ANNUAL REPORT 2010

smart **energy** world

edp renováveis

smart **energy** world

A smart, efficient world, where nature's energy is our energy. Where sustainability and competitiveness are at the core of energy independence and generation. Where leadership through innovation and technology respect the future of our planet. That's our world. That's the EDP Renováveis world.

index

about this report

This is the third year EDP Renováveis (hereinafter "EDPR") publishes an integrated report describing the company's performance, with respect to the three pillars of sustainability: economic, environmental and social.

EDPR is focused on continuously improving its performance in Sustainability, and this is highlighted in its declaration of Vision and Mission, as a way to create value to our shareholders and to the society. As a leader in the renewable sector, EDPR plays a key role in EDP Group, as leader among Utilities on the Dow Jones Sustainability Index in 2010.

EDPR performed a study with a group of internal and external stakeholders to identify topics of concern and importance to our partners and stakeholders. This report addresses those areas of concern and importance.

GLOBAL REPORTING INITIATIVE (GRI)

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

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

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

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

GRI APPLICATION LEVEL

Following the GRI Guidelines, this report has been externally assured by KPMG, certifying the A+ application level self-declared by EDPR.

GRI PRINCIPLES

The GRI framework defines a list of principles to help organizations ensure that the content of the report is balanced and accurate. EDPR applied these principles as the basis for the 2010 Annual Report.

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

UN GLOBAL COMPACT

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

EDP has aligned itself with this initiative. As a result, EDPR is also committed in putting these principles into practice and informing society of the progress it has achieved.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

CORPORATE GOVERNANCE

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

EDPR reports on the corporate governance structure, shareholders' structure, management and control system, exercise of shareholder's rights, remuneration policy, shares and dividend policy and company's market relations.

SCOPE OF REPORT

This report relates to 2010's fiscal year, beginning January 1st, 2010 and ending December 31st, 2010, and also includes some key events from the first months of 2011. It contains information from EDP Renováveis, S.A., as well as all subsidiaries in the reporting period.

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

FEEDBACK SURVEY

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

GRI PRINCIPLES

Materiality	Stakeholder Inclusiveness	Sustainability Context
This report includes the relevant information for the company's stakeholders, as derived from the materiality studies performed.	The concerns and the feedback received from our stakeholders were taken into account during the report's creation.	This report is placed in the context of the company strategy to contribute to the sustainable development of society, whenever possible.
Completeness and Balance	**Accuracy, Clarity, Comparability and Reliability**	**Timeliness**
Unless otherwise stated, this report covers all the company's subsidiaries and is presented in a balanced and objective perspective.	The information presented follows the GRI directives to make the information comparable, traceable, accurate and reliable.	The information presented in this report relates to FY2010. EDPR is committed to report sustainability information at least once per year.

1	3
2	4

1. Photo by employee: Stephanie Brandon
2. Photo by employee: Heath Herje
3. Photo by employee: Michelle Graham
4. Photo by employee: Beth Oblon

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CEO

Dear stakeholders,

In the current uncertain environment, EDP Renováveis' strategy is proving to be an effective approach. In 2010, we made the right decisions to face and prepare for a demanding environment while maintaining our leadership position in the renewable sector.

One of the main drivers of our strategy is the ability to adjust to an increasingly complex world. The actions taken in 2010 clearly demonstrate this reality. Flexibility, opportunity and optimal execution are the "name of the game" in order to control risks and maximize profitability.

In the context of slow economic growth, volatile financial markets, increasing sovereign risk and regulatory pressure throughout the world, anticipation and flexibility were absolutely key to maintain an appropriate equilibrium of our three strategic pillars and keep our leadership position in the sector. Early in 2010, EDP Renováveis led the industry when it announced a reduction in pace of growth and, at the beginning of the 4th quarter, announced a further slowdown, anticipating a deterioration of market conditions and lack of Federal support towards renewables in the U.S. market.

Growth – Our operational results show a very strong performance. In 2010, we installed 1.1 GW of clean, CO_2 free energy capacity worldwide, reaching a total of 6.7 GW installed capacity.

Profitability – Our EBITDA grew more than 30% and our Cash Flow from operating activities grew more than 45%. Our net profits stood at 80 million euros. However, our capital structure was maintained at adequate levels, with financial debt representing no more than 25.5% of total assets. We have also continued to improve efficiency levels. Availability of the operational portfolio improved significantly in 2010, reaching 97%, while the average load factor of our portfolio stood at a strong 29%, maintaining a premium vs. the sector in our main markets.

Risk profile – Strong focus on managing risk exposure is a priority. In 2010, we signed more than 1.1 GW of Power Purchase Agreements ("PPA") worldwide. In the U.S. we closed up to 841 MW, the largest amount achieved by any of the operators in that market. Currently, 88% of our operational portfolio has limited exposure to short term price volatility through a combination of hedges, feed-in tariff, regulated floor prices or long-term PPAs.

We have prepared for the future. At the end of 2010, we have 649 MW of capacity under construction and a worldwide pipeline of more than 31 GW in 11 countries. In the UK, we were awarded 1.3 GW of off-shore capacity. In solar, we have 450 MW of projects in pipeline and are analysing opportunities both in new technologies and new markets. These provide additional opportunities and flexibility to continue ensuring a profitable growth for the company.

