2,390
Income from sale of interests in institutional partnerships - Horizon	82,671	61,238
Amortization of deferred income related to power purchase agreements	17,654	18,272
Operating indemnities	3,319	1,004
Other income	7,541	4,294
	125,231	89,524

Income from sale of interests in institutional partnerships - Horizon, includes revenue recognition related to production tax credits (PTC) and tax depreciations, related to projects Vento I, II, III, IV and V (see note 33).

The power purchase agreements between Horizon 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 Euros (USD 190.4 million) and recorded as a non-current liability (note 33). This liability is amortised over the period of the agreements against other operating income. As at 31 December 2009, the amortization for the year amounts to 17,654 thousands of Euros (31 December 2008: 18,272 thousands of Euros).

Turbine availability income refers to compensation received from turbines suppliers when the measured average availability of turbines in activity is less than 93% in the first six months and/or less than 97% in any of the subsequent periods of six months during the warranty period.

Operating indemnities refer to amounts received from insurance companies related with accidents in tangible fixed assets accidents and/or losses on the operational activity.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

8. Supplies and services

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Supplies and services:		
Water, electricity and fuel	1,876	1,808
Tools and office material	1,692	1,628
Leases and rents	22,310	17,696
Communications	2,679	1,686
Insurance	8,244	6,009
Transportation, travelling and representation	7,499	6,258
Commissions and fees	813	574
Maintenance and repairs	70,823	40,251
Advertising	1,848	2,223
Specialised works		
- IT services	3,457	3,274
- Legal fees	3,411	2,068
- Advisory fees	8,707	11,935
- Shared services	5,931	4,338
- Other services	4,319	3,566
Royalties	1,500	1,500
Other supplies and services	3,195	2,133
	148,304	106,947

9. Personnel costs and employee benefits expense

Personnel costs is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Remunerations	41,135	32,840
Social charges on remunerations	5,718	5,095
Employee's variable remuneration	11,563	14,257
Employee's benefits	1,773	1,501
Other costs	5,580	2,823
Own work capitalised	-23,855	-19,505
	41,914	37,011

The average breakdown by management positions and professional category of the permanent staff (annual average) as of 31 December 2009 and 2008 is as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Board members	16	14
Senior management / Senior officers	52	51
Middle management	381	320
Highly-skilled and skilled employees	180	143
Semi-skilled workers	108	116
	737	644

The number of employees includes Management and all the employees of all the subsidiaries and associates.

Employee benefits expense is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Costs with pension plans	614	1,085
Costs with medical care plan and other benefits	19	5
	633	1,090

As at 31 December 2009, Costs with pension plans relates to defined contribution plans (596 thousands of Euros) and defined benefit plans (18 thousands of Euros), see also note 31.

Cost with pension plans includes 979 thousands of Euros related to a reversal of the provisions, due to a transfer of responsibilities to other EDP group companies.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

10. Other operating expenses

Other operating expenses are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Direct operating taxes	11,958	8,574
Indirect taxes	6,466	4,047
Losses on fixed assets	1,970	2,289
Lease costs related to the electricity generating centres	4,995	4,343
Donations	285	1,988
Amortizations of Deferred O&M cost	872	1,629
Turbine availability bonus	661	255
Other costs and losses	6,631	3,659
	33,838	26,784

11. Depreciation and amortisation expense

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Property, plant and equipment:		
Buildings and other constructions	594	489
Plant and machinery:		
Hydroelectric generation	83	83
Thermoelectric generation	192	460
Wind generation	306,733	201,500
Other	349	23
Transport equipment	142	140
Office equipment	3,180	1,600
Other	860	344
	312,133	204,639
Other intangible assets:		
Industrial property, other rights and other intangibles	2,217	3,125
	2,217	3,125
	314,350	207,764
Amortisation of deferred income (Government grants):		
Investment grants	-2,403	-696
	-2,403	-696
	311,947	207,068

12. 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 2009		31 Dec 2008	
	Disposal %	Value Euro'000	Disposal %	Value Euro'000
Investments in subsidiaries and associates				
Ibersol Solar Ibérica, S.A.	50%	268	-	-
Marquesado del Solar, S.A.	-	-	50%	2,378
Investigación y Desarollo de Energias Renovables, S.L. ("IDER")	-	-	20%	-15
		268		2,363

Generaciones Especiales I, SL, sold its 50% shareholding in IBERSOL Solar Ibérica, SA to Solar Millennium AG, for 300 thousands of Euros, generating an accounting gain of 268 thousands of Euros.

13. Other financial income and financial expenses

Other financial income and financial expenses are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Other financial income:		
Interest income	7,865	19,271
Derivative financial instruments		
Interest	9,108	25,978
Fair value	5,983	1,692
Foreign exchange gains	12,747	223,960
Other financial Income	14	-
	35,717	270,901
Other financial expenses:		
Interest expense	103,745	93,851
Derivative financial instruments		
Fair value	4,579	5,663
Foreign exchange losses	5,629	227,272
Own work capitalised (financial interests)	-74,691	-39,176
Unwinding	65,901	57,922
Other financial expenses	2,988	2,588
	108,151	348,120
Financial income / (expenses)	-72,434	-77,219

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 33 and 35).

Foreign exchange gains (13,274 thousands of Euros) as at 31 December 2009 are essentially related with the appreciation of the Zloty against the Euro (8,487 thousands of Euros) and with the financings granted by EDP Branch to EDP Renováveis (2,150 thousands of Euros).

In acordance with the accounting policy described on note 2g), of the 31 December 2009 consolidated financial statetments the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2009 amounted to 74,691 thousands of Euros (39,176 thousands of Euros as at 31 December 2008) 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 1.839% and 10.250%.

Interest expense refers to interest on loans bearing interest at market rates.

Unwinding expenses refers to the financial update of provisions for dismantling and decommissioning of wind farms 3,134 thousands of Euros, 2008 : 2,157 thousands of Euros (see note 32), to the financial update of the liability related with put option Genesa and Desa 8,620 thousands of Euros, 2008:12,134 thousands of Euros (see note 33) and the implied return in institutional partnerships in US wind farms 54,147 thousands of Euros, 2008: 43,631 thousands of Euros (see note 33).

14. 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 2005 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 (6 years in Portugal, 15 years in Spain and 20 years in the EUA). The breakdown of tax losses carried forward and the respective expiration date are presented in Note 20. The companies of the EDP Renováveis Group are taxed, whenever possible, on a consolidated basis allowed by the tax law of the respective countries.

Nuevas Energías de Occidente, 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.

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Current tax	-34,112	-55,047
Deferred tax	-10,642	6,068
	-44,754	-48,979

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

The effective income tax rate as at 31 December 2009 and 2008 is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Profit before tax	162,541	161,197
Income tax	-44,754	-48,979
Efective Income Tax Rate	27.53%	30.38%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2009 and 31 December 2008 is analysed as follows:

	Group	Group
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Profit before taxes	162,541	161,197
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-48,762	-48,359
Income taxes for the period	-44,754	-48,979
Difference	4,008	-620
Tax effect of operations with institutional partnerships	22,013	37,929
Depreciation and amortization	-4,656	24,274
Unrecognised deferred tax assets related to tax losses generated in the period	-31,447	-51,881
Production tax credits	14,702	815
Fair value of financial instruments and financial investments	-2,587	-10,062
Financial investments in associates	1,263	1,333
Difference between gains and accounting gains and losses	727	-1,225
Autonomous Tax	-493	-237
Tax exempt dividends	-	-2,084
Tax benefits	2,666	-970
Effect of tax rates in foreign jurisdictions	1,674	409
Other	146	1,079
	4,008	-620

The income tax rates in the countries in which the EDP Renováveis Group operates are as follows:

		Tax rate	
Country	Subgroup	2009 and 2008	Subsequent years
Spain	NEO	30.00%	30.00%
Portugal	NEO	26.50%	26.50%
France	NEO	33.33%	33.33%
Poland	NEO	19.00%	19.00%
Belgium	NEO	33.99%	33.99%
Romania	NEO	16.00%	16.00%
United States	Horizon	37.63%	37.63%
Brazil	EDPR Brazil	34.00%	34.00%

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

5. Property, plant and equipment

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Cost:		
Land and natural resources	13,119	11,739
Buildings and other constructions	11,041	10,855
Plant and machinery:		
Hydroelectric generation	2,619	2,619
Thermoelectric cogeneration	6,008	6,008
Wind generation	7,354,463	5,227,721
Other plant and machinery	255	247
Transport equipment	1,063	686
Office equipment and tools	21,492	9,378
Other tangible fixed assets	8,829	7,334
Assets under construction	2,038,064	2,382,901
	9,456,953	7,659,488
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-312,133	-204,639
Accumulated depreciation	-509,809	-313,044
	-821,942	-517,683
Carrying amount	8,635,011	7,141,805

The balance of Assets under construction as at 31 December 2008 has been adjusted 89,022 thousands of Euros as a result of the final reclassified due to Neo Catalunya and Romania purchase price allocation carried out in 2009 (see note 17).

The movement in **Property, plant and equipment** from 31 December 2008 to 31 December 2009, is analysed as follows:

	Balance 1 January Euro'000	Acquisitions / Increases Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance 31 December Euro'000
Cost:							
Land and natural resources	11,739	1,591	-4	128	-423	88	13,119
Buildings and other constructions	10,855	2,802	-	-	-147	-2,469	11,041
Plant and machinery:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	5,227,721	49,155	-974	2,189,644	-130,206	19,123	7,354,463
Other plant and machinery	247	-	-	8	-	-	255
Transport equipment	686	527	-84	-	-32	-34	1,063
Office equipment and tools	9,378	9,354	-23	3,391	-356	-252	21,492
Other	7,334	478	-34	1,111	-60	-	8,829
Assets under construction	2,382,901	1,831,280	-3,580	-2,195,668	-3,618	26,749	2,038,064
	7,659,488	1,895,187	-4,699	-1,386	-134,842	43,205	9,456,953

	Balance 1 January Euro'000	Charge for the period Euro'000	Impairment Losses / Reverses Euro'000	Disposals Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance 31 December Euro'000
Accumulated depreciation and impairment losses							
Buildings and other constructions	1,736	594	-	-	-16	-27	2,287
Plant and machinery:							
Hydroelectric generation	1,443	83	-	-	-	-	1,526
Thermoelectric cogeneration	5,817	192	-	-	-	-	6,009
Wind generation	499,925	306,733	-	-180	-8,893	1,791	799,376
Other plant and machinery	214	349	-	-	-	-336	227
Transport equipment	266	142	-	-34	-9	2	367
Office equipment and tools	4,256	3,180	-	-25	-90	-271	7,050
Other	4,026	860	-	-28	-28	270	5,100
	517,683	312,133	-	-267	-9,036	1,429	821,942

Plant and Machinery includes the cost of the wind farms under operation.

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Perimeter variations/regularisations include, among others, the effect of the acquisition of the wind power companies CENAEEL and Elebrás, Brazilian subsidiaries, and other companies of NEO Group, mainly Mardelle, Quinze Mines, Vallée du Moulin, Bon Vent de L'Ebre, Elektrownia Wiatrowa Kresy and Aprofitament D'Energies Renovables de la Terra Alta, totalling 40,032 thousands of Euros.

Aquisitions / Increases of assets under construction include 35,756 thousands of Euros related to the purchase price allocation performed in 2009 for the companies acquired during the year (see note 17).

The movement in **Property, plant and equipment** from 31 December 2007 to 31 December 2008, is analysed as follows:

	Balance 1 January Euro'000	Acquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance 31 December Euro'000
Cost:							
Land and natural resources	4,589	-	-2,886	6	-781	10,811	11,739
Buildings and other constructions	241,920	2,898	-	-233,333	-630	-	10,855
Plant and machinery:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	2,640,479	13,427	-8,524	2,353,325	152,953	76,061	5,227,721
Other plant and machinery	247	-	-	-	-	-	247
Transport equipment	332	308	-	-	33	13	686
Office equipment and tools	5,091	1,971	-3	1,470	222	627	9,378
Other	27,754	47,236	-109	629	38	-68,214	7,334
Assets under construction	2,303,822	2,156,430	-4,600	-2,122,097	47,461	1,885	2,382,901
	5,232,861	2,222,270	-16,122	-	199,296	21,183	7,659,488

	Balance 1 January Euro'000	Charge for the period Euro'000	Impairment Losses / Reverses Euro'000	Disposals Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance 31 December Euro'000
Accumulated depreciation and impairment losses:							
	3,780	489	-	-	5	-2,538	1,736
Plant and machinery:							
Hydroelectric generation	1,360	83	-	-	-	-	1,443
Thermoelectric cogeneration	5,357	460	-	-	-	-	5,817
Wind generation	286,419	201,500	-278	-27	6,817	5,494	499,925
Other plant and machinery	191	23	-	-	-	-	214
	114	140			10	2	266
	2,822	1,600	-1		59	-224	4,256
	6,518	344	-41	-21	18	-2,792	4,026
	306,561	204,639	-320	-48	6,909	-58	517,683

Assets under construction as at 31 December 2009 and 2008 are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Electricity business:		
Horizon Wind Energy Group	438,274	891,131
NEO Group	1,595,787	1,491,410
EDP Renováveis	1,861	296
EDP Renováveis Brasil	2,142	64
	2,038,064	2,382,901

Assets under construction as at 31 December 2009 and 2008 for NEO and Horizon Group are essentially related to wind farms under construction and development.

Financial interests capitalised amount to 74,691 thousands of Euros as at 31 December 2009 and 39,176 thousands of Euros as at 31 December 2008 (see note 13).

Personnel costs capitalised amount to 23,855 thousands of Euros as at 31 December 2009 (31 December 2008: 19,505 thousands of Euros) (see note 9).

The EDP Renováveis Group has lease and purchase obligations as disclosed in Note 36 - Commitments below.

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16. Intangible assets

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Cost:		
Industrial property, other rights and other intangible assets	30,378	33,521
Intangible assets under development	2,844	2,840
	33,222	36,361
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-2,217	-3,125
Accumulated depreciation	-13,665	-10,828
	-15,882	-13,953
Carrying amount	17,340	22,408

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 13,920 thousands of Euros related to wind generation licenses of Portuguese companies (31 December 2008: 18,022 thousands of Euros) and Horizon Group (31 December 2008: 14,408 thousands of Euros), respectively.

Intangible assets under development are essentially related to advances for the acquisition of electricity wind generation licenses.

The movement in Intangible assets from 31 December 2008 to 31 December 2009, is analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 31 December Euro'000
Cost:							
Industrial property, other rights and other intangible assets	33,521	39	-	-2,773	-409	-	30,378
Intangible assets under development	2,840	4	-	-	-	-	2,844
	36,361	43	-	-2,773	-409	-	33,222

	Balance at 1 January Euro'000	Charge for the year Euro'000	Impairment Euro'000	Disposals Euro'000	Exchange differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 31 December Euro'000
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	13,953	2,217			-105	-183	15,882
	13,953	2,217	-	-	-105	-183	15,882

The movement in Intangible assets during 2008, is analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 31 December Euro'000
Cost:							
Industrial property, other rights and other intangible assets	29,677	295	-	2,744	795	10	33,521
Intangible assets under development	3,781	-	-941	-	-	-	2,840
	33,458	295	-941	2,744	795	10	36,361

	Balance at 1 January Euro'000	Charge for the year Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 31 December Euro'000
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	10,500	3,125	-	205	110	13	13,953
	10,500	3,125	-	205	110	13	13,953

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17. Goodwill

For the Group, the breakdown of **Goodwill** resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Electricity business:		
Goodwill booked in NEO Group	765,987	735,941
Goodwill booked in Horizon Wind Energy Group	550,868	569,777
Goodwill booked in EDP Renováveis Brazil Group	1,501	-
	1,318,356	1,305,718

EDP Renováveis Group goodwill as at 31 December 2009 and 31 December 2008 is analysed as follows:

		Group	
	Functional Currency	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Horizon group	US Dollar	550,868	569,777
Genesa group	Euro	477,522	441,356
Ceasa group	Euro	117,513	146,469
Relax Winds group (Poland)	Zloty	26,410	25,424
Enernova group	Euro	42,588	43,011
NEO Galia SAS group	Euro	83,160	45,104
Hollywell group	Euro	-	8,007
Ridgeside group	Euro	-	4,317
Romania group	Lei	10,931	14,803
NEO Catalunia	Euro	4,689	4,187
EDPR Brazil Group	Brazilian Real	1,501	-
Other	Euro	3,174	3,263
		1,318,356	1,305,718

In accordance with IFRS 3, following the final purchase price allocation carried out in 2009, the goodwill for NEO Catalunia and Romania subgroups as at 31 December 2008 was reclassified in the amounts of 17,012 thousands of Euros and 49,658 thousands of Euros, respectively (see information disclosed below in this note).

In accordance with IFRS 3, following the final purchase price allocation carried out in 2008, the goodwill for Relax wind subgroup as at 31 December 2007 was reclassified in the amounts of 43,908 thousands of Euros.

During the year 2009, the movements in Goodwill, by subgroup, are analysed as follows:

	Balance at 1 January Euro'000	Increases Euro'000	Decreases Euro'000	Impairment Euro'000	Exhange Differences Euro'000	Perimeter Variations/ Regularisations Euro'000	Balance at 31 December Euro'000
Electricity Business							
Horizon group	569,777	-	-	-	(18,909)	-	550,868
Genesa group	441,356	36,166	-	-	-	-	477,522
Ceasa group	146,469	76	-3,502	-	-	(25,530)	117,513
Relax Winds group (Poland)	25,424	736	-	-	250	-	26,410
Enernova group	43,011	-	-423	-	-	-	42,588
NEO Galia SAS group	45,104	113		-	-	37,943	83,160
Hollywell group	8,007	-	-	-	-	(8,007)	-
Ridgeside group	4,317	-	-	-	-	(4,317)	-
Romania group	14,803	216	-4,088	-	-	-	10,931
Neo Catalunia	4,187	502	-	-	-	-	4,689
EDPR Brazil Group	-	1,246	-	-	255	-	1,501
Other	3,263	-	-	-	-	(89)	3,174
	1,305,718	39,055	(8,013)	-	(18,404)	-	1,318,356

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During the year 2008, the movements in Goodwill, by subgroup, are analysed as follows:

	Balance at 1 January Euro'000	Increases Euro'000	Decreases Euro'000	Impairment Euro'000	Other Euro'000	Perimeter Variations/ Regularisations Euro'000	Balance at 30 June Euro'000
Electricity Business							
Horizon group	539,353	-	-	-	30,424	-	569,777
Genesa group	459,812	1,674	-19,116	-	-	(1,014)	441,356
Ceasa group	141,949	8,484	-3,964	-	-	-	146,469
Relax Winds group (Poland)	14,010	35,920	-24,506	-	-	-	25,424
Enernova group	42,971	40	-	-	-	-	43,011
NEO Galia SAS group	-	52,472	-7,368	-	-	-	45,104
Hollywell group	-	8,118	-111	-	-	-	8,007
Ridgeside group	-	4,368	-51	-	-	-	4,317
Romania group	-	14,803	-	-	-	-	14,803
Neo Catalunia	-	4,187	-	-	-	-	4,187
Other	3,075	188	-	-	-	-	3,263
	1,201,170	130,254	(55,116)	-	30,424	(1,014)	1,305,718

During 2009, the accounting value of assets, liabilities and contingent liabilities recognised at the date of acquisition for the business combinations carried out (Elektrownia Wiatrowa Kresy I, Vallée du Moulin, Mardelle, Quinze Mines, Coll de la Garganta, Serra Voltorera, Bon Vent de L'Ébre, Bon Vent de Vilalba, Bon Vent de Corbera, Cenaeel and Elebrás) were as follows:

	Book Value
Property, plant and equipment	105,210
Other assets	9,734
Non-current assets	114,944
Total assets	114,944
Other non-current term liabilities	13,454
Current liabilities	45,896
Total liabilities	59,350
Net assets acquired	55,594

Horizon Group

Goodwill arising from the acquisition of the Horizon Wind Energy Group was determined in USD as at 31 December 2009 and amounts to 775,251 thousands of USD, corresponding to 550,868 thousands of Euros (31 December 2008: 569,777 thousands of Euros), including the related transaction costs in the amount of 12,723 thousands of Euros. The decrease in Horizon group goodwill is related with the effect from exchange differences of EUR/USD of 18,909 thousands of Euros (increase of 30,424 thousands of Euros as at 31 December 2008).

Genesa Group

The increase in Genesa Group goodwill is related with revaluation of the put options of Caja Madrid over Genesa and Desa amounting aproximately 36,139 thousands of

Euros (31 December 2008: approximately 18,000 thousands of Euros) and the acquisition of the subsidiary Hidroelectrica Fuentermosa (27 thousands of Euros).

Ceasa Group

The increase in Ceasa Group goodwill is related with the acquisition of 48.7% of Aprofitament D'Energies Renovables de la Terra Alta, S.A., with an acquisition cost of 1,083 thousands of Euros.

The decrease in Ceasa Group goodwill results from the decrease of the acquisition price of Parc eolic Coll de Moro, S.L. (1,555 thousands of Euros), Parc eolic Torre Madrina, S.L. (1,555 thousands of Euros) and Parc eolic de Vilalba des Arcs, S.L. (392 thousands of Euros) and from the restructuring process that originated the transfer of French subsidiaries from Ceasa subgroup to Neo Galia subgroup (25,530 thousands of Euros).

Relax Winds Group

In 2007 EDP Renováveis Group has acquired a group of companies in Poland (Relax Wind Group) in order to enter into the wind power sector in this country.

In 2008 EDP Renováveis Group has made an analysis of the MW licensed for construction with the purpose of calculating the payable success fee. As a consequence EDP Renováveis Group has paid an additional amount reflected in goodwill of 19,628 thousands of Euros. Therefore the total increase in goodwill in Relax Winds group has been 35,920 thousands of Euros, during 2008.

In 2009, the increase in Relax Winds Group goodwill is related with the acquisition of 100% of the share capital of subsdiary Elektrownia Wiatrowa Kresy I, S.P. ("Kresy") (736 thousands of Euros) with an acquisition cost of 8.160 thousands of Euros and with the effect from exchange differences of EUR/PLN of 250 thousands of Euros.

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The effects of the final PPA of Kresy carried out in 2009 are analysed as follows:

	Book value Kresy	Assets and Fair value adjustments Kresy	Assets and Liabilities at fair value Kresy
Property, plant and equipment	382	9,066	9,448
Other assets (including licenses)	88	-	88
Total assets	470	9,066	9,536
Deferred tax liabilities	-	1,660	1,660
Other liabilities	452	-	452
Total non controlling interests and liabilities	452	1,660	2,112
Net assets at fair value			7,424
Acquisition cost			8,160
Goodwill			736

Enernova Group

The decrease in Enernova Group goodwill is related with an adjustment to the contingent price of the subsidiary Bolores - Energia eólica, S.A..

Neo Galia SAS Group

In 2008, EDP Renováveis acquired in France the NEO Galia SAS subgroup from EOLE 76 and Eurocape, consisting of 3 wind farms in operation in the Normandy region, with a gross installed capacity of 35 MW and an average load factor of 27% and several wind farm projects under development, mostly located in the Normandy and Rhônes-Alpes regions, with an expected average load factor of 28%, representing a total capacity of 560 MW.

The cost of acquisition of the NEO Galia subgroup amounts to 43,088 thousands of Euros, which considering the subgroup's negative net assets of 480 thousands of Euros, originates a goodwill of 43,568 thousands of Euros. This amount includes 8,525 thousands of Euros corresponding to the best estimate of the additional success fees that will be paid for the wind farms that obtain construction licenses until 31 December, 2013. Additionally, during 2008 the interests held by Ridgeside and Hollywell in companies Bataille, Calengeville, Hetroye, Varimpre and Vatines have been transferred to Neo Galia through a share capital increase in kind, originating an increase of goodwill of 8,904 thousands of Euros, totalling 52,472 thousands of Euros of increase in goodwill during 2008.

The cost of acquisition of Hollywell amounts to 7,678 thousands of Euros, which, considering the company's negative assets of 440 thousands of Euros, originates goodwill of 8,118 thousands of Euros.

In 2009, the increase in Neo Galia SAS Group goodwill results from the acquisition of Valleé du Molin, SARL (44 thousands of Euros), Mardelle, SARL (25 thousands of Euros) and Quinze Mines, SARL (44 thousands of Euros) and from the restructuring process that originated the transfer of French subsidiaries from Ceasa, Hollywell, Ridgeside and Other subgroups to Neo Galia subgroup (37,943 thousands of Euros),

Hollywell and Ridgeside Groups

The decrease in Hollywell and Ridgeside Groups goodwill results from the restructuring process that originated the transfer of these two subgroups to Neo Galia subgroup (8,007 thousands of Euros and 4,317 thousands of Euros, respectively).

Romania Group

In 2008, EDP Renováveis group acquired 85% of share capital of Renovatio Power and Cernavoda Power, two romanian companies that own projects for wind power generation with a total capacity of 736 MW.

The acquisition cost was 64,435 thousands of Euros, including a sucess fee of 63,217 thousands of Euros. Considering the companies negative net asset of 26 thousands of Euros, the goodwill originated, amounted to 64,461 thousands of Euros.

In 2009, the increase in Romania Group goodwill is related with an increase in the acquisition contingent price (216 thousands of Euros) of the company Renovatio Power.

In 2009, the decrease in Romania Group goodwill (4,088 thousands of Euros) results from the decrease of the payable success fees as pre-established contractual assumptions were not achieved.

The effects of the final PPA carried out in 2009 is analysed as follows:

	Book value Romania Group	Assets and Fair value adjustments Romania Group	Assets and Liabilities at fair value Romania Group
Property, plant and equipment	11,222	67,823	79,045
Other assets (including licenses)	296	-	296
Total assets	11,518	67,823	79,341
Non controlling interests	-	8,763	8,763
Deferred tax liabilities	-	9,402	9,402
Other liabilities	11,551	-	11,551
Total non controlling interests and liabilities	11,551	18,165	29,716
Net assets at fair value			49,625
Acquisition cost			60,556
Goodwill			10,931

Neo Catalunia Group

In 2008 Neo Catalunya, a 100% subsidiary of NEO, acquired from Copcisa Eléctrica, S.L.U. two companies, Bom Vent Corbera, S.L. and Bom Vent Vilalba, S.L., that own several wind farms in development stage, with an expected installed capacity of 99 MW. The acquisition cost was 21,370 thousands of Euros which resulted in a goodwill of 21,199 thousands of Euros.

In 2009, the increase in Neo Catalunia Group goodwill is related with the acquisition of 100% of the share capital of subsdiary Bom Vent de L'Ébre ("Ébre") (502 thousands of Euros) with na acquisition cost of 7,687 thousands of Euros. The effects of the final PPA carried out in 2009 are analysed as follows:

	Book value Ebre	Assets and Fair value adjustments Ebre	Assets and Liabilities at fair value Ebre
Property, plant and equipment	4,113	8,995	13,108
Other assets (including licenses)	1,012	-	1,012
Total assets	5,125	8,995	14,120
Deferred tax liabilities	-	1,864	1,864
Other liabilities	5,070	-	5,070
Total non controlling interests and liabilities	5,070	1,864	6,934
Net assets at fair value			7,186
Acquisition cost			7,688
Goodwill			502

EDPR Brazil Group

The increase in EDPR Brazil Group goodwill is related with the acquisition of 100% of share capital of CENAEEL in the amount of 1,246 thousands of Euros and with the effect from exchange difference of the EUR/BRL of 255 thousands of Euros. In 2009 EDPR Brazil Group also acquired 100% of share capital of Elebrás but the no goodwill was generated in the acquisition. The acquisition price of these two companies was approximately 15,000 thousands of Euros.

The effects of the final PPA of Cenaeel carried out in 2009 are analysed as follows:

	Book value EDPR Brazil Group	Assets and Fair value adjustments EDPR Brazil Group	Assets and Liabilities at fair value EDPR Brazil Group
Property, plant and equipment	15,790	18,186	33,976
Other assets (including licenses)	4,362	-	4,362
Total assets	20,152	18,186	38,338
Deferred tax liabilities	-	5,742	5,742
Other liabilities	10,458	-	10,458
Total non controlling interests and liabilities	10,458	5,742	16,200
Net assets at fair value			22,138
Acquisition cost			23,384
Goodwill			1,246

During 2009 the EDP Renováveis Group has paid an amount of 74,342 thousands of Euros (31 December 2008: 91,099 thousands of Euros) for business combinations, which includes na amount of 6,250 thousands of Euros of cash and cash equivalents acquired (5,171 thousands of Euros).

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2008 Goodwill movements

During 2008, the accounting value of assets, liabilities and contingent liabilities recognised at the date of acquisition for the business combinations carried out (Neo Galia, Ridgeside, Hollywell, Romania and Neo Catalunia) were as follows:

	Book Value
Intangible assets	2
Property, plant and equipment	55,583
Financial investments	63,373
Goodwill	-
Non-current assets	118,958
Current assets	18,741
Total assets	137,699
Medium and long term financial debt	112,557
Other non-current term liabilities	17,073
Current liabilities	18,294
Total liabilities	147,924
Net assets acquired	(10,225)

The details of the combination cost, the net assets acquired and goodwill, for 2008 acquisitions are as follows:

	2008 Total
Combination cost	
Amount paid (or attributed value)	64,269
Directly attributable costs	4,689
Contingent purchase price	71,742
Total combination cost	140,700
Book value of net assets acquired	(10,207)
Goodwill (difference between the value of net assets acquired and cost of acquisition)	150,907

Relax Wind Group

During 2008 the goodwill assigned to the acquisition of the Relax Wind Group has changed due to a purchase price allocation carried out:

	Book value Relax Winds Group	2007 Assets and Fair value adjustments Relax Winds Group	2008 Assets and Fair value adjustments Relax Winds Group	Assets and Liabilities at fair value Relax Winds Group
Property, plant and equipment	2,615	86,818	-	89,433
Other assets (including licenses)	1,082	-	-	1,082
Total assets	3,697	86,818	-	90,515
Non controlling interests	-	27,986	(24,502)	3,484
Deferred tax liabilities	-	14,924	-	14,924
Other liabilities	3,108	-	-	3,108
Total non controlling interests and liabilities	3,108	42,910	(24,502)	21,516
Net assets at fair value				68,999
Acquisition cost				94,423
Goodwill				25,424

Neo Galia Group (including Ridgeside and Holywell)

During 2008 the goodwill assigned to the acquisition of the Neo Galia Group has changed due to a purchase price allocation carried out:

	Book value Neo Galia Group	Assets and Fair value adjustments Neo Galia Group	Assets and Liabilities at fair value Neo Galia Group
Property, plant and equipment	41,783	9,458	51,241
Other assets (including licenses)	55,175	-	55,175
Total assets	96,958	9,458	106,416
Deferred tax liabilities	-	2,090	2,090
Other liabilities	106,859	-	106,859
Total liabilities	106,859	2,090	108,949
Net assets at fair value			(2,533)
Acquisition cost			54,895
Goodwill			57,428

Goodwill impairment tests - NEO Group

The goodwill of each of the subgroups of the Neo Group are tested for impairment anually. In the case of operational wind farms is performed by determining the recoverable value through the value in use of the different cash generating units (CGUs) comprising each of the subgroups of the Neo Group. In the case of wind farms at different stages of development, the recoverable value is determined using the fair value, less cost of sales.

The EDP Renováveis Group considers as CGUs the subsidiaries or subgroups taking in consideration the transaction that originates the goodwill.

The recoverable value of a CGU is determined based on calculations of the value in use. These calculations use cash flow projections based on financial budgets covering a period of five years approved by management. Cash flows after the five-year period are extrapolated using estimated growth rates. The growth rate does not exceed the average long-term growth rate of renewable energy generating businesses.

The method for determining the fair value of projects under development applied by the Neo Group is similar to that for determining the value in use of a CGU, adjusted for the probability of projects in development being completed and obtaining all the operating permits and licences.

The valuation analysis method used to evaluate the goodwill of NEO was based on a discounted cash flow model using unlevered pre-tax cash flows.

Goodwill impairment tests - Horizon Group

The valuation analysis method used to evaluate the goodwill of Horizon was based on a discounted cash flow model utilizing unlevered pre-tax cash flows generated from existing projects.

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Impairment tests - Assumptions

The assumptions used for goodwill impairment tests as of 31 December 2009 and 2008 were as follows:

			31 December 2009			
Cash Generating Unit	**Activity**	**Recoverable amount (basis of calculation) (gross of tax effect)**	**Cash flows basis of calculation**	**Cash flows period and Terminal value**	**Growth rate for cash flows**	**Discount rate used (gross of tax effect)**
Horizon group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects / power purchase agreements	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution and market sales price	Discount rate (USA): 5.9% Cash Grant deal 6.8% PTC deal
Genesa group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 6.06%
Ceasa group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 6.06%
Relax Winds group (Poland)	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 7.41%
Enernova group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 5.83%
NEO Galia SAS group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 5.83%
Romania group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 7.33%
Neo Catalunia	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 6.06%

			31 December 2008			
Cash Generating Unit	**Activity**	**Recoverable amount (basis of calculation) (gross of tax effect)**	**Cash flows basis of calculation**	**Cash flows period and Terminal value**	**Growth rate for cash flows**	**Discount rate used (gross of tax effect)**
Horizon group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects / power purchase agreements	Useful life of equipments (20 years) 15% of CAPEX	10%	Discount rate: 8%
Genesa group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 6.96%
Ceasa group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 6.06%
Relax Winds group (Poland)	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 8.53%
Enernova group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 7.66%
NEO Galia SAS group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 6.66%

(a) Terminal value

The EDP Renováveis Group has considered a terminal value, after 20 years of wind farms use, that corresponds to the valuation of (i) the possibility of increasing the generation capacity of the wind farms, (ii) the maintenace of licenses and rights of EDP Renováveis to use wind farms and (iii) the additional value related with the remain useful life of wind farms beyond the period above referred.

Reclassifications due to purchase price allocations carried out during 2009

During 2009, the EDPR Renováveis Group has carried out the purchase price allocation of Neo Catalunia and Romania subgroups acquired during 2008. In accordance to IFRS 3, the fair value of identifiable assets liabilities or contingent liabilities are adjusted with effect from the date of acquisition. Therefore, the Group has made the following reclassifications of 31 December 2008 balances:

	31 Dec 2008 Euro'000	PPA Reclassifications Euro'000	31 Dec 2008 Reclassified Euro'000
Property, plant and equipment	7,052,783	89,022	7,141,805
Goodwill	1,372,388	-66,670	1,305,718
Assets	8,425,171	22,352	8,447,523
Non controlling interest	82,751	8,763	91,514
Deferred tax liabilities	303,331	13,589	316,920
Total non controlling interests and liabilities	386,082	22,352	408,434

During 2008, the EDPR Renováveis Group has carried out the purchase price allocation of Relax Wind subgroup acquired during 2007. In accordance to IFRS 3, the fair value of identifiable assets liabilities or contingent liabilities are adjusted with effect from the date of acquisition. Therefore, the Group has made the following reclassifications of 31 December 2007 balances:

	31 Dec 2007 Euro'000	PPA Reclassifications Euro'000	31 Dec 2007 Reclassified Euro'000
Property, plant and equipment	4,839,482	86,818	4,926,300
Goodwill	1,245,078	-43,908	1,201,170
Assets	6,084,560	42,910	6,127,470
Non controlling interest	185,587	27,986	213,573
Deferred tax liabilities	278,470	14,924	293,394
Total non controlling interests and liabilities	464,057	42,910	506,967

i. Investments in associates

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Investments in associates:		
Equity holdings in associates	47,609	40,782
Carrying amount	47,609	40,782

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 2009**, is analysed as follows:

	Group	
	31 Dec 2009	
	Investment Euro'000	Impairment Euro'000
Associated companies:		
Desarrollos Eólicos de Canárias, S.A.	11,235	-
Parque Eólico altos del Voltoya, S.A.	9,593	-
ENEOP - Éolicas de Portugal, S.A.	6,907	-
Parque Eólico Sierra del Madero S.A.	5,485	-
Veinco Energia Limpia S.L.	4,154	-
Parque Eólico Belmonte, S.A.	3,073	-
Associates of Valle del Ebro Ingeniería y Consultoría, S.L.	2,014	-
Hidroastur S.A.	1,937	-
Horizon Wind Energy	1,686	
Other	1,525	-
	47,609	-

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The breakdown of **Investments in associates as at 31 December 2008**, is analysed as follows:

	Group 31 Dec 2008	
	Investment Euro'000	Impairment Euro'000
Associated companies:		
Desarrollos Eólicos de Canárias, S.A.	10,735	-
ENEOP - Éolicas de Portugal, S.A.	6,486	-
Parque Eólico Sierra del Madero S.A.	5,454	-
Veinco Energia Limpia S.L.	4,154	-
Parque Eólico altos del Voltoya, S.A.	3,481	-
Parque Eólico Belmonte, S.A.	3,243	-
Associates of Valle del Ebro Ingeniería y Consultoría, S.L.	2,241	-
Hidroastur S.A.	2,112	-
Horizon Wind Energy	2,031	-
Other	845	-
	40,782	-

The movement in **Investments in associates**, is analysed as follows:

	Group 31 Dec 2009 Euro'000	Group 31 Dec 2008 Euro'000
Balance as at 1 January	40,782	32,514
Acquisitions	7,207	3,569
Disposals	-137	-210
Share of profits of associates	3,939	4,369
Dividends received	-4,107	-2,693
Exchange differences	-75	151
Changes in consolidation method	-	3,436
Changes in perimeter consolidation	-	-201
Transfers/Regularizations	-	-153
Balance as at 31 December	47,609	40,782

Acquisitions of investments in associates are mainly related to Aprofitament D'Energies Renovables de L'Ebre, S.A. (1,507 thousands of Euros) and Parque Eólico del Voltoya, S.A. (5,700 thousands of Euros).