The changing world has also impacted the way stakeholders perceive the companies' results. Today, beyond economical performance, sustainability and social responsibility are also key to long term profitability.

EDP Renováveis leads the way in these domains. This is why we actively engage with society and all of our partners. Since the early stages of our activity, we promote an open and healthy dialogue with all parties involved in our activities. In all geographies in which we are present, jobs are being created, local communities are being supported and infrastructures are being developed or improved. This is the way to truly make a difference.

EDP Renováveis contributes decisively for EDP Group's global leadership position in what concerns sustainability - 100% of the generation we produce is renewable. The 14.4TWh produced in 2010 avoided the emission of 7.3 million tons of CO_2 into the atmosphere.

2011 is set to be a challenging year as well. The European financial and political situation is under scrutiny. In the U.S., the Obama administration will start the second half of its mandate after a first half where environmental policies were not particularly successful.

However, positive signs came from the UN Climate Change Conference in Cancun as the world still believes that immediate actions are required to manage the risks of global warming and energy independence continues to be a key theme in policy making.

Renewable energy has an undisputable role to support this vision and to contribute to a sustainable development.

We strongly believe that a balanced mix including the various renewable sources, favouring those in a more mature technological stage and a sensible introduction of new renewable technologies to the market are key to ensure the long-term sustainability of the sector.

Furthermore, the sector has the responsibility to adjust the wrongful perception regarding its role and contribution to the society. Renewables are a decisive part of the solution. They contribute for economic growth, job creation as well as more competitive, cleaner and safer societies. EDP Renováveis in particular is in the forefront of this effort. The example of the successful outcome achieved for transitory remuneration of Wind Farms in Spain clearly demonstrates that the Sector and EDP Renováveis are both part of the solution.

This is why we believe EDP Renováveis is on the right path, with the right strategy, given the flexibility provided by the choices taken in the past to adapt to different future scenarios. Simultaneously, we will continue to reinforce our corporate culture, consolidate the organization and its processes, develop our people and partner with all our stakeholders to continue the successful path.

To execute our strategy, we counted on the work and dedication of all our 822 employees. They are key to our success. This is why we more than doubled our investment in training and developed new benefits that go far beyond legal requirements, with a strong focus on promoting work/life balance. We have also launched our own Corporate University, which will promote career development and knowledge sharing inside the company.

Finally a word to our shareholders to thank them for their support and confidence: EDP Renováveis is a company which aims to combine the principles of environmental sustainability with financial and business acumen. In our yet short existence, we have managed to progress on the path we originally chose, combining loyalty to our principles with prosperous progress.

To all our stakeholders, thank you.

António Mexia
Chairman of the
Board of Directors

Ana Maria Fernandes
Chief Executive Officer

overview

HIGHLIGHTS OF 2010

Q1

8 JAN
EDPR is awarded 1.3 GW of wind offshore capacity in the UK

25 JAN
EDPR signs a 15-year agreement to sell green certificates from 120 MW in Poland

27 JAN
EDPR enters the Italian wind market through the acquisition of 520 MW to be developed

17 FEB
EDPR signs a new 20-year PPA with the TVA to sell energy from 115 MW in the USA

25 FEB
EDPR announces 2009 annual results

Q2

12 APR
EDPR is awarded a 10-year contract by NYSERDA to sell RECs from 171 MW in the USA

13 APR
EDPR holds its Annual General Shareholders' Meeting

26 APR
EDPR signs a procurement contract to deliver 1.5 GW of wind capacity

5 MAY
EDPR announces 1Q2010 results

19 MAY
EDPR hosts its first Investor's Day

28 JUN
EDPR closes Vento III institutional partnership structure for $141 million

Q3

6 JUL

EDPR is awarded 220 MW from the Government of Cantabria (16% of total assigned capacity in the tender)

12 JUL

The Romanian Government approved a new regulation, assuring the regulatory support and remuneration framework for the wind sector in the country

29 JUL

EDPR announces 1H2010 results

27 SEP

EDPR establishes an institutional partnership structure for 99 MW in the USA, securing $84 million

30 SEP

EDPR executes a project finance structure for 120 MW in Poland at the amount of PLN535 million (€135 million)

Q4

3 NOV

EDPR announces 9M2010 results

15 NOV

EDPR signs a 20-year PPA with AEP to sell energy from 99 MW in the USA

30 NOV

EDPR signs a 20-year PPA with the TVA to sell energy from 83 MW in the USA

8 DEC

The Spanish Government publishes new regulation providing regulatory stability to the wind sector in the country

9 DEC

EDPR establishes an institutional partnership structure for 101 MW in the USA, securing $99 million

13 DEC

EDPR signs a 5-year PPA with Constellation to sell energy from 198 MW in the USA

16 DEC

EDPR signs a 20-year PPA with Ameren and ComEd to sell energy from 175 MW in the USA

EDPR has secured in the USA a total of 841 MW of PPA contracts in 2010, after signing 555 MW in the Q4

20 DEC

The President of the United States of America signed the extension of the ITC cash reimbursement

overview

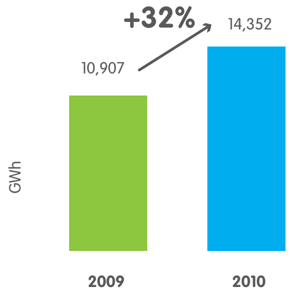
KEY INDICATORS

OPERATIONAL INDICATORS

	2010	2009
Capacity portfolio (*)		
EBITDA MW + ENEOP	**6,676**	**5,575**
Capacity Under Construction	649	739
Pipeline (Tier 1+2+3)	22,218	20,152
Prospects	8,844	9,419
Net capacity factor and availability		
NCF (%)	29%	29%
Availability (%)	97%	95%
Generation		
Electricity Generated (GWh)	**14,352**	**10,907**

(*) Throughout this Annual Report, EBITDA MW (incl. ENEOP) are reported for installed capacity and Gross MW are reported for capacity under construction, pipeline and prospects.