19. Available for sale financial assets

This balance is analysed as follows:

	Group 31 Dec 2009 Euro'000	Group 31 Dec 2008 Euro'000
Sociedad Eólica de Andalucia, S.A. (16.67%)	11,766	10,854
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	-	783
Wind Expert	500	500
Other	364	364
	12,630	12,501

During 2009, EDP Renováveis Group has increased its share capital interest in subsidiary Aprofitament D'Energies Renovables de la Terra Alta, S.A. and started to consolidate the subsidiary under the full consolidated method (see note 5).

The assumptions used in the valuation models of available for sale financial assets are as the same used to the impairment test.

20. Deferred tax assets and liabilities

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

	Deferred tax assets		Deferred tax liabilities		Net deferred tax	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Tax losses brought forward	3,593	3,008	-	-	3,593	3,008
Provisions	2,136	2,173	-	-	2,136	2,173
Derivative financial instruments	5,543	3,581	2,743	1,374	2,800	2,207
Property, plant and equipment	16,082	12,142	8,052	10,542	8,030	1,600
Allocation of fair value to assets and liabilities	-	-	330,911	304,865	-330,911	-304,865
Accounting revaluations	-	-	21	127	-21	-127
Other	712	930	1,197	12	-485	918
	28,066	21,834	342,924	316,920	-314,858	-295,086

Allocation of fair value to assets and liabilities in 2008 includes the effect of the final purchase price allocation of NEO Cataluña (4,187 thousands of Euros) and Romania (9,402 thousands of Euros), perfomed during 2009.

The movements in deferred tax assets and liabilities during the year are analysed as follows:

	31 Dec 2009 Euro'000		31 Dec 2008 Euro'000	
	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
Opening balance	21,834	-316,920	16,719	-293,393
Increases charged to the profit and loss account	7,548	-24,886	4,456	-3,500
Decreases charged to the profit and loss account	-3,489	10,106	-3,352	8,464
Increases charged to reserves	1,969	-1,692	3,572	-13,413
Decreases charged to reserves	-	-63	-	1,473
Change in the applicable tax rate			-14	178
Other movements	204	-9,469	453	-3,140
	28,066	-342,924	21,834	-303,331

Aas referred above, the opening balance of Tax liabilities as at 1 January 2009 includes the effect of the final purchase price allocation of NEO Cataluña (4,187 thousands of Euros) and Romania (9,402 thousands of Euros), perfomed during 2009.

Other movements of deferred tax liabilities relates mainly to the effect of purchase price allocations ocurring in 2009 related to Poland, Catalunia and France (3,944 thounsands of Euros) and Elebrás and Cenaeel (6,452 thousands of Euros).

Details of deferred tax assets and liabilities that will be realised or reversed in over 12 months are as follows:

	Tax Assets	Tax Liabilities
	31 Dec 2009 Euro'000	31 Dec 2009 Euro'000
Provisions	83	-
Derivative financial instruments	5,543	2,743
Allocation of acquired assets and liabilities fair values	-	321,207
Property, plant and equipement	14,853	3
Accounting revaluations	-	21
Others	687	7
	21,166	323,981

The Group tax losses and tax credits carried forward are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Expiration date:		
2010	11	11
2011	232	21
2012	224	27
2013	214	105
2014	151	3
2015	4,509	7,462
2016	2,822	3,070
2017 to 2029	640,833	218,029
Without expiration date	149,304	-
	798,300	228,728

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The Group has not recorded deferred tax assets for tax losses carried forward of 798,300 thousands of Euros (2008: 228,728 thousands of Euros) due to uncertainty regarding the future realization of the net deferred tax asset. Most of these losses relate to Horizon Wind Energy (622,113 thousands of Euros).

21. Inventories

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Advances on account of purchases	2,795	1,915
Finished and intermediate products	8,163	10,313
Raw and subsidiary materials and consumables:		
Other consumables	386	149
	11,344	12,377

22. Trade receivables

Trade receivables are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Short term trade receivables - Current:		
Spain	47,914	46,221
United States of America	27,434	21,130
Portugal	17,918	11,050
France	7,072	4,168
Belgium	5,301	-
Brazil	452	-
Romania	57	-
Poland	-	29
	106,148	82,598
Doubtful debts	2,345	2,347
Impairment losses	-2,345	-2,347
	106,148	82,598

23. Debtors and other assets

Debtors and other assets are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Short-term debtors - Current:		
Loans to related parties	178,028	106,625
Derivative financial instruments	13,765	3,355
Guarantee deposits	11,962	6,853
Tied deposits	90,505	43,016
Other debtors:		
- Amounts related to staff	32	25
- Insurance	1,979	1,059
- Production tax credits (PTC)	213	934
- Horizon warranty claim	2,678	5,179
- Prepaid turbine maintenance	1,450	2,687
- Turbine Availability	6,680	2,288
- Services rendered	9,110	8,513
- Sundry debtors and other operations	21,056	15,279
	337,458	195,813
Medium and long-term debtors - Non-current:		
Loans to related parties	8,408	21,769
Notes receivable (Horizon)	9,397	10,678
Guarantees and tied deposits	34,961	33,666
Derivative financial instruments	5,443	6,081
Other debtors:		
- Deferred costs (Enernova Group)	46,770	42,617
- Deferred PPA costs (High Trail)	5,388	5,748
- O&M contract valuation - Mapple Ridge I (Horizon)	7,405	7,941
- Deferred Tax Equity Costs	6,384	5,002
- Sundry debtors and other operations	5,291	8,038
	129,447	141,540
	466,905	337,353

Loans to related parties - Current mainly includes 106,800 thousands related to a set of loans granted to ENEOP - Éolicas de Portugal, S.A. and 35,086 thousands of Euros with EDP Branch (31 December 2008: 27,978 thousands of Euros) related to the net investment derivative interests liquidation.

Tied deposits - Current mainly includes financing agreement related to Vento VI (63,603 thousands of Euros), Vento V (19,094 thousands of Euros) and Vento IV (4,110 thousands of Euros). Funds are required to be held in the amount sufficient to pay remaining construction related costs. As at 31 December 2008 Tied deposits are mainly related to Vento III financing agreeement (39,736 thousands of Euros).

Guarantees and tied deposits - Non Current are related to project finance agreements, which of NEO Group companies obliged the companies to hold these amounts in bank accounts in order to ensure its capacity of comply with responsabilities.

Deferred costs (Enernova 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.

24. Tax receivable

Tax receivable is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
State and other public entities:		
- Income tax	19,132	7,755
- Value added tax (VAT)	146,464	150,569
- Other taxes	4,074	16,769
	169,670	175,093

25. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Equity securities:		
Investment funds	33,012	32,369
Debt securities:		
Bonds	4,091	3,405
	37,103	35,774

The fair value of the investment funds is calculated based on the quoted market price of the funds.

The effect in income statement of operations with financial assets at fair value through profit or loss was 1,416 thousands of Euros (31 December 2008: 1,204 thousands of Euros).

26. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Cash:		
- Cash in hand	57	2
Bank deposits:		
- Current deposits	158,411	189,895
- Other deposits	285,165	39,783
	443,576	229,678
Cash and cash equivalents	443,633	229,680

The other includes 257,306 thousands of Euros of deposits made in EDP Finance BV in USD, with a maturity until three months, which earn interests from 0.2% to 0.3%.

27. Capital and Share premium

EDP Renováveis was incorporated on 4 December 2007 with a share capital of 15 thousands of Euros, represented by 1,500 shares with a par value of 10 Euros each. These shares were subscribed entirely by EDP Energias de Portugal, S.A. Sucursal en España, (EDP Branch). On 18 and 21 December 2007, EDP Sucursal increased the share capital of EDP Renováveis through the incorporation of the shares held in its subsidiaries NEO - Nuevas Energias de Occidente, S.L. (corresponding to 60% of this company's share capital) and Horizon Wind Energy LLC, (corresponding to 100% of this company's share capital).

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On 25 February 2008, the sole Shareholder of EDP Renováveis, approved a share capital increase of 4,718 thousands of Euros with a share premium of 175,490 thousands of Euros, through the issuance of 471,824 new shares with a par value of 10 Euros each and a share premium of 371.94 Euros per share (175,490 thousands of Euros). This capital increase was fully subscribed by Hidroelectrica del Cantábrico, S.A. through a non-monetary contribution of its 40% interest held in Nuevas Energías de Occidente, S.L., the parent company of the NEO Group, obtaining in exchange an interest of 20% in EDP Renováveis. This agreement was executed on a public deed on 29 February 2008. Since that date, EDP Renováveis holds a 100% interest in Nuevas Energías de Occidente, S.L.

The above referred contributions were made under the Special Regime governing mergers, spin offs, asset contributions and share exchanges established in Chapter VIII, Title deed VII of Royal Decree 4 of 5 March 2004, approving the revised corporate income tax law. In compliance with article 93 of Royal Legislative Decree 4 of 5 March 2004, whereby the revised corporate income tax law was approved.

At the annual general meeting held on 12 March 2008 the shareholders agreed to:

- Increase the share capital of EDP Renováveis, S.L. with a charge to share premium through the issuance of 205,782,806 shares with a par value of 10 Euros each. This capital increase was subscribed by the shareholders in proportion of the respective shareholdings in EDP Renováveis, S.A.

- Reduce the par value of the shares from Euros 10 to 2 Euros per share by splitting the shares representing the total share capital in a proportion of five new shares for each former share. Share capital remained unchanged.

This operation was raised to public deed on 18 March 2008.

At their annual general meeting held on 18 March 2008 the shareholders agreed to convert EDP Renováveis, S.L. into a corporation under the name EDP Renováveis, S.A. The agreement, which was raised to a public deed on 18 March 2008, considers the Company balance sheet as at 17 March 2008 as the conversion balance sheet, replacing the former stakes by shares with the same number and unit value.

On 7 May 2008, EDP, S.A. and Hidrocantabrico approved (i) a share capital increase of EDP Renováveis to 3,381,419,280 Euros. This increase was fully subscribed by EDP, S.A. and Hidrocantabrico through a non monetary contribution of loans granted amounting to 1,040,000 thousands of Euros and 260,000 thousands of Euros, respectively, and (ii) increase of share nominal value from 2 to 5 Euros. After this share capital increase, EDP, S.A. maintained a hold of 80% and Hidrocantabrico a hold of 20% of EDP Renováveis' share capital.

On 13 May 2008, to allow the Initial Public Offering ("IPO"), the General Assembly of EDP Renováveis decided to increase share capital of the Company in a maximum nominal amount of 1,127,139,760 Euros, by issuing of 225,427,952 new shares.

On 2 June 2008, the IPO occurred through the dilution of the interests held by EDP Renováveis shareholders. The number of new shares admitted to negotiation was 196,024,306 shares, and as a consequence, the interest held by EDP, S.A. through its branch in Spain decreased to 62.02% and the interest held by Hidrocantabrico decreased to 15.51% of the EDP Renováveis share capital.

As at 31 December 2009 and 2008 the share capital of EDP Renováveis is composed of 872,308,162 shares with a nominal value of Euros 5 per share.

Earning per share attributable to the shareholders of EDP Renováveis are analysed as follows:

	Group	
	31 Dec 2009	31 Dec 2008
Profit attributable to the equity holders of the parent in thousands of Euros	114,349	104,364
Profit from continuing operations attributable to the equity holders of the parent in thousands of Euros	114,349	104,364
Weighted average number of ordinary shares outstanding	872,308,162	662,217,700
Weighted average number of diluted ordinary shares outstanding	872,308,162	662,217,700
Earnings per share (basic) attributable to equity holders of the parent in Euros	0.13	0.16
Earnings per share (diluted) attributable to equity holders of the parent in Euros	0.13	0.16
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent in Euros	0.13	0.16
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent in Euros	0.13	0.16

The EDP Renováveis 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 2009.

The average number of shares was determined as follows:

	Group	
	31 Dec 2009	31 Dec 2008
Ordinary shares issued at the beginning of the year	872,308,162	1,887,298
Effect of shares issued during year	-	660,330,402
Average number of realised shares	872,308,162	662,217,700
Average number of shares during the year	872,308,162	662,217,700
Diluted average number of shares during the year	872,308,162	662,217,700

3. Reserves and retained earnings

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Reserves		
Fair value reserve (cash flow hedge)	16,735	18,669
Fair value reserve (available for sale financial assets)	8,659	7,747
Exchange differences arising on consolidation	570	1,179
	25,964	27,595
Other reserves and retained earnings:		
Retained earnings	98,028	1,158
Additional paid in capital	60,666	60,666
Legal reserve	7,479	-
	166,173	61,824
	192,137	56,348

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 EDP Renováveis 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 financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 214 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2009 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	68,012,381.59
Distribution	
Legal reserve	6,801,238.16
Free reserve	61,211,143.43
	68,012,381.59

The EDP Renováveis, S.A. 2008 profits distribution approved in the Annual General Meeting on 14 April 2009 was as follows:

Profit for the period	74,793,901.42
Distribution	
Legal reserve	7,479,390.14
Free reserve	67,314,511.28
	74,793,901.42

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.

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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. The changes in this consolidated caption are as follows:

	Group	
	Increases Euro'000	Decreases Euro'000
Balance as at 1 January 2009	7,747	-
Changes in fair value for Sociedad Eólica de Andalucia	912	-
Balance as at 31 December 2009	8,659	-

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the condensed consolidated financial statements are as follows:

		Exchange rates as at 31 December 2009		Exchange rates as at 31 December 2008	
Currency		Closing Rate	Average Rate	Closing Rate	Average Rate
Dollar	USD	1.441	1.390	1.392	1.477
Zloty	PLN	4.105	4.362	4.154	3.486
Real	BRL	2.511	2.783	3.244	2.652
Lei	RON	4.236	4.245	4.023	3.762
Pound Sterling	GBP	0.888	0.890	-	-

29. Non controlling interest

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Non controlling interest in income statement	3,438	7,854
Non controlling interest in share capital and reserves	104,055	83,660
	107,493	91,514

Non controlling interest, by subgroup, are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
NEO Group	98,759	91,514
Horizon Wind Energy Group	-	27
EDP Renováveis Brasil	8,734	-27
	107,493	91,514

Non controlling interests of the NEO Group as at 31 December 2008, have been adjusted by 8,763 thousands of Euros following the final purchase price allocation carried out in 2009 (see note 17).

Non controlling interests of the NEO Group as at 31 December 2007, have been adjusted by 27,986 thousands of Euros following the final purchase price allocation carried out in 2008 (see note 17).

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30. Financial debt

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Short-term financial debt - Current		
Bank loans:		
- NEO Group	102,500	75,950
- EDP Renováveis Brasil Group	539	-
Loans from shareholders of group entities:		
- NEO Group	-	3,956
Other loans:		
- NEO Group	2,982	3,277
- HWE Group	1,114	-
Interest payable	3,133	2,982
	110,268	86,165
Medium/long-term financial debt - Non-current		
Bank loans:		
- NEO Group	394,895	451,062
- EDP Renováveis Brasil Group	7,704	-
Loans from shareholders of group entities:		
- EDP Renováveis , S.A.	2,131,042	862,817
- NEO Group	-	34,394
Other loans:		
- NEO Group	25,823	27,835
- HWE Group	3,707	-
	2,563,171	1,376,108
	2,673,439	1,462,273

Financial debt Non - Current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2,131,042 thousands of Euros). These loans have an average maturity of 9.1 years and bear interest at 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, and the compliance with some ratios. As at 31 December 2009, these financings amount to 444,212 thousands of Euros (478,904 thousands of Euros as at 31 December 2008), which are already included in the total debt of the Group.

The breakdown of **Financial debt** by maturity, is as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Bank loans:		
Up to 1 year	106 172	75,950
1 to 5 years	186 423	193,750
Over 5 years	216 176	257,312
	508,771	527,012
Loans from shareholders of group entities:		
Up to 1 year	-	3,956
1 to 5 years	-	34,394
Over 5 years	2,131,042	862,817
	2,131,042	901,167
Other loans:		
Up to 1 year	4 096	6,259
1 to 5 years	17 558	7,851
Over 5 years	11 972	19,984
	33,626	34,094
	2,673,439	1,462,273

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The fair value of EDP Renováveis Group's debt is analysed as follows:

	31 Dec 2009		31 Dec 2008	
	Carrying Value Euro'000	Market Value Euro'000	Carrying Value Euro'000	Market Value Euro'000
Short term financial debt - Current	110,268	110,268	86,165	86,165
Medium/Long financial debt - Non current	2,563,171	2,532,998	1,376,108	1,414,824
	2,673,439	2,643,266	1,462,273	1,500,989

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 2009, the scheduled repayments of Group's debt are as follows:

	Total Euro'000	2010 Euro'000	2011 Euro'000	2012 Euro'000	2013 Euro'000	2014 Euro'000	Subsequent years Euro'000
Short term debt and borrowings	110,268	110,268	-	-	-	-	-
Medium/long-term debt and borrowings	2,563,171	-	50,271	51,090	49,993	52,627	2,359,190
	2,673,439	110,268	50,271	51,090	49,993	52,627	2,359,190

The breakdown of guarantees is presented in Note 36 to the condensed consolidated financial statements.

The breakdown of Finance debt, by currency, is as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Loans denominated in Euros	1,352,252	599,456
Loans denominated in USD	1,312,944	862,817
Loans denominated in other currencies	8,243	-
	2,673,439	1,462,273

31. Employee benefits

Employee benefits balance are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Provisions for social liabilities and benefits	6	780
Provisions for healthcare liabilities	53	382
	59	1,162

As at 31 December 2009 and 31 December 2008, "Provisions for liabilities and social benefits" refers exclusively to defined benefit plans.

The variation in the provisions for social liabilities and benefits and healthcare liabilities derives from the transfer of part of the obligations to other companies of the EDP Group.

The liabilities arising from pension and healthcare plans are fully covered, either by plan assets or provisions.

The responsabilities and the assets from pension and healthcare pension plans have no significant amounts.

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 care 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:

	Group	
	31 Dec 2009	31 Dec 2008
Assumptions		
Expected return of plan assets	6.34%	6.00%
Discount rate	5.20%	5.75%
Salary increase rate	3.70%	3.70%
Pension increase rate	2.70%	2.90%
Social Security salary appreciation	1.90%	2.10%
Inflation rate	2.00%	2.20%
Mortality table	Age >60 - TV88/90 / Age<=60 years -TV99/01	TV 88/90
Disability table	50%EKV 80	50.00%
Expected % of eligible employees accepting early retirement	40	40

II. Pension Plans - Defined Contribution Type

NEO 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:

	Group	
	31 Dec 2009	31 Dec 2008
Assumptions		
Discount rate	5.20%	5.75%
Annual increase rate of medical service costs	4.00%	4.00%
Estimated administrative expenses per beneficiary per year (Euros)	150	150
Mortality table	Age >60 - TV88/90 / Age<=60 years -TV99/01	TV 88/90
Disability table	50%EKV 80	50.00%
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.

32. Provisions

Provisions are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Dismantling and decommission provisions	63,956	47,311
Provision for other liabilities and charges	3,129	2,387
	67,085	49,698

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 includes essentially 41,609 thousands of Euros for wind farms in the United States of America (31 December 2008: 31,240 thousands of Euros), 15,053 thousands of Euros for wind farms in Spain (31 December 2008: 6,086 thousands of Euros), 5,348 thousands of Euros for wind farms in Portugal (31 December 2008: 1,577 thousands of Euros), 1,738 thousands of Euros for wind farms in France (31 December 2008: 408 thousands of Euros), 25 thousands for wind farms in Belgium and 183 thousands of Euros for wind farms in Brazil

EDP Renováveis believes that the provisions booked on the consolidated balance sheet 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 2009 and 2008, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

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The movements in Provisions for dismantling and decommission provisions are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Balance at the beginning of the year	47,311	20,280
Capitalised amount for the year	14,951	26,490
Charge off for the year	-	-3,830
Unwinding	3,134	2,157
Other and exchange differences	-1,440	2,214
Balance at the end of the year	63,956	47,311

The movements in Provision for other liabilities and charges are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Balance at the beginning of the year	2,387	2,317
Charge for the year	1,140	516
Write back for the year	-420	-446
Other and exchange differences	22	-
Balance at the end of the year	3,129	2,387

3. Trade and other payables

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Short-term trade and other payables - Current:		
Derivative financial instruments (Hedging)	854	-
Liabilities arising from options with non controlling interests	303 722	-
Other payables		
- Suppliers	42,765	78,141
- Other operations with related parties	15,425	8,837
- Property and equipment suppliers	652,236	424,920
- Advances from customers	55	22
- Deferred income	505	857
- Amounts payable for the acquisition of subsidiaries	10,356	-
- Success fees payable for the acquisition of subsidiaries	7,327	-
- Variable remuneration to employees	11,128	19,662
- Other supplies and services	22,841	68,821
- Management fees	-	5,181
- Other creditors and sundry operations	30,891	41,893
	1,098,105	648,334

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Medium/long-term trade and other payables — Non-current:		
Payables - Group companies	40,009	-
Derivative financial instruments (Hedging)	18,848	77,022
Liabilities arising from options with non controlling interests	61	258,925
Liabilities arising from institutional partnerships in US wind farms	1,353,612	1,096,668
Other payables		
- Property and equipment suppliers	-	131
- Government grants / subsidies for investments in fixed assets	162,486	15,034
- Electricity sale contracts - Horizon	97,951	119,655
- Amounts payable for the acquisition of subsidiaries	21,230	31,247
- Success fees payable for the acquisition of subsidiaries	53,034	85,145
- Other creditors and sundry operations	280	11,560
	1,747,511	1,695,387

As referred in note 2b) the EDP Renováveis Group records written put options related with investments in subsidiaries held by non controlling interest 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. As at 31 December 2009 the Liabilities arising from written put options with non controlling interests - Current includes the liability for the put option contracted in 2005 with Caja Madrid for a 20% interest in the Desa Group and the written put option contracted in 2007 with Caja Madrid for 20% of the Genesa Group in the amount of 303,722 thousands of Euros (31 December 2008: 258,925 thousands of Euros). The option conditions (both for Desa and Genesa) are as follows:

- The timeframe is from 1 January 2010 to 2011, inclusive.
- The contract is for the total shares in Neo Group companies held by Caja Madrid, 20% in Genesa Group and 20% in Desa Group.
- The strike price will be the market value determined by valuations from prestigious banks.

During 2009, and as a consequence of the option conditions described above, the liability was reclassified from non current to current.

Amounts payable for the acquisition of subsidiaries Current and Non - Current includes the outstanding amounts related with the acquisition of Relax Wind Group, Greenwind,Vent Corbera, Parque Eólico Altos del Voltoya, Vent Vilalba and Bom Vent de L'Ébre.

Success fees payable for the acquisition of subsidiaries Current and Non - Current includes the amounts related to the contingent prices of the acquisitions of the Relax Wind Group, Renovatio Group, Greenwind, Elektrownia Wiatrowa Kresy and Elebrás.

Derivative financial instruments (Hedging) - Non Current includes 1,268 thousands of Euros (on 31 December 2008 65,478 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 Horizon, expressed in USD (see Note 35). In the Group accounts, EDP Renováveis Group has applied the net investment hedge model to state this transaction.

The subsidiary Horizon books the receipts from equity investors associated to wind farms projects as non current liabilities under Liability to institutional investors incorporate partnership in wind farms in USA. This liability is reduced by the amount of tax benefits provided and payments made to the equity investors during the period (31 December 2009: 441,605 thousands of Euros and 31 December 2008: 207,851 thousands of Euros). The amount of tax benefits provided is booked as a non current deferred income, recognised over the useful life of 20 years of the related projects (see note 7). Additionally this liability is increased by the estimated interest calculated based on the liability amount and the expected return rate of the equity investors (see note 13).

Horizon's relationship with the institutional investors is established through a limited liability company operating agreement 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.

The institutional investors purchase their 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.

Under these structures, all operating cash flow is allocated to Horizon until the earlier of a fixed date, or when the investors recover the amount of invested capital that remains after deducting the amount of the payment received from the institutional investors from the total amount previously invested. This "cash flip" is expected to occur approximately seven to eight years from the initial closing date. Thereafter, all operating cash flow is allocated to the institutional investors until they receive the targeted internal rate of return (the "Flip Date").

Prior to the Flip Date, a significant part of the tax income and benefits generated by the partnerships are allocated to the institutional investor, with any remaining benefits allocated to Horizon.

After the Flip Date, the institutional investor retains a small non controlling interest for the duration of its membership in the structure. Horizon also has an option to purchase the institutional investor's residual interests at fair market value on the Flip Date.

As of 31 December 2009, Horizon had the following institutional equity partnerships:

Structure	Wind Farm	Date Created	Cash Interest Ownership
Blue Canyon I	Blue Canyon I	Dec. 2003	25%
2007 Vento I	Maple Ridge I[1] Maple Ridge II[1] Madison Blue Canyon II Mesquite High Trail	July 2007	100%
2007 Vento II	Twin Groves II Elkhorn Valley Prairie Star Lone Star II (2)	December 2007	100%
2008 Vento III[3]	Pioneer Prairie I Rattlesnake Meridian Way	December 2008	100%
2009 Vento IV	Rail Splitter	August 2009	100%
2009 Vento V	Blue Canyon V	December 2009	100%
2009 Vento VI	Lost Lakes	December 2009	100%

[1] Horizon's 50% interest

[2] Post Oak contributed in 2008 upon completion of construction

[3] Pioneer Prairie II was contributed in the first quarter of 2009 in exchange for additional investment. At 31 December 2008, Horizon had retained 50% of the Vento III shares available for institutional investors. In December 2009, General Electric purchased 21.85 % of Vento III's Class B membership interest.

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This liability is reduced by the value of tax attributes provided and cash distributions made to the institutional investors during the period. The value of the tax attributes delivered, primarily accelerated depreciation and ITC / investments grants, is recorded as non-current deferred income and is recognized to income on a pro rata basis over the 20 year useful life of the underlying projects.

The liability to the institutional investors is increased by an interest accrual that is a function of the outstanding liability balance and the targeted internal rate of return.

Government grants for investments in fixed assets are essentially related to grants received by Horizon subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

Electricity sales contracts - Horizon relates to the fair value of the contracts entered into by Horizon with its customers, determined under the Purchase Price Allocation (see note 6).

34. Tax payable

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
State and other public entities:		
- Income tax	15,930	18,153
- Withholding tax	15,743	19,832
- Value added tax (VAT)	4,021	6,380
- Other taxes	1,443	1,896
	37,137	46,261

35. 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 2009, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
	Assets Euro'000	Liabilities Euro'000	Until 1 year Euro'000	From 1 to 5 years Euro'000	More than 5 years Euro'000	Total Euro'000
Net investment hedge						
Currency swaps	-	-1,268	-	-	1,826,174	1,826,174
	-	-1,268	-	-	1,826,174	1,826,174
Cash flow hedge						
Power price swaps	17,667	-176	63,294	6,120	-	69,414
Interest rate swaps	47	-17,540	35,354	199,395	101,123	335,872
Currency forwards	-	-612	87,661	-	-	87,661
	17,714	-18,328	186,309	205,515	101,123	492,947
Trading						
Power price swaps	1,494	-106	926	426	-	1,352
	1,494	-106	926	426	-	1,352
	19,208	-19,702	187,235	205,941	1,927,297	2,320,473

As of 31 December 2008, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
	Assets Euro'000	Liabilities Euro'000	Until 1 year Euro'000	From 1 to 5 years Euro'000	More than 5 years Euro'000	Total Euro'000
Net investment hedge						
Currency swaps	-	-65,478	-	-	1,826,174	1,826,174
	-	-65,478	-	-	1,826,174	1,826,174
Cash flow hedge						
Power price swaps	7,807	-	1,616	2,628	-	4,244
Interest rate swaps	44	-10,525	4,815	36,359	303,573	344,747
Currency forwards	1,527	-	99,463	-	-	99,463
Options purchase and sold	58	-1,019	464	59,383	6,199	66,046
	9,436	-11,544	106,358	98,370	309,772	514,500
	9,436	-77,022	106,358	98,370	2,135,946	2,340,674

The fair value of derivative financial instruments is recorded under Debtors and other assets (note 23) or Trade and other payables (note 33), 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 37 and 38. The fair value is based on internal valuation models, as described in note 38.

Cash flow hedge currency forwards are 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.

Cash flow hedge power price swaps are related to the hedging of the sales price, congestion and line loss. Horizon 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 and NEO for the production of some of its wind farms. In certain US power markets, Horizon 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 hedge these risk exposures, Horizon entered into Financial Transmission Rights ("FTR") and a three year fixed for floating Locational Marginal Price (LMP) swap .

Interest rate swaps are related to the project finances and intend to convert variable to fixed interest rates .

Fair value of cash flow hedge 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 trading derivative financial instruments are derivatives contrated for economic hegding that are not eligible for hedge accounting.

The changes in the fair value of hedging instruments and risks being hedged are as follows:

			2009		2008	
			Changes in fair value		Changes in fair value	
Type of hedge	Hedging instrument	Hedged item	Instrument Euro'000	Risk Euro'000	Instrument Euro'000	Risk Euro'000
- Net Investment hedge	Interest and exchange rate swap	Subsidiary accounts denominated in USD	64,211	-64,211	-103,472	103,314
- Cashflow hedge	Interest rate swap	Interest rate	-7,013	-	-14,926	-
- Cashflow hedge	Interest rate caps and floors	Interest rate	961	-	-994	-
- Cashflow hedge	Power price swaps	Power price	9,684	-	7,807	-
- Cashflow hedge	Currency forward	Exchange rate	-2,139	-	1,527	-
- Cashflow hedge	Currency swap	Exchange rate	-	-	-7,189	-
			65,704	-64,211	-117,247	103,314

The movements in cash flow hedge reserve have been as follows:

	2009 Euro'000	2008 Euro'000
Balance at the beginning of the year	16,526	12,598
Fair value changes		
Interest rate swaps	-7,013	-14,926
Interest rate caps and floors	961	-994
Power price swaps	9,985	7,807
Currency forward	-2,139	1,527
Currency swaps	-	-7,189
Fair value changes reflected in income statement before the hedge designation of the Power price swap in Horizon	-	5,266
Settlements of exchange rate swaps waiting for the hedge item to hit P&L	-	12,020
Transfers to results	-4,562	-548
Inefectiveness	-35	-387
Non controlling interests included in fair value changes	371	1,351
Balance at the end of the year	14,094	16,525

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The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Net investment hedge - inefectiveness	-	-158
Cash-flow hedge		
Fair value changes reflected in income statement before the hedge designation of the Power swap in Horizon	-	-5,266
Transfers to results	4,562	548
Inefectiveness	35	387
Non elegible for hedge accounting derivatives	-3,193	518
	1,404	-3,971

During the year the NEO subgroup has liquidated several power price swaps and interest rate swaps and recognised in the income statement gains of 19,270 thousands of Euros and 4,579 thousands of Euros.

The effective interest rates for derivative financial instruments associated with financing operations during 2009, were as follows:

		Group	
	Currency	EDP Renováveis Pays	EDP Renováveis Receives
Interest rate contracts:			
Interest rate swaps	EUR	[3.00% - 5.01%]	[0.71% - 3.00%]

The effective interest rates for derivative financial instruments associated with financing operations during 2008, were as follows:

		Group	
	Currency	EDP Renováveis Pays	EDP Renováveis Receives
Interest rate contracts:			
Interest rate swaps	EUR	[3.00% - 5.10%]	[3.00% - 5.14%]

	Notional value Euro'000	Group
Interest rate contracts:		
Options purchased on interest rates (CAP purchases)	37,425	[5.75% - 3.89%]
Options sold on interest rates (Floor sale)	28,611	[4.27% - 3.06%]

36. Commitments

As at 31 December 2009 and 31 December 2008, the financial commitments not included in the balance sheet in respect of financial and real guarantees provided, are analysed as follows:

	Group	
Type	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Guarantees of a financial nature		
- NEO Energia Group	6,341	6,341
- Horizon Wind Energy Group	3,124	3,233
	9,465	9,574
Guarantees of an operational nature		
- EDP Renováveis	330,227	-
- NEO Energia Group	190,322	401,647
- Horizon Wind Energy Group	1,093,336	907,363
	1,613,885	1,309,010
Total	1,623,350	1,318,584
Real guarantees	6,284	719

The EDP Renováveis Group financial debt, lease and purchase obligations by maturity date are as follows:

	31 Dec 2009				
	Debt capital by period				
	Total Euro'000	Up to 1 year Euro'000	1 to 3 years Euro'000	3 to 5 years Euro'000	More than 5 years Euro'000
Financial debt (including interests)	3,715,943	225,378	335,045	336,306	2,819,214
Operating lease rents not yet due	460,432	28,498	56,165	53,713	322,056
Purchase obligations	1,480,277	1,100,036	376,902	3,339	-
	5,656,652	1,353,912	768,112	393,358	3,141,270

	31 Dec 2008				
	Debt capital by period				
	Total Euro'000	Up to 1 year Euro'000	1 to 3 years Euro'000	3 to 5 years Euro'000	More than 5 years Euro'000
Financial debt (including interests)	1,966,109	153,302	219,729	208,100	1,384,978
Operating lease rents not yet due	485,485	28,774	59,248	54,858	342,606
Purchase obligations	1,856,876	1,311,393	347,409	172,068	26,005
	4,308,470	1,493,469	626,386	435,026	1,753,589

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.

The Group has purchase commitments for the acquisition of property, plant and equipment and for maintenance contracts obligations amounting to 1,666,003 thousands of Euros related to the acquisition of wind turbines for projects currently in the construction and development stages, which have been contracted with different suppliers of this type of installations. The breakdown per years is as follows:

	NEO 31 Dec 2009 Euro'000	Horizon 31 Dec 2009 Euro'000	Group 31 Dec 2009 Euro'000	NEO 31 Dec 2008 Euro'000	Horizon 31 Dec 2008 Euro'000	Group 31 Dec 2008 Euro'000
Up to 1 year	694,776	405,790	1,100,566	900,112	407,723	1,307,835
1 to 5 years	228,602	180,133	408,735	333,366	213,252	546,619
Over 5 years	-	156,732	156,732	26,005	116,162	142,167
	923,378	742,655	1,666,033	1,259,483	737,138	1,996,621

As at 31 December 2009 and 2008 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary NEO, holds a call option over Caja Madrid for all the shares held by Caja Madrid on companies of the NEO sub-group (20% of Genesa). Caja Madrid holds an equivalent put option on these shares over EDP Renováveis. The price of exercising these options will be determined under an investment bank valuation process. The options can be exercised between 1 January 2010 and 1 January 2011, inclusively (see note 33).

- EDP Renováveis, through its subsidiary NEO, 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 EDP Renováveis. 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 Veinco Energía Limpia, S.L., 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". 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 NEO, holds a call option over Copcisa for all the shares held by Copcisa on companies Corbera and Vilalba" (49% of share capital).

- EDP Renováveis, through its subsidiary NEO, 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 EDP Renováveis. 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.

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37. Related parties

Main shareholders and shares held by company officers:

EDP Renováveis, S.A..'s shareholder structure as at 31 December 2009 and 2008 is analysed as follows:

	N.º 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 shareholders	196,024,306	22.47%	22.47%
	872,308,162	**100.00%**	**100.00%**

The number of shares held by company officers as at 31 December 2009 are as follows:

	2009	2008
	N.º of shares	N.º of shares
Executive Board of Directors		
Antonio Luis Guerra Nunes Mexía	4,200	4,200
Ana Mª Machado Fernandes	1,510	1,510
Joao Manuel Manso Neto	-	-
Nuno María Pestana de Almeida Alves	5,000	5,000
Antonio Fernando Melo Martins da Costa	1,480	1,480
Francisco José Queiroz de Barros de Lacerda	620	620
Joao Manuel de Mello Franco	380	380
Jorge Manuel Azevedo Henriques dos Santos	200	200
José Silva Lopes	760	760
José Fernando Maia de Araujo e Silva	80	80
Rafael Caldeira de Castel-Branco Valverde	-	-
Antonio do Pranto Nogueira Leite	-	-
Joao José Belard da Fonseca Lopes Raimundo	840	840
Daniel M. Kammen	-	-
Manuel Menéndez Menéndez	-	-
Gilles August	-	-
	15,070	**15,070**

The members of Board of Directors of EDP Renováveis have not comunicated and the parent company does not have knowledge of any conflict of interests included in the article 127.º, 4.º of "Ley de Sociedades Anónimas" (Spanish Companies' Law).