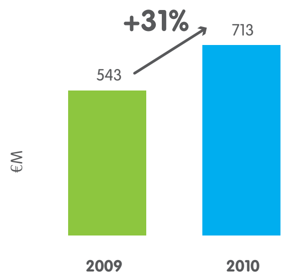
Growth in energy output



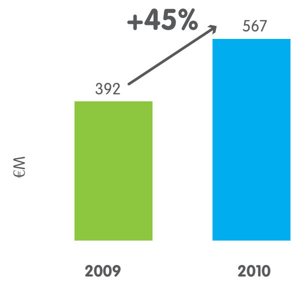
FINANCIAL INDICATORS

(€M)	2010	2009
Profit and Loss		
Gross profit	**948**	**725**
Opex and other operating results	(235)	(182)
EBITDA	**713**	**543**
EBITDA margin %	75.2%	74.9%
EBIT	290	231
Financial Results	(174)	(72)
EBT	121	163
Income tax	(38)	(45)
Net Income to equity holders of EDPR	80	114
Financial Position		
Total assets (book value)	12,835	11,294
Net debt (book value)	2,848	2,134
Equity (market value)	3,783	5,784
Enterprise Value (EV)	7,927	9,126
Net debt / EV%	35.9%	23.4%
Net debt / EBITDA	4.0	3.9
Capex	1,401	1,846
Cash-flow		
Net cash-flow from operations	**567**	**392**

Growth in EBITDA



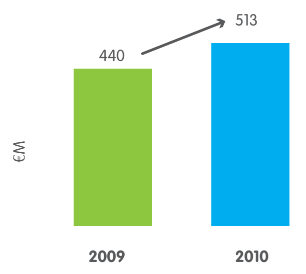
Growth in cash-flow from operations



ECONOMIC INDICATORS

	2010	2009
Economic performance		
Direct Economic Value Generated [1] (€M)	1,073	813
a) Revenues	1,073	813
Economic Value Distributed [2] (€M)	560	373
b) Operating costs	257	188
c) Employee wages and benefits	55	43
d) Payments to providers of capital	217	108
e) Payments to government	29	34
f) Community investments	2	1
Economic Value Retained [1]-[2] (€M)	513	440
Significant financial assistance received from government (€M)	370	297

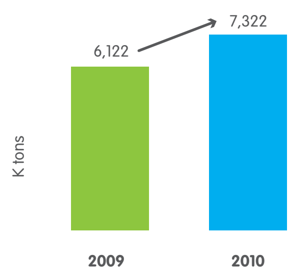
Economic Value Retained



ENVIRONMENTAL INDICATORS

	2010	2009
Biodiversity		
Production centers inside, partially within or adjacent to protected areas (%)	14%	12%
Emissions, effluents and waste		
CO_2 avoided (k tons)	7,332	6,122
Total waste (tons)	567	267
Total hazardous waste (tons)	272	137
Overall		
Total environmental protection expenditures and investments (€M)	15	9.5
Nr of facilities certified under ISO 14001	33	10
Capacity certified under ISO 14001 (MW)	958	290

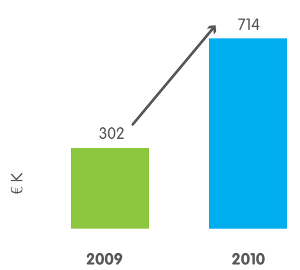
CO_2 avoided



SOCIAL INDICATORS

	2010	2009
Employment		
Number of workers	822	721
Gender ratio (% males)	68%	68%
Turnover rate	15%	15%
Average employee age (years)	38	37.7
Avg. minimum wage / national minimum wage	2.5	2.3
Occupational health and safety		
OSHAS 18001 (% installed capacity)	24.7%	13.6%
On duty accidents (#) (including contractors)	24	29
Fatal On-duty accidents (#)	0	1
Total days lost due to accidents (do not include contractors)	164	131
Training and education		
Total Hours of Training	26,734	14,559
Number of attendants	3,277	414
Total Training Investment (€ Thousands)	**714**	**302**

Total Training Investment



VISION, MISSION AND VALUES

our mission

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

our vision

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

our values

Trust…

…of shareholders, customers, suppliers and other stakeholders.

Excellence...

…in the way we perform.

Initiative...

…demonstrated through behavior and attitude of our people.

Innovation...

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

Sustainability...

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

OUR COMMITMENTS

We embrace EDP sustainability principles and we are committed to develop our activity in accordance.

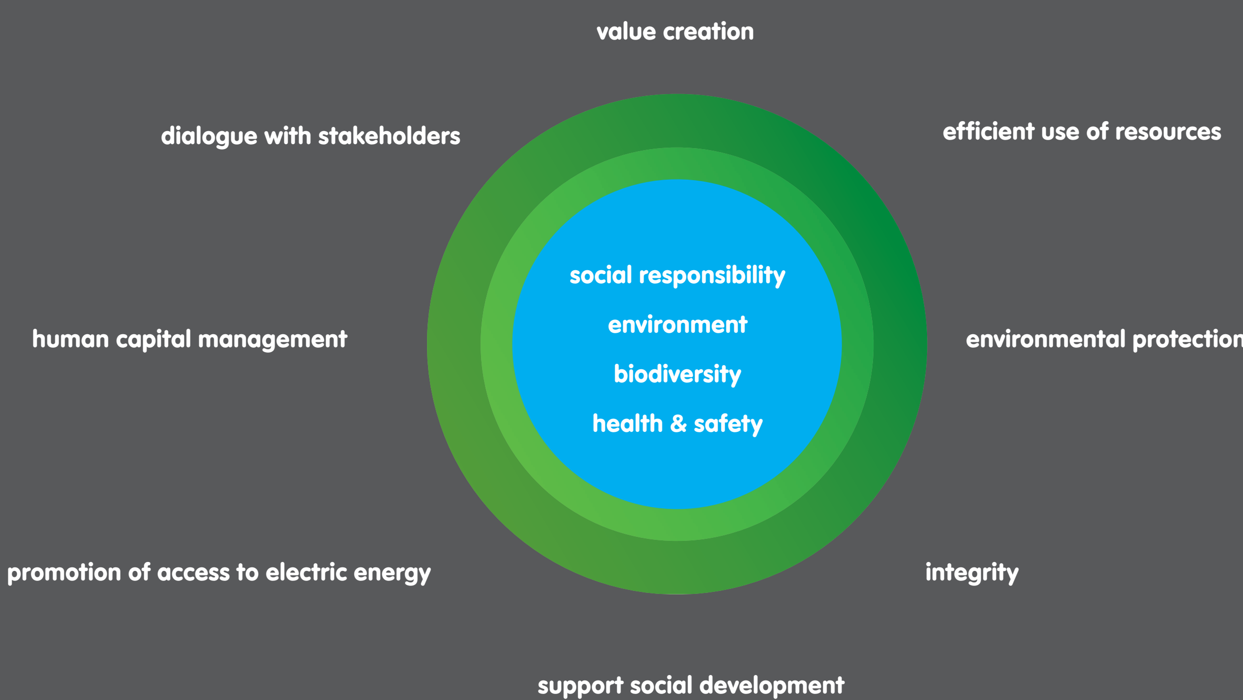
These principles guide the balance between economical, environmental and social activities of EDPR.

In early 2011, we harmonized and approved a new environmental and health & safety policies, as well as developed a biodiversity policy based on EDP Group's guidelines.

CORPORATE SOCIAL RESPONSIBILITY

EDPR plays an important role in society as a driving force in economic development and as a source of employment and value. The company's behavior and its relation with the community is guided by our social responsibility principles:

- Contribute to EDPR's integration with the communities that we work in;
- Foster initiatives to improve EDPR's social responsibility standards and practices;
- Achieve sustainable growth while creating value for all stakeholders.



If you want to learn more about our commitments, principles and policies, a full description can be found on EDPR website: www.edprenovaveis.com

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FOLLOW-UP FROM PREVIOUS REPORT

In 2009 Annual Report we included commitments for the following year:

COMMITMENT	OUTCOME
In 2009, EDPR conducted an assessment of its Sustainability practices. Current practices place the company at a 67.1% achievement of the analyzed criteria. The goal is to achieve a score of 75% in 2010.	In 2010, EDPR conducted again an assessment of its Sustainability practices. The company current practices were evaluated with an 79.3% score, above the goal set in 2009 Annual Report.
In 2010 a Sustainability department will be created at Corporate Level, to support this function and the implementation of the above mention plan.	In 2010 the Sustainability department has been created at Corporate Level. The Sustainability and H&S department in Europe was spitted in 2 new departments: Sustainability EU and Health and Safety EU.
In 2010, EDPR intends to develop initiatives to strengthen the knowledge about its stakeholders, their concerns, and optimize the means to interact with all of them.	A Stakeholders' survey, an Energy Sector Specific Sustainability Topics Study and a Sustainability Practices in EDPR survey were conducted during 2010.
In 2010, the (web)site will be redesigned in order to better address the company's external public and enhance the user experience.	The company website has been completely redesigned and a specific portal ("Save As") has been created to foster a sustainable behavior among the community.
Based in the results of the 2009 employee Satisfaction Survey, the Management of EDPR will develop an action plan in 2010 in order to improve the areas that impacted the most the employee's motivation, abilities and performance.	During 2010 an action plan has been developed in response to the satisfaction survey results, launching several initiatives to improve the areas suggested by the survey results.
Progress towards a 360 degree evaluation model.	A 360° Evaluation System was implemented at the end of 2010.
Environmental standards for operations were drafted in 2009 and were sent for internal review with the intent of finalizing them in 2010.	In 2010, EDPR NA added to its environmental management system (EMS). In addition to the Corporate Environmental Policy and Environmental Standards for Development adopted in 2009, the company met its commitment to begin adding Operational Standards to its EMS by adding a Waste and Hazardous Materials Standard.
In 2010, several initiatives will be launched to support the management and reduction of waste generated at the Company's operating wind farms.	In 2010, EDPR NA honored its commitment to support the management and reduction of waste generated at the company's wind farms by developing individually-tailored waste management plans for every site in operation at the start of 2010, and giving training on the best practices found at the sites to the operations staff. In EDPR EU, an environmental management system was extended to 23 new wind farms, were the verification of the waste treatment procedures helped to minimize as possible the amount of waste generated.
It is the intent that more than 20 new wind farms, accounting for 650 MW, will be certified in 2010 [in ISO 14001].	In 2010, 23 new wind farms have been certified, accounting for 958 MW.