The board members of parent company, complying with the article 127.º, 4.º of the "Ley de Sociedades Anónimas", declared that they have not exercised positions of responsability in companies with the same, similar or complementar 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 complementar activity of EDP Renováveis Group parent company, with the following exceptions (includes information about external and Group EDP entities):

Name of Board member	Company	Position
António Luis Guerra Nunes Mexia	EDP - Energias de Portugal, S.A.	Chairman of Board of Directors
	Energias do Brasil, S.A.	Chairman of Board of Directors
	EDP Energías de Portugal, S.A. Sucursal en España	Permanent representative
	EDP Finance BV	Representative
Ana Maria Machado Fernandes	EDP - Energias de Portugal, S.A.	Board of Directors member
	Energias do Brasil, S.A.	Board of Directors member
	Nuevas Energías de Occidente, S.L.	Chairman of Board of Directors
	Horizon Wind Energy, LLC	Board of Directors member
	EDP Energías de Portugal, S.A. Sucursal en España	Representative
	Hidroeléctrica del Cantábrico, S.A.	Board of Directors member
	ENEOP - Eólicas de Portugal, S.A.	Chairman of Board of Directors
António Fernando Melo Martins da Costa	EDP - Energias de Portugal, S.A.	Board of Directors member
	EDP - Soluções Comerciais, S.A.	Chairman of Board of Directors
	EDP Internacional, S.A.	Chairman of Board of Directors
	Horizon Wind Energy, LLC	Chairman of Board of Directors

Name of Board member	Company	Position
António Fernando Melo Martins da Costa	EDP Energías de Portugal, S.A. Sucursal en España	Representative
	EDP Finance BV	Representative
	EDP Ásia - Investimentos e Consultoria, S.A.	Chairman of Board of Directors
Nuno Maria Pestana de Almeida Alves	Balwerk - Consultadoria Económica e Participações, S.U., Lda.	Managing Director
	Electricidade de Portugal Finance Company Ireland, Lt.	Director
	EDP - Energias de Portugal, S.A.	Board of Directors member and CFO
	Energias do Brasil, S.A.	Board of Directors member
	EDP Imobiliária e Participações, S.A.	Chairman of Board of Directors
	EDP Valor - Gestão Integrada de Serviços S.A.	Chairman of Board of Directors
	Energia RE, S.A.	Chairman of Board of Directors
	EDP Finance BV	Representative
	Horizon Wind Energy, LLC	Board of Directors member
	Sãvida - Medicina Apoiada, S.A.	Chairman of Board of Directors
	SCS–Serviços Complementares de Saúde,S.A.	Chairman of Board of Directors
	Hidroeléctrica del Cantábrico, S.A.	Board of Directors member
	EDP Estudos e Consultoria, S.A.	Chairman of Board of Directors
	EDP Energías de Portugal, S.A. Sucursal en España	Representative

Name of Board member	Company	Position
Manuel Menéndez Menéndez	Naturgás Energía Grupo, S.A.	Chairman of Board of Directors
	Nuevas Energías de Occidente, S.L.	Board of Directors member
	Hidroeléctrica del Cantábrico, S.A.	Chairman of Board of Directors
João Manuel Manso Neto	Naturgás Energia Grupo, S.A.	Second Vice-Chairman of Board of Directors
	EDP - Energias de Portugal, S.A.	Board of Directors member
	EDP - Gestão da Produção de Energia, S.A.	Chairman of Board of Directors
	EDP Gás, S.G.P.S., S.A.	Chairman of Board of Directors
	EDP Gás II, S.G.P.S., S.A.	Chairman of Board of Directors
	EDP Gás III, S.G.P.S., S.A.	Chairman of Board of Directors
	EDP Investimentos S.G.P.S., S.A.	Chairman of Board of Directors
	EDP Gás.com - Comércio de Gás Natural, S.A.	Board of Directors member
	EDP Finance, B.V.	Representative
	Hidroeléctrica del Cantábrico, S.A.	Vice-Chairman of Board of Directors and Chief Executive
	Hidrocantábrico Energia , S.A.U.	Chairman of Board of Directors
	Eléctrica de la Ribera de Ebro, S.L. (Elebro)	Chairman of Board of Directors
	Hidrocantábrico Gestión de Energia , S.A.U.	Sole Director

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

Name of Board member	Company	Position
	Empresa Hidroeléctrica do Guadiana, S.A.	Chairman of Board of Directors
	EDP Energia Ibérica S.A.	Board of Directors member
	EDP Energías de Portugal, S.A. Sucursal en España	Permanent representative
João José Belard da Fonseca Lopes Raimundo	Fomentinvest, SGPS, S.A.	Board of Directors member
Daniel M. Kammen	Enphase Energy	Technology Advisor
	Miasole, Inc.	Advisory board
	Greenwala	Technology Advisor
	Wilder Shares	Advisory board

Additionally the board members have comunicated that do not own any interest in the share capital of other company with the same, similar or complementar activity of EDP Renováveis Group, with the following exceptions:

Name of Board member	Company	Number of shares
António Luis Guerra Nunes Mexia	EDP - Energias de Portugal, S.A.	1,000
João Manuel Manso Neto	EDP - Energias de Portugal, S.A.	1,268
João José Belard da Fonseca Lopes Raimundo	REN - Redes Energéticas Nacionais, SGPS, S.A.	780
Jorge Manuel Azevedo Henriques dos Santos	EDP - Energias de Portugal, S.A.	2,379
Nuno Maria Pestana de Almeida Alves	EDP - Energias de Portugal, S.A.	50,000
António Fernando Melo Martins da Costa	EDP - Energias de Portugal, S.A.	13,299
João Manuel de Mello Franco	EDP - Energias de Portugal, S.A.	4,550
João Manuel de Mello Franco	REN - Redes Energéticas Nacionais, SGPS, S.A.	980
Daniel M. Kammen	Renewable Funding LLC	227,000

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 Nomination and Remuneration 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 (EBD) in 2009 and 2008 were as follows:

	31 Dec 2009	31 Dec 2008
	Euros	Euros
CEO*	246,857	235,200
Board members	508,750	277,083
	755,607	**512,283**

* From May to December 2008 and 2009

On 4 November 2008 EDP and EDP Renováveis signed an Executive Management Services Agreement.

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 four people to form EDPR's Executive Committee, for which EDP Renováveis pays EDP an amount defined by the Board of Directors. Until 30 of April of 2009 the CEO remuneration was also covered by this contract.

Under this contract, EDP Renováveis is due to pay an amount of EUR 1,453 thousands of Euros for management services rendered by EDP through 2009.

Additionally, the remuneration of the members of the Management Team (defined as Key Management and excluding the Chief Executive Officer), was 1,642 thousands of Euros (31 December 2008: 1,158 thousands of Euros).

As at 31 December 2009 and 2008 there are no outstanding loans and advances with company officers and key management.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

Balances and transactions with related parties

As at 31 December 2009, assets and liabilities with related parties, are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Euro'000
EDP Energias de Portugal, S.A.	11,375	5,475	5,900
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	59,294	13,662	45,632
EDP Group companies	47,872	2,137,046	-2,089,174
Hidrocantábrico Group companies	18,894	1,493	17,401
Associated companies	111,277	-	111,277
Jointly controlled entities	7,742	840	6,902
Other	-	239	-239
	256,454	2,158,755	-1,902,301

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,131,142 thousands of Euros.

As at 31 December 2008, assets and liabilities with related parties, are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Euro'000
EDP Energias de Portugal, S.A.	6,684	10,965	-4,281
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	24,416	931,140	-906,724
Group EDP companies	120,943	2,000	118,943
Hidrocantábrico Group companies	21,464	6,154	15,310
Associated companies	14,018	-	14,018
Jointly controlled entities	8,344	840	7,504
Other	-	185	-185
	195,869	951,284	-755,415

Transactions with related parties for the year ended 31 December 2009 are analysed as follows:

	Operating income Euro'000	Financial income Euro'000	Operating expenses Euro'000	Financial expenses Euro'000
EDP Energias de Portugal, S.A.	23,292	-	-3,500	-700
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	11,503	-9,233	-37,558
EDP Group companies	120,449	101	-3,853	-43,592
Hidrocantábrico Group companies	158,148	-	-4,804	-51
Associated companies	1,094	2,191	-449	-
Jointly controlled entities	615	3,898	-	-
	303,598	17,693	-21,839	-81,901

Transactions with related parties for the year ended 31 December 2008 are analysed as follows:

	Operating income Euro'000	Financial income Euro'000	Operating expenses Euro'000	Financial expenses Euro'000
EDP Energias de Portugal, S.A.	3,905	340	-3,327	-1,257
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	26,791	-2,880	-55,309
Group EDP companies	93,118	-	-4,290	-525
Hidrocantábrico Group companies	96,968	8,755	-3,973	-
Associates	1,239	198	-24	-
Jointly controlled entities	707	471	-	-
	195,937	36,555	-14,494	-57,091

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 Horizon and of the USD external financing). As at 31 December 2009, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 1,268 thousands of Euros (31 December 2008: 65,478 thousands of Euros) (see note 33 and 35).

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2009, EDP, S.A. and Hidrocantábrico granted financial (31,114 thousands of Euros, 31 December 2008: 61,654 thousands of Euros) and operational (588, 860 thousands of Euros, 31 December 2008: 765,510 thousands of Euros) guarantees to suppliers in favour of NEO and Horizon. The operational guarantees are issued following the commitments assumed by NEO and Horizon in relation to the acquisition of property, plant and equipment, namely turbines (see note 36).

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2009, EDP, S.A. and Hidrocantábrico granted financial (31,114 thousands of Euros, 31 December 2008: 61,654 thousands of Euros) and operational (588, 860 thousands of Euros, 31 December 2008: 765,510 thousands of Euros) guarantees to suppliers in favour of NEO and Horizon. The operational guarantees are issued following the commitments assumed by NEO and Horizon in relation to the acquisition of property, plant and equipment, namely turbines (see note 36).

In the normal course of its activity, EDP Renováveis performs business transactions and operations based on normal market conditions with related parties.

38. 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 2009 and 31 December 2008, 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 2009 Currencies			31 Dec 2008 Currencies	
	EUR	USD	BRL	EUR	USD
3 months	0.70%	0.25%	8.74%	2.89%	1.44%
6 months	0.99%	0.43%	9.22%	2.97%	1.78%
9 months	1.13%	0.71%	9.87%	3.02%	1.92%
1 year	1.25%	0.98%	10.50%	3.05%	2.03%
2 years	1.88%	1.35%	11.86%	2.76%	1.48%
3 years	2.28%	2.00%	12.43%	2.91%	1.82%
5 years	2.81%	2.92%	12.79%	3.71%	2.11%
7 years	3.22%	3.48%	13.10%	3.93%	2.36%
10 years	3.59%	3.93%	13.31%	3.74%	2.57%

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 historical costs (note 19).

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques. The discount rates and forward interest rates were based on the market interest rate curves and on the exchange rates disclosed on note 28.

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 37)

With the purpose of hedging the foreign exchange risk resulting from the net investment in Horizon, 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 28. See also notes 13, 23 and 27.

The fair values of assets and liabilities as at 31 December 2009 and 31 December 2008 is analysed as follows:

	31 December 2009 Group			31 December 2008 Group		
	Carrying amount Euro'000	Fair value Euro'000	Difference Euro'000	Carrying amount Euro'000	Fair value Euro'000	Difference Euro'000
Financial assets						
Available for sale investments	12,630	12,630	-	12,501	12,501	-
Trade receivables	106,148	106,148	-	82,598	82,598	-
Debtor and other assets	466,905	466,905	-	337,353	337,353	-
Derivative financial instruments	19,208	19,208	-	3,355	3,355	-
Financial assets at fair value through profit or loss	37,103	37,103	-	35,774	35,774	-
Cash and cash equivalents (assets)	443,633	443,633	-	229,680	229,680	-
	1,085,627	1,085,627	-	701,261	701,261	-
Financial liabilities						
Financial debt	2,673,439	2,643,266	-30,173	1,462,273	1,500,989	38,716
Suppliers	695,001	695,001	-	503,192	503,192	-
Trade and other payables	1,747,511	1,747,511	-	1,695,387	1,695,387	-
Derivative financial instruments	19,702	19,702	-	77,022	77,022	-
	5,135,653	5,105,480	-30,173	3,737,874	3,776,590	38,716

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unaudjusted) 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 2009 Group			31 December 2008 Group		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	-	12,630	-	-	12,501
Trade receivables	-	106,148	-	-	82,598	-
Debtor and other assets	-	466,905	-	-	337,353	-
Derivative financial instruments	-	19,208	-	-	3,355	-
Financial assets at fair value through profit or loss	33,012	4,091	-	32,369	3,405	-
Cash and cash equivalents (assets)	-	443,633	-	-	229,680	-
	33,012	1,039,985	12,630	32,369	656,391	12,501
Financial liabilities						
Financial debt	-	2,643,266	-	-	1,500,989	-
Trade and other payables	-	1,747,511	-	-	1,695,387	
Suppliers	-	695,001	-	-	503,192	-
Derivative financial instruments	-	19,702	-	-	77,022	-
	-	5,105,480	-	-	3,776,590	-

The movement in 2009 and 2008 of the financial assets and liabilities within Level 3 are analyzed was as follows:

	Available for sale investments	
	31 Dec 2009	31 Dec 2008
Balance at the beggining of the year	12,501	7,951
Gains / (Losses) in other comprehensive income	912	7,747
Purchases	-	1,509
Sales	-	-1,246
Issues	-	
Setllements	-	
Transfers into / (out of) Level 3	-783	-3,460
Balance at the end of the year	12,630	12,501

The transfer out of Level 3 fair value is related with the subsidiary Aprofitament D'Energies Renovables de la Terra Alta, S.A., that during 2009 has been included in the consolidation scope of EDP Renováveis Group.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

39. Relevant subsequent events

EDP Renováveis awarded 1.3 GW of wind offshore capacity in the UK

On 8 January 2010, EDP Renováveis has announced that has been selected by the Crown Estate as a Zone Partner in the third offshore wind farm leasing round in the UK. EDP Renováveis and SeaEnergy Renewable Limited, through a joint venture designated by Moray Offshore Renewables Limited, have been awarded exclusive rights to develop offshore wind farm sites in Zone 1 with an approximated target capacity of 1.3 GW. The share capital of Moray Offshore Renewables Limited is held on 75% by EDP Renováveis and on 25% by SeaEnergy Renewable Limited.

EDP Renováveis signs long term agreement to sell green certificates in Poland

On January 25 2010, EDP Renováveis has announced that has entered into a 15-year agreement with Energia - Obrót SA to sell the green certificates generated from its 120 MW Margonin wind farm in Poland

EDP Renováveis enters in the Italian wind market

On 27 January 2010, EDP Renováveis has announced the acquisition of 85% of Italian Wind Srl, from Co-Ver Group, ading to its portfolio several wind projects in Italy totalling 520 MW in diferent stages of maturity and in prime locations: (i) 4 wind projects totalling 108 MW classified as Tier 2; (ii) 98 MW of projects classified as Tier 3 and (iii) 314 MW classified as prospects.

40. Recent accounting standards and interpretations used

The new standards and interpretation that have been issued that are already effective and that the EDP Renováveis Group has applied on its Consolidated Financial Statements can be analyzed as follows:

IAS 1 (amendment) — "Presentation of Financial Statements"

The Group has adopted this amendment and the impact was exclusively related to the presentation of consolidated financial statements.

IAS 23 (amendment) — "Borrowing costs"

The Group did not obtain any significant impact from the adoption of this amendment.

IAS 32 (amendment) - "Financial Instruments: Presentation - Puttable Financial Instruments and obligations arising from liquidation"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRS 2 (amendment) - "Share-based payment: Acquisition conditions"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRS 7 (amendment) — "Financial Instruments: Disclosures"

The Group has adopted this amendment and the impact was exclusively related to the presentation of consolidated financial statements.

IFRS 8 — "Operational segments"

The Group has adopted this standard and the impact was exclusively related to the presentation of consolidated financial statements.

IFRIC 13 — "Customer Loyalty Programmes"

The Group did not obtain any significant impact from the adoption of this interpretation.

IFRIC 15 - "Agreements for the Construction of Real Estate"

The Group did not obtain any significant impact from the adoption of this interpretation.

IFRIC 16 — "Hedges of a Net Investment in a Foreign Operation"

The Group did not obtain any significant impact from the adoption of this interpretation.

Annual Improvement Project

The IASB publicated the Annual Improvement Project that changed the following standards:

- IAS 1 - "Financial Statements presentation";
- IAS 16 - "Property, Plant and Equipment";
- IAS 19 - ";Employee Benefits"
- IAS 20 - "Accounting for government grants and disclosure of government assistance";
- IAS 23 - "Borrowing Costs";
- IAS 27 - "Consolidated and separate financial statements";
- IAS 28 - "Investments in Associates";
- IAS 39 - "Financial Instruments: Recognition and Measurement";
- IAS 40 - "Investment Properties".

The Group did not obtain any significant impact from the adoption of these amendments.

The Group has also decided against early application of the following standards and interpretations, which have been endorsed by the European Union in 2009:

- IAS 39 (amendment) - "Financial Instruments: Recognition and measurement — Eligible hedged items"
- IFRS 1 (amendment) - First time adoption of the International Financial Reporting Standards and IAS 27 - "Consolidated and Separate Financial Statements"
- IFRS 3 (amendment) - "Business combinations" and IAS 27 (amendment) - "Consolidated and separate Financial statements"
- IFRS 9 - "Financial instruments"
- IFRIC 12 — "Service Concession Arrangements"
- IFRIC 17 — "Distributions of Non-cash Assets to Owners"
- IFRIC 18 — "Transfers of Assets from Customers"
- Annual Improvement Project - Changes to IFRS 5 — "Non-current assets held for sale and discontinued operations"

The Group is evaluating the impact from the adoption of these standards and interpretations.

The Group has also decided against early application of the following standards and interpretations, which have not been endorsed by the European Union in 2009:

- IFRS 9 - "Financial instruments"
- Annual Improvement Project - Changes to IFRS 5 — "Non-current assets held for sale and discontinued operations"

41. 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:

	Group 31 Dec 2009 Euro'000	Group 31 Dec 2008 Euro'000
Environmental Investment	4,500	9,548
	4,500	9,548

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 five of its wind farms in operation under the ISO 14001, and five new wind farms were certified, reaching a total of 289.5 MW certified. It is the intent for 2010 that 20 new wind farms, 650MW, will be certified.

As referred in accounting policy 2n, 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 63,956 thousands of Euros as at 31 December 2009 (47,311 thousands of Euros on 31 December 2008) (see note 32).

42. Assets held for sale

During 2009, the land acquired by the subsidiary Horizon and classified as assets held for sale was sold (985 thousands of Euros as at 31 December 2008).

43. Segmental reporting

The Group generates energy from renewable resources and has four reportable segments which are the Group's strategic business units, Portugal, Spain, Rest of Europe and USA. The strategic business units have operations in different geographic zones, and are managed separately because their characteristics are quite different mainly as a consequence of different regulations in each zone. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Other operations includes the EDP Renováveis Brasil subgroup companies, the financial investments and remain 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 2009 or 2008.

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 Appendix 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.

This change should be made eliminating to comply with the new definitions established in IFRS 8. Please check it carefully in order to be precised:

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.

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The Group generates energy from renewable resources in several locations and its activity is managed based on the following business segments:

- Portugal - Includes essentially the Enernova Group companies;
- Spain - Includes the Neo subgroup companies that operates in Spain;
- Rest of Europe - Includes the Neo subgroup companies that operate in France, Poland, Belgium and Romania;
- United States of America includes the Horizon subgroup companies.
- Other - Includes the EDP Renováveis Brasil subgroup companies, the financial investments and remain activities (Biomass and mini-hydric generation plants) not included in the business segments.

The segment "Adjustments" corresponds to the adjustments related to the anullation of financial investments in subsidiaries of EDPR Group and to the other consolidation and intra-segment adjustments.

Segment definition

The reported amounts for each business reportable 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 anullations, 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 anullations.

For comparative purposes the assumptions used in the preparation of segment reporting of 31 December 2009 have also been used to reexpress the 31 December 2008 amounts.