OUR BUSINESS

OUR COMPANY

We are a world leader in the renewable energy sector. Our mission is to deliver safe and clean energy - contributing to a more sustainable world –through the development, construction and operation of wind farms.

With head offices in Madrid (Spain), we currently have operations in 11 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil.

At year-end 2010, we have 6.7 GW of wind energy capacity installed which, in the year, produced 14.4 TWh of 100% clean electricity, saving the world from 7,332 k tons of CO_2 emissions, the equivalent to the powering of 1.8 million homes in one year.

We are continuously expanding our business into attractive markets, for both growth opportunities and stable and profitable regulatory framework. We have undergone exceptional development in recent years and we are fully committed to further expansion while ensuring value creation for all other stakeholders. Our future growth is sustained by a strong pipeline of 31.7 GW of wind energy (including onshore and offshore), located in the 11 countries where we currently operate.

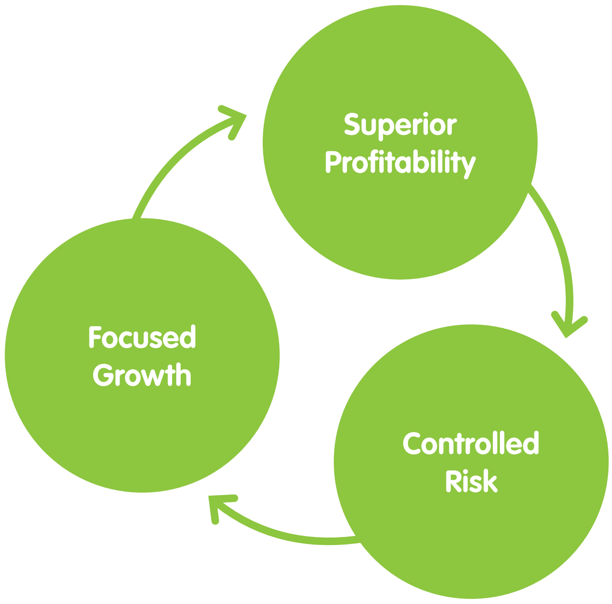
We are a dynamic team, of highly qualified and experienced people, repeatedly nurtured through relevant training (in 2010 over 26 thousand hours). At year-end 2010, we were 822 employees of 25 nationalities, divided between Europe and the Americas.

Our main shareholder (with a stake of 77.5%) is EDP – Energias de Portugal, a top-tier multi-national utility.

6.7 GW of installed capacity	**0.6 GW** of capacity under construction	operations in **11** countries…
31.7 GW of pipeline	**822** employees	**26.734 hrs** of personnel training
14.4 TWh of electricity produced	**7.3 M tons** of CO_2 avoided	**€ 948 M** of gross profit

OUR STRATEGY

Our strategic goal is to develop a robust and diversified portfolio, based on three pillars: focused growth, superior profitability and controlled risk. In 2010, our strong pipeline allowed us to consolidate our position as a top worldwide player and as a leader in value creation for all our stakeholders.



Optionality to adapt to alternative investment profile and balancing portfolio
…through pipeline expansion in several geographies

Flexibility to accommodate different growth paces, globally and locally
…through sourcing WTG and pipeline short term development

Scale to benefit from competitive conditions in the cost of sourcing
…through current presence and growth targets thus benefit EDPR's competitive advantages

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OUR ACTIVITY

We develop our strategy through a business model based on four main activities, comprising the complete value chain of wind energy development, construction and operation. Performing all of the activities within the company allows us to deploy our strategic vision into the day-to-day work. This approach is key to maximize value creation for our stakeholders, supported always by our strong core competences at each of these stages. For each phase, we set key indicators to measure our performance in 2010:

PROSPECT OF NEW COUNTRIES & TECHNOLOGIES	DEVELOPMENT OF PROJECT PORTFOLIO	PROCUREMENT, ENGINEERING & CONSTRUCTION	OPERATION & MAINTENANCE
• Analyze new markets and new technologies • Provide additional growth options with attractive return and controlled risk • Ensure flexibility for a sustainable long-term value creation	• Best in class wind assessment team supports pipeline maturity • Early interconnection request and proactive transmission initiatives are key to obtain the interconnection licenses • Local presence allows us strong knowledge in land securing and permitting process	• Ability to chose the best suitable WTG for project specifics • In-house wind farm design explains first-class assets • Assure top-class engineering and construction standards	• Skilled energy management and origination team • Remotely control wind farms with constant access to operational data reacting on real time to grid requirements and increasinh availability levels • Operate and maintain wind farms supported by best practices
• 3 new countries in 2010 • > 2.8 GW of new pipeline	• 9.6 GW with over a year of wind assessment • 581 environmental studies performed	• 1.1 GW increment of capacity • 29% load factor	• 14.4 TWh of energy produced • 97% energy availability

OUR TARGET

Following our strategy and core capabilities, we are committed to deliver a solid business model to our shareholders and all other stakeholders. This means a business model in which focused growth, superior profitability and controlled risk are the pillars towards sustainable value creation.

Based on our day-to-day actions we are determined to promote sustainable growth, preparing the company to invest also in new geographies and in new technologies. In 2011, we are planning to install additional wind energy capacity of 800-900 MW.

We will continue to take advantage of our core competences, from our first-class professional teams and assets, to optimize profitability through excellence of operations.

"EDPR's development of the best wind sites with the highest capacity factors and support of transmission into those areas is extremely important, and results in wind projects that are being built in remote areas with less impact on the general public and greater positive impact on the environment by generating cleaner and zero CO_2 emission electricity from each wind project." *EDPR supplier*

OUR INNOVATION

In the respect of our values, we believe that innovation is key to sustain competitive advantage and support growth. For us, innovation is a way to optimize operations and to create new products and services. We believe that innovation is important for improving existing technologies and exploring new ways to find satisfying solutions for the problems that the energy world will face in a near future.

In 2010, we invested 4.8 million euro in innovation projects within various areas of our Company.

INNOVATIVE CONSTRUCTION

We continuously search for innovative solutions, in order to adopt most efficient methodologies in the construction activities, while minimizing the impacts on the environment.

INNOVATIVE CONSTRUCTION

Wind farm built with an aerial crane

During the construction of a wind farm in Spain, for the first time ever, a helicopter was used to transport turbine blades in its assembly. The innovation lies in the fact that turbine blades were carried by aerial cranes instead of traditional transportation by lorry, which considerably reduces the environmental impact. This was the first time that a wind farm in Spain used this innovative system in its assembly process and the second time in Europe.

OFF-SHORE WIND

Offshore wind is becoming increasingly viable in international markets. Worldwide offshore wind installations have reached more than 3 GW in 2010. It is expected that the UK and Germany will be the two leading markets in the next five years. Benefits of offshore wind energy include superior and steadier wind resources as well as potentially shorter transmission paths to load centers. Offshore wind provides "green" jobs and attracts various manufacturing, assembling and logistic companies, which can boost local economies.

In late 2009, Moray Offshore, a joint venture between EDPR and SeaEnergy was incorporated in order to develop, construct and operate offshore wind farms off the Scottish coast in UK's Economic Exclusive Zone. Moray Offshore submitted a bid to 'The Crown Estate's Round 3' offshore wind tender program and in January 2010 it was awarded the exclusive rights to develop 1.3 GW in the Moray Firth, which is Zone 1 of the Round 3 tender.

The overall challenge will be to increase the competitiveness of offshore wind technology and to continue to drive down costs.

We are also a shareholder in EDP Inovação for an innovative project in off-shore technology called 'WindFloat'.

OFF-SHORE WIND

WindFloat

WindFloat project aims to assess the feasibility of the WindFloat technology which is based on a semi-submersible offshore foundation. The first phase of the project consists of the installation and testing of one WindFloat platform with a 2 MW wind turbine. The project will be located 5 km offshore in Aguçadoura (North of Portugal) in waters more than 50 meters deep.

The WindFloat concept is based on technology from the oil industry. Among this technology's greatest benefits is the fact that it will enable the deployment of multi-megawatt wind turbines in water depths greater than 50 meters whereas current technology for offshore foundations are still very challenging from an economic perspective.

SOLAR

Apart from wind, we are monitoring the development of other renewable technologies. Our teams have been working to study the strengths and weaknesses of each available technology as well as the most promising sites.

Currently, we have over 450 MW of potential solar projects identified. These projects are located in two of the most important solar markets in the US (California and Arizona) and are suitable for either photovoltaic or solar thermal technologies. A full-time dedicated team has been focused on the development of these projects, on the bidding for solar PPAs and on the searching for new greenfield opportunities in North America, while studying different market opportunities in Europe.

"EDPR contributes to the adoption of new renewable technologies that allow decreasing CO_2 emissions." *Energy assessment employee*

overview

INNOVATIVE TURBINE FOUNDATION DESIGN

We are carrying out a R&D project with the aim of investigating the real mechanism that transfers the loads of a wind turbine to the soil. The actual knowledge of this phenomenon is limited, and the current practices are imported from other traditional sectors.

PARTNERSHIPS FOR R&D

We promote innovation not only within our own operations, but also in collaboration with partners within the business, public and voluntary sectors and among local communities.

PARTNERSHIPS FOR R&D

Wind output maximization

EDPR agreed to work with Vestas in order to implement a test phase of two R&D project for innovative products: Wind turbine control using LIDAR for wind field sensing and a new concept of blades implementing mobile surfaces (flaps).