44. Audit and non audit fees

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2009 and 2008. This company and the other related entities and persons in accordance with Law 19/188 of 12 July, have invoiced for the year ended in 31 December 2009 and 2008, fees and expenses for professional services, acording to the following detail (amounts in thousands of Euros):

	31 December 2009					
	Portugal	Spain	Brazil	United States of America	Other	Total
Audit and statutory audit of accounts	74	780	36	694	218	1,802
Assurance and reliability services	-	100	-	202	14	316
	74	**880**	**36**	**896**	**232**	**2,118**
Tax consultancy services	12	337	-	666	6	1,021
Other services unrelated to statutory auditing	-	-	-	-	-	-
	12	**337**	**-**	**666**	**6**	**1,021**
Total	**86**	**1,217**	**36**	**1,562**	**238**	**3,139**

	31 December 2008					
	Portugal	Spain	Brazil	United States of America	Other	Total
Audit and statutory audit of accounts	85	636	-	562	124	1,407
Assurance and reliability services	344	345	-	411	11	1,111
	429	**981**	**-**	**973**	**135**	**2,518**
Tax consultancy services	8	120	-	687	41	856
Other services unrelated to statutory auditing	-	30	-	-	-	30
	8	**150**	**-**	**687**	**41**	**886**
Total	**437**	**1,131**	**-**	**1,660**	**176**	**3,404**

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ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2009, are as follows:

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Group's parent holding company:				
EDP Renováveis, Sociedade Limitada	Oviedo	100.00%	100.00%	KPMG
Parent Company:				
Nuevas Energías de Occidente, S.L.	Oviedo	100.00%	100.00%	KPMG
Electricity business Portugal				
Eneraltius- Produção de Energia Eléctrica, S.A.	Lisboa	100.00%	-	KPMG
Enernova - Novas Energias, S.A.	Lisboa	100.00%	-	KPMG
Eólica da Alagoa	Arcos Valdevez	59.99%	-	KPMG
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	50.10%	-	KPMG
Eólica da Serra das Alturas	Porto	50.10%	-	KPMG
Malhadizes	Porto Salvo	100.00%	-	KPMG
Electricity business Spain				
Acampo Arias,S.L.	Zaragoza	98.19%	-	KPMG
Agrupación Eólica SLU	Zaragoza	100.00%	-	KPMG
Parque Eólico Plana de Artajona, SLU	Zaragoza	100.00%	-	Not audited
Compañía Eólica Campo de Borja, S.A.	Zaragoza	75.83%	-	KPMG
Cía. Eléctrica de Energías Renovables Alternativas, SAL	Zaragoza	100.00%	-	Deloitte
Ceprastur AIE *	Oviedo	45.41%	-	Not audited
Corporación Empresarial de Renovables Alternativas, SLU	Zaragoza	100.00%	-	Not audited
Parc Eòlic de Coll de Moro, S.L.	Barcelona	60.00%	-	KPMG
D.E. Almarchal, SAL *	Cádiz	80.00%	-	KPMG
D.E. Buenavista, SAL *	Cádiz	80.00%	-	KPMG
Desarrollos Catalanes Del Viento,S.L.	Barcelona	60.00%	-	KPMG
D.E. de Corme, S.A. *	La Coruña	80.00%	-	KPMG
D.E. Dumbria, SAL *	La Coruña	80.00%	-	KPMG
Desarrollos Eólicos de Galicia, S.A. *	La Coruña	80.00%	-	KPMG
D.E. de Lugo, SAL *	Lugo	80.00%	-	KPMG
Desarrollos Eólicos Promoción S.A.U. *	Sevilla	80.00%	-	KPMG
D.E. Rabosera, S.A. *	Huesca	76.00%	-	KPMG
Desarrollos Eólicos, S.A. *	Sevilla	80.00%	-	KPMG
D.E. de Tarifa, SAL *	Cádiz	80.00%	-	KPMG
Eólica Don Quijote, S.L. *	Albacete	80.00%	-	KPMG
Eólica Dulcinea, S.L. *	Albacete	80.00%	-	KPMG
Eolica Alfoz, S.L. *	Madrid	67.98%	-	KPMG
Eólica Arlanzón, S.A. *	Madrid	62.00%	-	KPMG
Eólica Campollano, S.A. *	Madrid	60.00%	-	KPMG
Eneroliva, S.A. *	Sevilla	80.00%	-	Not audited
Fontesilva *	Coruña	80.00%	-	KPMG
Hidroeléctrica Fuentermosa S.L. *	Oviedo	80.00%	-	Not audited
Parques de Generación Eólica, S.L	Burgos	60.00%	-	KPMG
Generaciones Especiales I, S.L.	Madrid	80.00%	-	KPMG
Ceasa Promociones Eólicas SLU	Zaragoza	100.00%	-	KPMG
Subgrupo Veinco	Zaragoza	80.00%	-	Not audited
Guadalteba	Sevilla	80.00%	-	KPMG
Hidroeléctrica Gormaz S.A. *	Salamanca	60.00%	-	Not audited
Iberia Aprovechamientos Eólicos, SAL	Zaragoza	100.00%	-	KPMG
Investigación y Desarrollo de Energías Renovables, S. L.	León	47.67%	-	KPMG
Industrias Medioambientales Río Carrión, S.A. *	Madrid	72.00%	-	Not audited
La Janda *	Madrid	80.00%	-	KPMG
Lanavica	Madrid	80.00%	-	KPMG
Parque Eólico Los Cantales, SLU	Zaragoza	100.00%	-	KPMG
Parc Eolic Molinars SL	GIRONA	54.00%	-	Not audited
Molino de Caragüeyes,S.L.	Zaragoza	80.00%	-	KPMG
Parque Eólico Montes de Castejón, S.L.	Zaragoza	100.00%	-	Not audited
Muxia I e II *	Coruña	80.00%	-	Not audited
NEO Energia Aragón SL	Madrid	100.00%	-	KPMG
NEO Catalunya SL	Barcelona	100.00%	-	KPMG
Neomai Inversiones SICAV, SA	Madrid	100.00%	-	PwC
Parque Eólico Santa Quiteria, S.L. *	Huesca	46.66%	-	KPMG
Parque Eólico Belchite, S.L. *	Zaragoza	80.00%	-	KPMG
Parques Eólicos del Cantábrico, S.A. *	Oviedo	80.00%	-	KPMG
Parque Eólico La Sotonera, SL *	Zaragoza	51.87%	-	KPMG
Eolica de Radona SL *	Madrid	80.00%	-	KPMG
Rasacal Cogeneración S.A. *	Madrid	48.00%	-	Not audited
Siesa Renovables Canarias, S.L. *	Gran Canaria	80.00%	-	Not audited
Renovables Castilla La Mancha S.A. *	Albacete	72.00%	-	KPMG

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Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Hidroeléctrica del Rumblar S.L. *	Madrid	64.00%	-	Not audited
Sierra Avila *	Madrid	71.99%	-	KPMG
Sinae Inversiones Eólicas S.A. *	Madrid	80.00%	-	KPMG
Sotromal, S.A. *	Soria	72.00%	-	Not audited
Parc Eòlic de Torre Madrina, S.L.	Barcelona	60.00%	-	KPMG
Tratanuebtis Medioambientales del Norte, S.A.	Madrid	64.00%	-	Not audited
Veinco Energia Limpia SL *	Zaragoza	80.00%	-	Not audited
Bon Vent de Corbera, SL	Barcelona	100.00%	-	KPMG
Bon Vent de Vilalba, SL	Barcelona	100.00%	-	KPMG
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	60.00%	-	KPMG
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	48.70%	-	KPMG
Agrupación Eólica Francia SL	Madrid	100.00%	-	KPMG
Coll de la Garganta	Barcelona	100.00%	-	KPMG
Eólica Curiscao Pumar, S.A.	Madrid	80.00%	-	KPMG
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	40.80%	-	Not audited
Eólica Garcimuñoz, SL	Madrid	80.00%	-	Not audited
Energías Eólicas La Manchuela, S.L.U. *	Madrid	80.00%	-	KPMG
Sierra de la Peña, S.A.	Madrid	67.92%	-	KPMG
Bon Vent de L'Ebre, S.L.	Barcelona	100.00%	-	KPMG
Serra Voltorera	Barcelona	100.00%	-	KPMG
Electricity business France				
Parc Eolien D'Ardennes	Elbeuf	100.00%	-	Not audited
Parc Eolien du Clos Bataille, SAS	Elbeuf	100.00%	-	Not audited
Eolienne des Bocages, SARL	Elbeuf	100.00%	-	Not audited
Eolienne de Callengeville, SAS	Elbeuf	100.00%	-	Not audited
CE Canet-Pont de Salars	Paris	100.00%	-	KPMG
Parc Eolien des Longs Champs, SARL	Elbeuf	100.00%	-	Not audited
Eolienne D'Etalondes, SARL	Elbeuf	100.00%	-	Not audited
CE Gueltas Noyal-Pontivy	Paris	100.00%	-	KPMG
Parc Eolien de La Hetroye, SAS	Elbeuf	100.00%	-	Not audited
SOCPE Le Mee SARL	Toulouse	49.00%	-	KPMG
Parc Eolien de Mancheville, SARL	Elbeuf	100.00%	-	Not audited
Neo Galia , SAS	Paris	100.00%	-	KPMG
C.E. Patay, SAS	Paris	100.00%	-	KPMG
Parc Eolien des Bocages, SARL	Elbeuf	100.00%	-	Not audited
SOCPE Petite Piece SARL	Toulouse	49.00%	-	KPMG
Plouvien Breiz SAS	Carhaix	100.00%	-	Jean-Yves Morisset
Parc Eolien de Roman, SARL	Elbeuf	100.00%	-	Not audited
C.E. Saint Barnabe, SAS	Paris	100.00%	-	KPMG
Eolienne de Saugueuse, SARL	Elbeuf	100.00%	-	Not audited
SOCPE Sauvageons SARL	Toulouse	49.00%	-	KPMG
C.E. Segur, SAS	Paris	100.00%	-	KPMG
Truc L'homme	Paris	100.00%	-	KPMG
Parc Eolien de Varimpre, SAS	Elbeuf	100.00%	-	Not audited
Parc Eolien des Vatines, SAS	Elbeuf	100.00%	-	Not audited
Mardelle, SARL	Toulouse	100.00%	-	Not audited
Quinze Mines, SARL	Toulouse	49.00%	-	Not audited
Vallée du Moulin, SARL	Toulouse	100.00%	-	Not audited
Electricity business Poland				
Elektrownia Wiatrowa Kresy I	Warsaw	100.00%	-	Not audited
Neolica Polska	Warsaw	100.00%	-	KPMG
Relax Wind Park I	Warsaw	96.43%	-	KPMG
Relax Wind Park II	Warsaw	51.00%	-	Not audited
Relax Wind Park III	Warsaw	100.00%	-	Not audited
Relax Wind Park IV	Warsaw	51.00%	-	Not audited
Electricity business Belgium				
Greenwind S.A.	Louvain-la-Neuve	70.00%	-	Not audited
Electricity business Brazil				
EDP Renováveis Brasil, S.A.	São Paulo	55.00%	55.00%	KPMG
Central Nacional de Energia Eólica, S.A. (Cenaeel)	São Paulo	55.00%	-	KPMG
Elebrás Projectos, Ltda	São Paulo	55.00%	-	Not audited
Electricity business Romania				
Cernavoda Power SRL	Bucharest	85.00%	-	KPMG
Renovatio Power SRL	Bucharest	85.00%	-	KPMG

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Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Electricity business - Holland:				
Tarcan BV	Amsterdam	100.00%	-	Not audited
Electricity business - Great Britain:				
EDPR UK Limited	Cardiff	100.00%	-	Not audited
Moray Offshore Renewables Limited	Cardiff	75.00%	-	Not audited
Parent Company:				
Horizon Wind Energy LLC	Texas	100.00%	100.00%	KPMG
Electricity business USA				
Wind Turbine Prometheus, LP	California	100.00%	-	KPMG
Dickinson County Wind Farm LLC	Minnesota	100.00%	-	KPMG
Darlington Wind Farm, LLC	Minnesota	100.00%	-	KPMG
Cloud County Wind Farm	Kansas	100.00%	-	KPMG
Whitestone Wind Purchasing, LLC	Texas	100.00%	-	KPMG
Blue Canyon Windpower II LLC	Oklahoma	100.00%	-	KPMG
Blue Canyon Windpower V, LLC	Oklahoma	100.00%	-	KPMG
Horizon Wind Energy International	Texas	100.00%	-	KPMG
Pioneer Prairie Wind Farm I, LLC	Iowa	100.00%	-	KPMG
Sagebrush Power Partners, LLC	Washington	100.00%	-	KPMG
Telocaset Wind Power Partners, LLC	Oregon	100.00%	-	KPMG
High Trail Wind Farm, LLC	Illionois	100.00%	-	KPMG
Marble River, LLC	New York	100.00%	-	KPMG
Rail Splitter	Illionois	100.00%	-	KPMG
Blackstone Wind Farm, LLC	Illionois	100.00%	-	KPMG
Aroostook Wind Energy LLC	Maine	100.00%	-	KPMG
Jericho Rise Wind Farm LLC	New York	100.00%	-	KPMG
Madison Windpower LLC	New York	100.00%	-	KPMG
Mesquite Wind, LLC	Texas	100.00%	-	KPMG
Martinsdale Wind Farm LLC	Colorado	100.00%	-	KPMG
Post Oak Wind, LLC	Texas	100.00%	-	KPMG
BC Maple Ridge Wind LLC	Texas	100.00%	-	KPMG
High Prairie Wind Farm II, LLC	Minnesota	100.00%	-	KPMG
Arlington Wind Power Project LLC	Oregon	100.00%	-	KPMG
Signal Hill Wind Power Project LLC	Colorado	100.00%	-	KPMG
Tumbleweed Wind Power Project LLC	Colorado	100.00%	-	KPMG
Old Trail Wind Farm, LLC	Illionois	100.00%	-	KPMG
Viento Grande Wind Power Project LLC	Colorado	100.00%	-	KPMG
OPQ Property LLC	Illionois	100.00%	-	KPMG
Meadow Lake Wind Farm, LLC	Indiana	100.00%	-	KPMG
Wheatfield Wind Power Project, LLC	Oregon	100.00%	-	KPMG
007 Vento I LLC	Texas	100.00%	-	KPMG
007 Vento II	Texas	100.00%	-	KPMG
008 Vento III	Texas	100.00%	-	KPMG
Horizon Wind Ventures I LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures II, LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures III, LLC	Texas	100.00%	-	KPMG
Clinton County Wind Farm, LLC	New York	100.00%	-	KPMG
BC2 Maple Ridge Holdings LLC	Texas	100.00%	-	Not audited
Cloud West Wind Project, LLC	Texas	100.00%	-	Not audited
Five-Spot, LLC	Texas	100.00%	-	Not audited
Horizon Wind Chocolate Bayou I LLC	Texas	100.00%	-	Not audited
Alabama Ledge Wind Farm LLC	Texas	100.00%	-	Not audited
Antelope Ridge Wind Power Project LLC	Texas	100.00%	-	Not audited
Arkwright Summit Wind Farm LLC	Texas	100.00%	-	Not audited
Ashford Wind Farm LLC	Texas	100.00%	-	Not audited
Athena-Weston Wind Power Project LLC	Texas	100.00%	-	Not audited
Black Prairie Wind Farm LLC	Texas	100.00%	-	KPMG
Blackstone Wind Farm II LLC	Texas	100.00%	-	KPMG
Blackstone Wind Farm III LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm IV LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm V LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower III LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower IV LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower VI LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm II LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm III LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm LLC	Texas	100.00%	-	Not audited
Chateaugay River Wind Farm LLC	Texas	100.00%	-	Not audited
Cropsey Ridge Wind Farm LLC	Texas	100.00%	-	Not audited
Crossing Trails Wind, Power Project LLC	Texas	100.00%	-	Not audited
Dairy Hills Wind Farm LLC	Texas	100.00%	-	Not audited
Diamond Power Partners LLC	Texas	100.00%	-	Not audited
Ford Wind Farm LLC	Texas	100.00%	-	Not audited

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Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Freeport Windpower I, LP	Texas	100.00%	-	Not audited
Gulf Coast Windpower Management Company, LLC	Texas	100.00%	-	Not audited
Homestead Wind Farm LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest VII LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest X LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest XI LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Panhandle I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest II LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest III LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest IV LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Valley I LLC	Texas	100.00%	-	Not audited
Horizon Wind MREC Iowa Partners LLC	Texas	100.00%	-	Not audited
Horizon Wind, Freeport Windpower I LLC	Texas	100.00%	-	Not audited
Juniper Wind Power Partners, LLC	Texas	100.00%	-	Not audited
Lexington Chenoa Wind Farm LLC	Texas	100.00%	-	Not audited
Machias Wind Farm LLC	Texas	100.00%	-	Not audited
Meadow Lake Wind Farm II LLC	Texas	100.00%	-	KPMG
New Trail Wind Farm LLC	Texas	100.00%	-	Not audited
North Slope Wind Farm LLC	Texas	100.00%	-	Not audited
Number Nine Wind Farm LLC	Texas	100.00%	-	Not audited
Pacific Southwest Wind Farm LLC	Texas	100.00%	-	Not audited
Pioneer Prairie Wind Farm II LLC	Texas	100.00%	-	Not audited
Rim Rock Power Partners LLC	Texas	100.00%	-	Not audited
Saddleback Wind Power Project LLC	Texas	100.00%	-	KPMG
Sardinia Windpower LLC	Texas	100.00%	-	Not audited
Turtle Creek Wind Farm LLC	Texas	100.00%	-	Not audited
Western Trail Wind Project I LLC	Texas	100.00%	-	Not audited
Whistling Wind WI Energy Center, LLC	Texas	100.00%	-	Not audited
Simpson Ridge Wind Farm LLC	Texas	100.00%	-	Not audited
Coos Curry Wind Power Project LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Midwest IX LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest I LLC	Texas	100.00%	-	Not audited
Peterson Power Partners LLC	Texas	100.00%	-	Not audited
Pioneer Prairie Interconnection LLC	Texas	100.00%	-	Not audited
The Nook Wind Power Project LLC	Texas	100.00%	-	Not audited
Tug Hill Windpower LLC	Texas	100.00%	-	Not audited
Whiskey Ridge Power Partners LLC	Texas	100.00%	-	Not audited
Wilson Creek Power Partners LLC	Texas	100.00%	-	Not audited
WTP Management Company LLC	Texas	100.00%	-	Not audited
Meadow Lake Wind Farm IV LLC	Indiana	100.00%	-	KPMG
Meadow Lake Windfarm III LLC	Indiana	100.00%	-	KPMG
2009 Vento IV, LLC	Texas	100.00%	-	KPMG
2009 Vento V, LLC	Texas	100.00%	-	KPMG
2009 Vento VI, LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures II LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures III, LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures VI, LLC	Texas	100.00%	-	KPMG
Lexington Chenoa Wind Farm II LLC	Illinois	100.00%	-	KPMG
Lexington Chenoa Wind Farm III LLC	Illinois	100.00%	-	KPMG
East Klickitat Wind Power Project LLC	Washington	100.00%	-	KPMG
Horizon Wind Energy Northwest IV LLC	Oregon	100.00%	-	KPMG
Blue Canyon Wind Power VII LLC	Oklahoma	100.00%	-	KPMG
Horizon Wyoming Transmission LLC	Wyoming	100.00%	-	KPMG
AZ Solar LLC	Arizona	100.00%	-	KPMG
Black Prairie Wind Farm II LLC	Illinois	100.00%	-	KPMG
Black Prairie Wind Farm III LLC	Illinois	100.00%	-	KPMG
Paulding Wind Farm LLC	Ohio	100.00%	-	KPMG
Paulding Wind Farm II LLC	Ohio	100.00%	-	KPMG
Paulding Wind Farm III LLC	Ohio	100.00%	-	KPMG
Simpson Ridge Wind Farm II LLC	Wyoming	100.00%	-	KPMG
Simpson Ridge Wind Farm III LLC	Wyoming	100.00%	-	KPMG
Simpson Ridge Wind Farm IV LLC	Wyoming	100.00%	-	KPMG
Simpson Ridge Wind Farm V LLC	Wyoming	100.00%	-	KPMG
Athena-Weston Wind Power Project II, LLC	Oregon	100.00%	-	KPMG
Meadow Lake Wind Farm V, LLC	Indiana	100.00%	-	KPMG