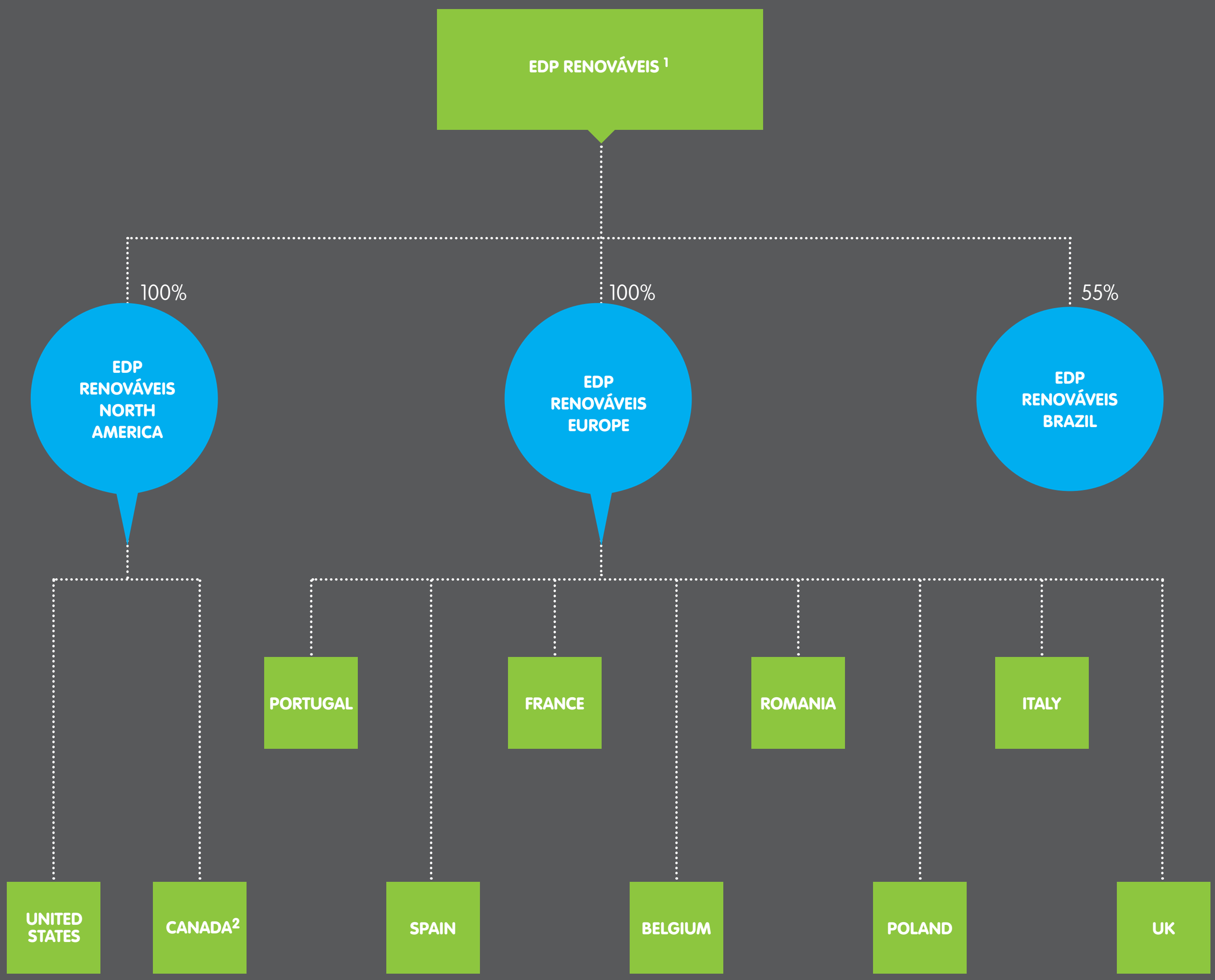
Energy storage

EDPR in partnership with Argonne National Laboratory (US) is studying the use of energy storage technology to improve grid reliability and power forecasting.

New technologies

EDPR has a formal 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, EDPR closely follows the major developments in terms of new renewable technologies, aligned with the Company's strategy. In 2010, the main project developed of this partnership with EDP Inovação was the WindFloat project.

ORGANIZATION



[1] Non-exhaustive Organization Chart, illustrating geographies of presence rather than comprehensive list of legal entities. For simplification purposes, country holdings are shown (full list shown in annex 1 in the notes to the consolidated financial statements representing individual wind farm entities).

[2] 100% owned by EDPR, operationally integrated in EDPR NA

overview

RECOGNITION AND AWARDS

Being a leading company means to be a reference to various types of public entities. As a result of being a global organization that achieves significant accomplishments, EDPR has been widely recognized during 2010 for its best practices in business, vision and sustainable leadership in the renewable energy sector.

COMPANY OF THE YEAR

According to the ranking of the 500 Largest & Best companies with economic and financial activities in Portugal, EDPR was the most outstanding in 2009 and the best in the Water, Electricity and Gas sector. In a partnership with 'Exame' and consultants Deloitte and 'Informa D&B Portugal', there were several indicators and ratios that contributed to the evaluation of the companies under consideration in each of the 24 activity sectors in Portugal: net results, asset profitability, equity profitability, sales profitability based on results, gross added value of sales and solvency and general liquidity. The survey is published annually.