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The main financial indicators of the jointly controlled companies included in the consolidation under the **proportionate consolidation method** as at 31 December 2009, are as follows:

Jointly Controlled Companies	Head Office	Share Capital /Currency EUR	Non Current Assets 31-Dec-09 Euro'000	Current Assets 31-Dec-09 Euro'000	Non Current Liabilities 31-Dec-09 Euro'000	Current Liabilities 31-Dec-09 Euro'000	Total Equity 31-Dec-09 Euro'000	Total Incomes 31-Dec-09 Euro'000	Total Costs 31-Dec-09 Euro'000	Net Results 31-Dec-09 Euro'000	% Indirect	% Direct	Auditor
Electricity business													
Flat Rock Windpower LLC	New York	364,764 USD	-19,659	3,694	1,049	66	-17,081	11,353	-13,386	-2,033	50.00%	50.00%	E&Y
Flat Rock Windpower II LLC	New York	144,001 USD	-7,899	849	387	43	-7,479	2,743	-4,387	-1,644	50.00%	50.00%	E&Y
Compañía Eólica Aragonesa, S.A.	Zaragosa	6,701 EUR	105,014	9,088	44,313	13,357	56,433	14,805	-11,946	2,859	50.00%	50.00%	Deloitte
Desarrollos Energeticos Canarios S.A.	Las Palmas	15 EUR	-8	4	0	9	-13	0	0	0	39.92%	49.90%	KPMG
Evolución 2000, S.L.	Albacete	118 EUR	22,690	5,694	23,366	3,895	1,124	5,273	-3,955	1,318	39.32%	49.15%	KPMG
Murciasol-1 Solar Térmica, S.L.	Madrid	3 EUR	84	16	0	100	0	0	0	0	40.00%	50.00%	Not audited
Tebar Eólica, S.A.	Cuenca	4,720 EUR	15,436	4,992	14,981	2,845	2,601	4,054	-3,449	606	40.00%	50.00%	Abante Audit Auditores,

The **Associated Companies** included in the consolidation under the equity method as at 31 December 2009, are as follows:

Associates	Head Office	% Indirect	% Direct	Auditor
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	48.70%		Not audited
Biomasas del Pirineo S.A.	Huesca	24.00%	-	PwC
Cultivos Energéticos de Castilla S.A.	Burgos	24.00%	-	Not audited
D.E. DE CANARIAS, S.A.	Gran Canaria	35.80%	-	Not audited
Hidroastur S.A.	Oviedo	19.60%	-	KPMG
Naturneo Energía, S.L.	Bilbau	20.00%	-	Mazars
Parque Eólico Belmonte, S.A.	Asturias	49.01%	-	Centium
Parque Eólico Sierra del Madero S.A.	Soria	23.92%	-	Not audited
Parque Eólico Altos del Voltoya, S.A.	Madrid	33.60%	-	KPMG
Sodecoan, S.L.	Sevilla	39.20%	-	Ernst & Young
Solar Siglo XXI, S.A.	Ciudad Real	40.00%	-	KPMG
ENEOP - Éolicas de Portugal, S.A.	Lisboa	20.00%	-	Mazars

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2008, are as follows:

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Group's parent holding company:				
EDP Renováveis, Sociedad Anónima	Oviedo	100.00%	100.00%	KPMG
Parent Company:				
Nuevas Energías de Occdiente,S.L.	Oviedo	100.00%	100.00%	KPMG
Electricity business Portugal				
Eneraltius-Produção de Energia Eléctrica, S.A.	Lisboa	100.00%	-	KPMG
Enernova -Novas Energias, S.A.	Lisboa	100.00%	-	KPMG
Eólica da Alagoa	Arcos Valdevez	59.99%	-	PwC
Eólica de Montenegrelo, LDA	Vila Pouca de Aguiar	50.10%	-	KPMG
Eólica da Serra das Alturas	Porto	50.10%	-	PWC
Levante - Energia Eólica, Unipessoal, LDA	Porto Salvo	100.00%	-	KPMG
Malhadizes	Porto Salvo	100.00%	-	KPMG
Electricity business Spain				
Acampo Arias,S.L.	Zaragoza	98.19%	-	KPMG
Agrupación Eólica SLU	Zaragoza	100.00%	-	KPMG
Parque Eólico Plana de Artajona, SLU	Zaragoza	100.00%	-	Not audited
Bourbriac	Paris	100.00%	-	KPMG
Compañía Eólica Campo de Borja, S.A.	Zaragoza	75.83%	-	KPMG
Cía. Eléctrica de Energías Renovables Alternativas, SAL	Zaragoza	100.00%	-	Not audited
Ceprastur AIE *	Oviedo	45.41%	-	Not audited
Corporación Empresarial de Renovables Alternativas, SLU	Zaragoza	100.00%	-	Not audited
Parc Eòlic de Coll de Moro, S.L.	BARCELONA	60.00%	-	Not audited
D.E. Almarchal, SAL *	Cádiz	80.00%	-	KPMG
D.E. Buenavista, SAL *	Cádiz	80.00%	-	KPMG
Desarrollos Catalanes Del Viento,S.L.	Barcelona	60.00%	-	KPMG
D.E. de Corme, S.A. *	La Coruña	80.00%	-	KPMG
D.E. Dumbria, SAL *	La Coruña	80.00%	-	KPMG
Desarrollos Eólicos de Galicia, S.A. *	La Coruña	77.33%	-	KPMG
D.E. de Lugo, SAL *	Lugo	80.00%	-	KPMG
Desarrollos Eólicos Promoción S.A.U. *	Sevilla	80.00%	-	KPMG
D.E. Rabosera, S.A. *	Huesca	76.00%	-	KPMG
Desarrollos Eólicos, S.A. *	Sevilla	80.00%	-	KPMG
D.E. de Tarifa, SAL *	Cádiz	80.00%	-	KPMG

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EDP Renováveis, S.A. and subsidiaries

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Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Eólica Don Quijote, S.L. *	Albacete	80.00%	-	KPMG
Eólica Dulcinea, S.L. *	Albacete	80.00%	-	KPMG
Eolica Alfoz, S.L. *	Madrid	67.98%	-	KPMG
Eólica Arlanzón, S.A. *	Madrid	62.00%	-	KPMG
Eólica Campollano, S.A. *	Madrid	60.00%	-	KPMG
Eólica Mare Nostrum S.A. *	Valencia	48.00%	-	Not audited
Eólica La Brújula, S.A. *	Madrid	67.92%	-	KPMG
Energías Eólicas La Manchuela, S.L.U. *	Albacete	80.00%	-	KPMG
Eneroliva, S.A. *	Sevilla	80.00%	-	Not audited
Fontesilva *	Coruña	80.00%	-	Not audited
Hidroeléctrica Fuentermosa S.L. *	Oviedo	71.96%	-	Not audited
Parques de Generación Eólica, S.L	Burgos	60.00%	-	KPMG
Generaciones Especiales I, S.L.	Madrid	80.00%	-	KPMG
Ceasa Promociones Eólicas SLU	Zaragoza	100.00%	-	Ernst & Young
Subgrupo Veinco*	Zaragoza	80.00%	-	Not audited
Guadalteba*	Sevilla	80.00%	-	Not audited
Hidroeléctrica Gormaz S.A. *	Salamanca	60.00%	-	Not audited
Iberia Aprovechamientos Eólicos, SAL	Zaragoza	100.00%	-	KPMG
Investigación Y Desarrollo de Energías Renovables, S. L.	León	47.67%	-	KPMG
Industrias Medioambientales Río Carrión, S.A. *	Madrid	72.00%	-	Not audited
La Janda *	Madrid	80.00%	-	Not audited
Lanavica	Madrid	80.00%	-	KPMG
Parque Eólico Los Cantales, SLU	Zaragoza	100.00%	-	KPMG
Parc Eolic Molinars SL	GIRONA	54.00%	-	Not audited
Molino de Caragüeyes,S.L.	Zaragoza	80.00%	-	KPMG
Parque Eólico Montes de Castejón, S.L.	Zaragoza	100.00%	-	Not audited
Muxia I e II *	Coruña	80.00%	-	Not audited
NEO Energia Aragón SL	Madrid	100.00%	-	KPMG
NEO Catalunya SL	Barcelona	100.00%	-	KPMG
Neomai Inversiones SICAV, SA	Madrid	100.00%	-	PwC
Parque Eólico Santa Quiteria, S.L. *	Huesca	46.66%	-	KPMG
Parque Eólico Belchite, SL *	Zaragoza	80.00%	-	KPMG
Parques Eólicos del Cantábrico, S.A. *	Oviedo	80.00%	-	KPMG
Parque Eólico La Sotonera, SL *	Zaragoza	51.88%	-	KPMG
Eolica de Radona SL *	Madrid	80.00%	-	Not audited
Rasacal Cogeneración S.A. *	Madrid	48.00%	-	Not audited
Siesa Renovables Canarias, S.L. *	Gran Canaria	80.00%	-	Not audited
Renovables Castilla La Mancha S.A. *	Albacete	72.00%	-	KPMG
Hidroeléctrica del Rumblar S.L. *	Madrid	64.00%	-	Not audited
Sierra Avila *	Madrid	71.99%	-	KPMG
Sinae Inversiones Eólicas S.A. *	Madrid	80.00%	-	KPMG
Sotromal, S.A. *	Soria	72.00%	-	Not audited
Parc Eòlic de Torre Madrina, S.L.	Barcelona	60.00%	-	Not audited
Tratamientos Medioambientales del Norte, S.A. *	Madrid	64.00%	-	Not audited
Tratamientos Medioambientales Río Sotón, S.A.	Madrid	80.00%	-	KPMG
Veinco Energia Limpia SL *	Zaragoza	80.00%	-	Not audited
Bon Vent de Corbera, SL	Barcelona	100.00%	-	Not audited
Bon Vent de Vilalba, SL	Barcelona	100.00%	-	Not audited
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	60.00%	-	Not audited
Electricity business France				
Parc Eolien D'Ardennes	Elbeuf	100.00%	-	Not audited
C.E. Ayssenes-Le Truel	Paris	100.00%	-	KPMG
Parc Eolien du Clos Bataille, SAS	Elbeuf	100.00%	-	Cabinet Exco
C.E. Beaurevoir, SAS	Paris	100.00%	-	KPMG
Eolienne des Bocages, SARL	Elbeuf	100.00%	-	Not audited
C.E. Calanhel Lohuec, SAS	Paris	100.00%	-	Not audited
Eolienne de Callengeville, SAS	Elbeuf	100.00%	-	Cabinet Exco
CE Canet-Pont de Salars	Paris	100.00%	-	KPMG
Parc Eolien des Longs Champs, SARL	Elbeuf	100.00%	-	Not audited
Eole Service, SARL	Elbeuf	100.00%	-	Not audited
Eole 76 Developpement, SARL	Elbeuf	100.00%	-	Not audited
Eolienne D'Etalondes, SARL	Elbeuf	100.00%	-	Not audited
Le Gollot SAS	Carhaix	100.00%	-	Jean-Yves Morisset
CE Gueltas Noyal-Pontivy	Paris	100.00%	-	KPMG
Parc Eolien de La Hetroye, SAS	Elbeuf	100.00%	-	Cabinet Exco
Hollywell Investments Limited, SARL	Luxembourg	100.00%	-	Not audited
Keranfouler SAS	Carhaix	100.00%	-	Jean-Yves Morisset
SOCPE Le Mee SARL	Toulouse	49.00%	-	KPMG
Parc Eolien Les Bles D'Or SARL	Toulouse	100.00%	-	Not audited
C.E. Les Vielles, SAS	Paris	100.00%	-	KPMG
Parc Eolien de Mancheville, SARL	Elbeuf	100.00%	-	Not audited
Eole Futur Montloue 1, SAS	Elbeuf	100.00%	-	Cabinet Exco
Neo Galia , SAS	Paris	100.00%	-	KPMG

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Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
C.E. Patay, SAS	Paris	100.00%	-	KPMG
Parc Eolien des Bocages, SARL	Elbeuf	100.00%	-	Not audited
SOCPE Petite Piece SARL	Toulouse	49.00%	-	KPMG
SOCPE Pieces de Vigne SARL	Toulouse	100.00%	-	Not audited
Plouvien Breiz SAS	Carhaix	100.00%	-	Jean-Yves Morisset
CE Pont d Ýeu, SAS	Paris	100.00%	-	KPMG
PROUVILLE	Paris	100.00%	-	KPMG
Rech. et Dével. Éoliennes	Paris	100.00%	-	Not audited
Ridgeside Investments Limited, SARL	Luxembourg	100.00%	-	Not audited
Parc Eolien de Roman, SARL	Elbeuf	100.00%	-	Not audited
CE Saint Alban-Henansal	Paris	100.00%	-	KPMG
C.E. Saint Barnabe, SAS	Paris	100.00%	-	KPMG
SOCPE Saint Jacques SARL	Toulouse	100.00%	-	Not audited
Eolienne de Saugueuse, SARL	Elbeuf	100.00%	-	Not audited
SOCPE Sauvageons SARL	Toulouse	49.00%	-	KPMG
C.E. Segur, SAS	Paris	100.00%	-	KPMG
Truc L'homme	Paris	100.00%	-	KPMG
Parc Eolien de Varimpre, SAS	Elbeuf	100.00%	-	Cabinet Exco
Parc Eolien des Vatines, SAS	Elbeuf	100.00%	-	Cabinet Exco
Electricity business Poland				
Chodow Wind Park SP.ZO.O.	Varsóvia	100.00%	-	Not audited
KIP Wind Park I SP.ZO.O.	Varsóvia	100.00%	-	Not audited
KIP Wind Park II SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Neolica Polska SP Z.O.O.	Warsaw	100.00%	-	Not audited
Relax Wind Park I SP.ZO.O.	Varsóvia	93.29%	-	Not audited
Relax Wind Park II Sp. zoo	Warsaw	51.00%	-	Not audited
Relax Wind Park III SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Relax Wind Park IV Sp. zoo	Warsaw	51.00%	-	Not audited
Relax Wind Park V SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Relax Wind Park VI SP.ZO.O.	Varsóvia	100.00%	-	Not audited
SK Wind Park SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Sokolowo Wind Park SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Zulawy Wind Park I SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Electricity business Belgium				
Greenwind S.A.	Louvain-la-Neuve	70.00%	-	Not audited
Electricity business Brazil				
EDP Renováveis Brasil, S.A.	São Paulo	55.00%	55.00%	Not audited
Electricity business Romania				
Cernavoda Power SRL	Bucharest	85.00%	-	Not audited
Renovatio Power SRL	Bucharest	85.00%	-	Not audited
Electricity business - Holland:				
Tarcan BV	Amsterdam	100.00%	-	KPMG
Parent Company:				
Horizon Wind Energy LLC	Texas	100.00%	100.00%	KPMG
Electricity business USA				
Wind Turbine Prometheus, LP	California	100.00%	-	KPMG
Dickinson County Wind Farm LLC	Minnesota	100.00%	-	KPMG
Darlington Wind Farm, LLC	Minnesota	100.00%	-	KPMG
Cloud County Wind Farm	Kansas	100.00%	-	KPMG
Whitestone Wind Purchasing, LLC	Texas	100.00%	-	KPMG
Blue Canyon Windpower II LLC	Oklahoma	100.00%	-	KPMG
Blue Canyon Windpower V, LLC	Oklahoma	100.00%	-	KPMG
Horizon Wind Energy International	Texas	100.00%	-	KPMG
Pioneer Prairie Wind Farm I, LLC	Iowa	100.00%	-	KPMG
Sagebrush Power Partners, LLC	Washington	100.00%	-	KPMG
Telocaset Wind Power Partners, LLC	Oregon	100.00%	-	KPMG
High Trail Wind Farm, LLC	Illionois	100.00%	-	KPMG
Chocolate Bayou Windpower I, LP	Texas	100.00%	-	KPMG
Marble River, LLC	New York	100.00%	-	KPMG
Rail Splitter	Illionois	100.00%	-	KPMG
Blackstone Wind Farm, LLC	Illionois	100.00%	-	KPMG
Aroostook Wind Energy LLC	Maine	100.00%	-	KPMG
Jericho Rise Wind Farm LLC	New York	100.00%	-	KPMG

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EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2009 and 31 December 2008

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Madison Windpower LLC	New York	100.00%	-	KPMG
Mesquite Wind, LLC	Texas	100.00%	-	KPMG
Martinsdale Wind Farm LLC	Colorado	100.00%	-	KPMG
Post Oak Wind, LLC	Texas	100.00%	-	KPMG
BC Maple Ridge Wind LLC	Texas	100.00%	-	KPMG
High Prairie Wind Farm II, LLC	Minnesota	100.00%	-	KPMG
Arlington Wind Power Project LLC	Oregon	100.00%	-	KPMG
Signal Hill Wind Power Project LLC	Colorado	100.00%	-	KPMG
Tumbleweed Wind Power Project LLC	Colorado	100.00%	-	KPMG
Old Trail Wind Farm, LLC	Illionois	100.00%	-	KPMG
Viento Grande Wind Power Project LLC	Colorado	100.00%	-	KPMG
OPQ Property LLC	Illionois	100.00%	-	KPMG
Meadow Lake Wind Farm, LLC	Indiana	100.00%	-	KPMG
Wheatfield Wind Power Project, LLC	Oregon	100.00%	-	KPMG
007 Vento I LLC	Texas	100.00%	-	KPMG
007 Vento II	Texas	100.00%	-	KPMG
008 Vento III	Texas	100.00%	-	KPMG
Horizon Wind Ventures I LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures II, LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures III, LLC	Texas	100.00%	-	KPMG
Clinton County Wind Farm, LLC	New York	100.00%	-	KPMG
Electricity business USA (a)				
BC2 Maple Ridge Holdings LLC	Texas	100.00%	-	Not audited
Cloud West Wind Project, LLC	Texas	100.00%	-	Not audited
Five-Spot, LLC	Texas	100.00%	-	Not audited
Horizon Wind Chocolate Bayou I LLC	Texas	100.00%	-	Not audited
Alabama Ledge Wind Farm LLC	Texas	100.00%	-	Not audited
Antelope Ridge Wind Power Project LLC	Texas	100.00%	-	Not audited
Arkwright Summit Wind Farm LLC	Texas	100.00%	-	Not audited
Ashford Wind Farm LLC	Texas	100.00%	-	Not audited
Athena-Weston Wind Power Project LLC	Texas	100.00%	-	Not audited
Black Prairie Wind Farm LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm II LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm III LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm IV LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm V LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower III LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower IV LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower VI LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm II LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm III LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm LLC	Texas	100.00%	-	Not audited
Chateaugay River Wind Farm LLC	Texas	100.00%	-	Not audited
Cropsey Ridge Wind Farm LLC	Texas	100.00%	-	Not audited
Crossing Trails Wind, Power Project LLC	Texas	100.00%	-	Not audited
Dairy Hills Wind Farm LLC	Texas	100.00%	-	Not audited
Diamond Power Partners LLC	Texas	100.00%	-	Not audited
East Clickitat Wind Power Project LLC	Texas	100.00%	-	Not audited
Ford Wind Farm LLC	Texas	100.00%	-	Not audited
Freeport Windpower I, LP	Texas	100.00%	-	Not audited
Gulf Coast Windpower Management Company, LLC	Texas	100.00%	-	Not audited
Homestead Wind Farm LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest VII LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest X LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest XI LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Panhandle I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest II LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest III LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest IV LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Valley I LLC	Texas	100.00%	-	Not audited
Horizon Wind MREC Iowa Partners LLC	Texas	100.00%	-	Not audited
Horizon Wind, Freeport Windpower I LLC	Texas	100.00%	-	Not audited
Juniper Wind Power Partners, LLC	Texas	100.00%	-	Not audited
Lexington Chenoa Wind Farm LLC	Texas	100.00%	-	Not audited
Machias Wind Farm LLC	Texas	100.00%	-	Not audited
Meadow Lake Wind Farm II LLC	Texas	100.00%	-	Not audited
New Trail Wind Farm LLC	Texas	100.00%	-	Not audited
North Slope Wind Farm LLC	Texas	100.00%	-	Not audited
Number Nine Wind Farm LLC	Texas	100.00%	-	Not audited
Pacific Southwest Wind Farm LLC	Texas	100.00%	-	Not audited
Pioneer Prairie Wind Farm II LLC	Texas	100.00%	-	Not audited
Rim Rock Power Partners LLC	Texas	100.00%	-	Not audited
Saddleback Wind Power Project LLC	Texas	100.00%	-	Not audited
Sardinia Windpower LLC	Texas	100.00%	-	Not audited
Turtle Creek Wind Farm LLC	Texas	100.00%	-	Not audited
Western Trail Wind Project I LLC	Texas	100.00%	-	Not audited

EDP Renováveis, S.A. and subsidiaries

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Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Whistling Wind WI Energy Center, LLC	Texas	100.00%	-	Not audited
Simpson Ridge Wind Farm LLC	Texas	100.00%	-	Not audited
Coos Curry Wind Power Project LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Midwest IX LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest XV LLC	Texas	100.00%	-	Not audited
Peterson Power Partners LLC	Texas	100.00%	-	Not audited
Pioneer Prairie Interconnection LLC	Texas	100.00%	-	Not audited
The Nook Wind Power Project LLC	Texas	100.00%	-	Not audited
Tug Hill Windpower LLC	Texas	100.00%	-	Not audited
Whiskey Ridge Power Partners LLC	Texas	100.00%	-	Not audited
Wilson Creek Power Partners LLC	Texas	100.00%	-	Not audited
WTP Management Company LLC	Texas	100.00%	-	Not audited

The **Associated Companies** included in the consolidation under the equity method as at 31 December 2008, are as follows:

Associates	Head Office	% Indirect	% Direct	Auditor
Biomasas del Pirineo S.A.	Huesca	24.00%	-	Not audited
Cultivos Energéticos de Castilla S.A.	Burgos	24.00%	-	Not audited
D.E. de Canarias, S.A.	Gran Canaria	35.80%	-	KPMG
Hidroastur S.A.	Oviedo	20.00%	-	Centium
Naturneo Energía, S.L.	Bilbau	49.01%	-	Not audited
PARQUE Eólico Belmonte, S.A.	Asturias	23.92%	-	KPMG
Parque Eólico Sierra del Madero S.A.	Soria	33.60%	-	Ernst & Young
Parque Eólico Altos del Voltoya, S.A.	Madrid	24.80%	-	KPMG
Sodecoan, S.L.	Sevilla	40.00%	-	Not audited
Solar Siglo XXI, S.A.	Ciudad Real	20.00%	-	Not audited
Eneop - Éolicas de Portugal, S.A.	Lisboa	19.60%	-	Mazars

The main financial indicators of the jointly controlled companies included in the consolidation under the **proportionate consolidation method** as at 31 December 2008, are as follows:

Jointly Controlled Companies	Head Office	Share Capital /Currency EUR	Non Current Assets 31-Dec-09 Euro'000	Current Assets 31-Dec-09 Euro'000	Non Current Liabilities 31-Dec-09 Euro'000	Current Liabilities 31-Dec-09 Euro'000	Total Equity 31-Dec-09 Euro'000	Total Incomes 31-Dec-09 Euro'000	Total Costs 31-Dec-09 Euro'000	Net Results 31-Dec-09 Euro'000	% Indirect	% Direct	Auditor
Electricity business													
Flat Rock Windpower LLC	New York	377 581 USD	-12,354	4,431	1,003	212	-9,137	15,642	-13,257	2,385	50.00%	50.00%	E &Y
Flat Rock Windpower II LLC	New York	149,060 USD	-5,080	1,176	370	88	-4,362	5,407	-4,008	1,399	50.00%	50.00%	E &Y
Compañía Eólica Aragonesa, S.A.	Zaragosa	6,701 EUR	109,753	16,231	51,184	15,073	59,728	20,579	-14,574	6,005	50.00%	50.00%	Deloitte
Desarrollos Energeticos Canarios S.A.	Las Palmas	15 EUR	-8	4	0	9	-13	0	0	0	39.92%	49.90%	KPMG
Evolución 2000, S.L.	Albacete	118 EUR	23,989	5,692	22,566	5,392	1,723	6,619	-4,811	1,808	39.32%	49.15%	KPMG
Horta Medioambiente, S.A.	Madrid	60 EUR	-30	0	0	56	-86	0	0	0	40.00%	50.00%	Not audited
Ibersol E Solar Ibér	Madrid	65 EUR	1,035	28	50	1,013	0	0	0	0	40.00%	50.00%	KPMG
Murciasol-1 Solar Térmica, S.L.	Madrid	3 EUR	74	25	0	99	0	0	0	0	40.00%	50.00%	KPMG
Tebar Eólica, S.A.	Cuenca	4,720 EUR	16,532	5,369	16,176	3,049	2,676	6,082	-4,253	1,829	40.00%	50.00%	Abante Audit Auditores

* These companies have been consolidated considering that EDP Renováveis, through its subsidiary NEO, hold 100% of Genesa share capital, taking in consideration the put option over Caja Madrid (as described in note 36).

EDP Renováveis, S.A.

Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2009

(Thousands of Euros)

	WIND ENERGY OPERATIONS					
	EUROPE					
	Portugal	Spain	Rest of Europe	Others	Adjustments	
Revenue	**123,336**	**260,534**	**38,355**	**6,645**	**12,567**	
External customers	123,336	258,590	38,355	287	19,270	
Other operating segments	-	1,944	-	6,358	-6,703	1,599
Cost of consumed electricity	-236	-10	-	-	-	-246
Changes in inventories and cost of raw materials and consumables used	19	-6,493	745	-18	943	-4,804
	123,119	254,031	39,100	6,627	13,510	436,387
Other operating income / (expenses)						
Other operating income	2,632	6,385	756	1,026	-946	9,853
Supplies and services	-17,633	-41,295	-7,573	-8,846	6,648	-68,699
Personnel costs	-2,232	-7,029	-1,549	-3,855	-	-14,665
Employee benefits expenses	968	-21	-1	-133	-	813
Other operating expenses	-5,204	-6,334	-3,761	-84	61	-15,322
	-21,469	-48,294	-12,128	-11,892	5,763	-88,020
	101,650	205,737	26,972	-5,265	19,273	348,367
Provisions	170	12	-	-	-	182
Depreciation and amortisation expense	-31,151	-106,745	-14,809	-1,387	-	-154,092
Amortisation of deferred income / Government grants	658	154	-	1	-	813
	71,327	99,158	12,163	-6,651	19,273	195,270
Gains / (losses) from the sale of financial assets	-	268	-	-	-	268
Other financial income	-	-44	10,370	10,256	-10,200	10,382
Interest income	2,846	4,923	54	130,161	-130,145	7,839
Other financial expenses	-32	-5,631	-4,524	-273	-8,655	-19,115
Interest expense	-25,711	-68,351	-17,370	-185,737	130,180	-166,989
Share of profit of associates	421	3,788	-	-	-	4,209
Profit before tax	48,851	34,111	693	-52,244	453	31,864
Income tax expense	-9,985	-7,804	-833	11,298	-	-7,324
Profit (loss) for the period	**38,866**	**26,307**	**-140**	**-40,946**	**453**	
Attributable to:						
Equity holders of EDP Renováveis	37,499	19,931	-319	-36,545	453	21,019
Minority interest	1,367	6,376	179	-4,401	-	3,521
Profit (loss) for the period	**38,866**	**26,307**	**-140**	**-40,946**	**453**	
Assets						
Property, plant and equipment	574,592	3,081,900	877,979	55,810	-	4,590,281
Intangible assets and Goodwill	43,920	107,048	49,550	75	571,751	772,344
Investments in associates	-	20,238	-	-23,835	49,521	45,924
Current assets	159,152	442,570	57,273	792,842	-839,570	612,26
Equity and Liabilities						
Equity and Minority Interest	81,582	864,882	190,378	6,079	-697,366	445,555
Current Liabilities	99,865	953,159	259,080	379,776	-545,615	1,146,265
Other information:						
Increase of the period						
Property, plant and equipment	105,400	535,294	381,463	19,973	-	1,042,130
Intangible assets and Goodwill	-	36,717	1,106	24	-	37,84

The following notes form an integral part of these Consolidated Annual Accounts

Total	U. S. A.	Other and Adjustments	EDP Renováveis Group
441,437	**204,649**	**2,156**	**648,242**
439,838	204,649	2,286	646,773
1,599	-	-130	1,469
-246	-1,198	-78	-1,522
-4,804	-	91	-4,713
436,387	203,451	2,169	642,007
9,853	115,318	60	125,231
-68,699	-65,418	-14,187	-148,304
-14,665	-19,641	-7,608	-41,914
813	-1,346	-100	-633
-15,322	-17,926	-590	-33,838
-88,020	10,987	-22,425	-99,458
348,367	214,438	-20,256	542,549
182	-	1	183
-154,092	-158,982	-1,276	-314,350
813	1,589	1	2,403
195,270	57,045	-21,530	230,785
268	-	-	268
10,382	6,218	2,144	18,744
7,839	692	8,442	16,973
-19,115	-59,590	-392	-79,097
-166,989	2,477	135,458	-29,054
4,209	-287	-	3,922
31,864	6,555	124,122	162,541
-7,324	-	-37,430	-44,754
24,540	**6,555**	**86,692**	**117,787**
21,019	6,555	86,775	114,349
3,521	-	-83	3,438
24,540	**6,555**	**86,692**	**117,787**
4,590,281	3,978,845	65,885	8,635,011
772,344	549,122	14,230	1,335,696
45,924	1,686	-1	47,609
612,267	208,581	284,508	1,105,356
445,555	2,858,681	2,023,319	5,327,555
1,146,265	274,160	-174,915	1,245,510
1,042,130	828,519	24,538	1,895,187
37,847	-	1,251	39,098

EDP Renováveis, S.A.

Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2008

(Thousands of Euros)

	WIND ENERGY OPERATIONS					
	EUROPE					
	Portugal	Spain	Rest of Europe	Others	Adjustments	
Revenue	**97,108**	**281,277**	**18,766**	**5,290**	**-1,826**	
External customers	97,108	274,731	18,766	124	3,722	394,451
Other operating segments	-	6,546	-	5,166	-5,548	6,164
Cost of consumed electricity	-222	-265	-	-	-	-48
Changes in inventories and cost of raw materials and consumables used	43	-10,652	-1,563	-5	926	-11,251
	96,929	270,360	17,203	5,285	-900	388,877
Other operating income / (expenses)						
Other operating income	864	2,673	801	1,330	-85	5,583
Supplies and services	-11,437	-32,935	-4,368	-11,670	4,633	-55,777
Personnel costs	-3,796	-9,338	-639	-4,759	-	-18,532
Employee benefits expenses	-11	-22	-	-129	-	-162
Other operating expenses	-6,082	-4,763	-2,403	-43	74	-13,217
	-20,462	-44,385	-6,609	-15,271	4,622	-82,105
	76,467	225,975	10,594	-9,986	3,722	306,772
Provisions	166	641	-	-	-	807
Depreciation and amortisation expense	-25,940	-85,963	-7,817	-358	-	-120,078
Amortisation of deferred income / Government grants	540	155	-	1	-	696
	51,233	140,808	2,777	-10,343	3,722	188,197
Gains / (losses) from the sale of financial assets	-	2,363	-	-	-	2,363
Other financial income	-	1,475	299	39	-	1,813
Interest income	1,151	8,036	212	77,574	-79,750	7,223
Other financial expenses	-50	-815	-1,158	-813	59	-2,777
Interest expense	-21,757	-68,029	-10,392	-122,505	67,542	-155,141
Share of profit of associates	-74	4,423	-	95	-	4,444
Profit before tax	30,503	88,261	-8,262	-55,953	-8,427	46,122
Income tax expense	-8,038	-27,996	-378	19,130	290	-16,992
Profit (loss) for the period	**22,465**	**60,265**	**-8,640**	**-36,823**	**-8,137**	
Attributable to:						
Equity holders of EDP Renováveis	22,469	45,524	-8,250	-26,717	-8,137	24,889
Minority interest	-4	14,741	-390	-10,106	-	4,241
Profit (loss) for the period	**22,465**	**60,265**	**-8,640**	**-36,823**	**-8,137**	
Assets						
Property, plant and equipment	497,926	2,607,316	483,192	74,935	-	3,663,369
Intangible assets and Goodwill	49,224	110,014	-4,282	77	590,857	
Investments in associates	-	16,659	-	12	22,080	38,751
Current assets	58,209	385,771	49,328	410,809	-430,602	473,515
Equity and Liabilities						
Equity and Minority Interest	52,560	844,480	133,785	34,534	-647,618	417,741
Current Liabilities	58,208	652,185	99,351	281,617	-297,890	
Other information:						
Increase of the period						
Property, plant and equipment	81,950	713,174	205,248	8,921	-	1,009,293
Intangible assets and Goodwill	40	31,358	99,151	-	-	130,549

The following notes form an integral part of these Consolidated Annual Accounts

Total	U. S. A.	Other and Adjustments	EDP Renováveis Group
400,615	**131,814**	**-**	**532,429**
394,451	131,814	-	526,265
6,164	-	-	6,164
-487	-506	-	-993
-11,251	-	-	-11,251
388,877	131,308	-	520,185
5,583	84,601	-660	89,524
-55,777	-45,381	-5,789	-106,947
-18,532	-17,098	-1,381	-37,011
-162	-928	-	-1,090
-13,217	-14,034	467	-26,784
-82,105	7,160	-7,363	-82,308
306,772	138,468	-7,363	437,877
807	-1	-	806
-120,078	-87,686	-	-207,764
696	-	-	696
188,197	50,781	-7,363	231,615
2,363	-	-	2,363
1,813	1,317	222,522	225,652
7,223	1,872	36,154	45,249
-2,777	-56,568	-221,966	-281,311
-155,141	10,974	77,358	-66,809
4,444	-6	-	4,438
46,122	8,370	106,705	161,197
-16,992	-	-31,987	-48,979
29,130	**8,370**	**74,718**	**112,218**
24,889	8,370	71,105	104,364
4,241	-	3,613	7,854
29,130	**8,370**	**74,718**	**112,218**
3,663,369	3,478,077	359	7,141,805
745,890	569,513	12,723	1,328,126
38,751	2,031	-	40,782
473,515	126,338	132,467	732,320
417,741	2,786,532	1,994,600	5,198,873
793,471	175,002	-187,713	780,760
1,009,293	1,212,603	374	2,222,270
130,549	-	-	130,549

documents issued by the statutory auditor

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 balance sheet at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated statement of cash flows for the year then ended and the notes thereto, the preparation of which 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 generally accepted auditing standards in Spain, which require examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating their overall presentation, of the accounting principles applied of the estimates made.

In accordance with prevailing Spanish legislation, these consolidated annual accounts for 2009 also include, for each individual caption in the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the notes thereto, comparative figures for the previous year. We express our opinion solely on the consolidated annual accounts for 2009. On 2 March 2009 we issued our unqualified audit report on the consolidated annual accounts for 2008.

In our opinion, the accompanying consolidated annual accounts for 2009 present fairly, in all material respects, the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2009 and the consolidated results of their operations and changes in consolidated equity and consolidated cash flows for the year then ended, and contain sufficient information necessary for their adequate interpretation and understanding, in accordance with International Financial Reporting Standards as adopted by the European Union applied on a consistent basis with the figures and information for the prior year, which have been included in the 2009 consolidated annual accounts for comparative purposes.

The accompanying consolidated directors' report for 2009 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 2009. 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
Partner

25 February 2010

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) Institutional and financial report for the year ended 31 December 2009, specifically in the chapter entitled "Sustainability", as well as in the chapter in which the organization is presented, entitled "edp Renováveis – a leader in sustainable value creation" ('the Report').

Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.0 (G3) of the Global Reporting Initiative as described in the "GRI Evaluation" section of the Report, and the information and assertions contained within it; 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 an independent report based on the work performed, which refers exclusively to the information corresponding to the year 2009. Data corresponding to previous years have not been the object of review. 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 comply with applicable ethical requirements and that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. We conducted our engagement in accordance with the independence requirements included in the IFAC Code of Ethics for Professional Accountants 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 sustainability 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.

documents issued by the statutory auditor

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 Sustainability Report of EDP Renováveis for the year ended 31 December 2009 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 the Sustainability Reporting Guidelines (G3) 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
Partner

12 March 2010

edp renováveis

statement on compliance of financial information

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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 24, 2010.

Mr. António Luís Guerra Nunes Mexia

Mrs. Ana Maria Fernandes Machado

Mr. António Fernando Melo Martins da Costa

Mr. Nuno Maria Pestana de Almeida Alves

Mr. João Manuel Manso Neto

Mr. José Silva Lopes

Mr. António do Pranto Nogueira Leite

Mr. Rafael Caldeira de Castel-Branco Valverde

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need

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