At a ceremony held at the Hotel Ritz in Lisbon, EDPR CEO Ana Maria Fernandes received the award and praised the work of her team.

EDPR AWARDED IN EXCELLENCE

EDPR was awarded the first of three prizes given in the first edition of Excellence Prizes in Spanish Companies with Portuguese Capital, an initiative held by the Círculo de Empresarios y Gestores Españoles y Portugueses (CEGEP). After the considerable task of compiling information related to every Portuguese company operating in the Spanish market, EDPR was distinguished as first in Excellence based on six quantitative criteria.

EDPR stands out in the creation of jobs and financial autonomy, as 80% of its assets are self-funded. Further, it is second in productivity.

THE MOST REPUTABLE PORTUGUESE LISTED COMPANIES

In a study led by the Reputation Institute EDPR achieved the highest ranking with 71.58 points. The annual online survey of the general public measures the corporate reputations of 600 of the world's largest companies in 32 countries. The topline results of this study are published annually in Forbes as a ranking of 'The World's Most Respected Companies'.

Global Reputation Pulse score provides a powerful global benchmark for tracking corporate reputations around the world, as well as measuring the reputation impact of events and initiatives.

CONSOLIDATION AS A LEADING COMPANY IN SUSTAINABLE DEVELOPMENT

Reporting on sustainability performance is an important way to manage the impact of the organizations on sustainable development, since they have not only the responsibility but also a great ability to exert positive change on the state of the world's economy, as well as on environmental and social conditions.

By taking a proactive role to collect, analyze, and report important steps taken by the company to reduce potential business risk, EDPR promotes Transparency and Accountability. Putting information on the public domain allows stakeholders to track the company's performance on broad themes – such as environmental performance - or a particular issue - such as labor conditions on sites.

BEST PROJECT DEVELOPER IN THE UNITED STATES

'Environmental Finance', a leading global publication covering environmental markets, has named EDPR NA as the Best Project Developer in the North America Renewable Energy Finance sector. The winners from the annual market survey were announced December 16, 2010 on the publication's website www.environmental-finance.com.

The survey reveals the winning firms based on votes provided by clients, peers and competitors. During October and November, around 1,200 votes were received in the market survey from readers of the publication, as well as from others active in environmental trading and finance.

HOUSTON CHRONICLE'S 2010 TOP 100 WORKPLACES

EDPR NA has been named to the Houston Chronicle's annual survey of the Top 100 Workplaces in Houston. This is the first time the company has received this recognition and it ranked in the top 10 out of 57 medium-sized companies.

The Houston Chronicle partnered with WorkplaceDynamics to identify the Top 100 Workplaces in Houston. The rankings are based on the responses received from an employee survey. The survey elicited responses from employees about their opinions of the workplace and asked questions related to the employees' attitudes about management's credibility, job satisfaction and work-life balance.

The results from the employee survey were compared across organizations. Companies with 150-499 employees were categorized as medium-sized companies.

RUI TEIXEIRA, CFO OF EDPR, RECOGNIZED IN THE TOP 100 CFOS IN SPAIN

EDPR CFO, Rui Teixeira, has been recognized among the 100 Best CFOs in Spain for the second year, according to a study by the professional services firm KPMG along with the magazine Actualidad Económica. The list, which was produced in Spain, recognizes the Top 100 CFOs responsible for financial departments that perform best practices, have strategic vision and have especially adapted to international trends.

EDPR: THE MOST INNOVATIVE IN SOUTHERN BRAZIL

EDPR was voted the most innovative company in southern Brazil in the energy segment at the 7th edition of the 2010 Innovation Champions Ranking organized by Brazilian magazine 'Amanhã'. The company is thus part of the group of 50 companies with the highest potential for innovation in the region.

Leadership in the energy sector has come through the investments made in acquiring the Cenaeel wind farm in 2008, including the Horizonte and Água Doce units, which are part of Proinfa (Alternative Energy Sources Incentive Program). In Rio Grande do Sul, EDPR is building Tramandaí, a wind farm with an installed capacity of 70 MW, the biggest of EDPR's portfolio of generating assets in Brazil.

In selecting the most innovative companies in southern Brazil the Ranking took into account six basic innovation dimensions, which range from organizational culture, innovation actions and the flow of creative ideas to results ensuing from the capacity to transform new proposals into products or services.

INVESTOR RELATIONS DIRECTOR RUI ANTUNES RANKED AS ONE OF EUROPE'S TOP EXECUTIVE

Institutional Investor magazine released the winners of the 2010 All-Europe Executive Team naming EDPR Investor Relations Director Rui Antunes the third top Investor Relations Professional in the Energy Utility category.

The rankings are derived from an annual survey conducted by Institutional Investor. The magazine surveys buy-side analysts, portfolio managers and sell-side analysts at securities firms and financial institutions to identify the best chief executive officers, chief financial officers, investor relations professionals and corporate investor relations teams across 33 industry sectors. The rankings reflect the opinions of nearly 1,750 analysts, portfolio managers and executives from over 530 firms.

BEST SUSTAINABILITY DEAL AWARD FROM THE EMEA FINANCE ACHIEVEMENTS AWARDS TO MARGONIN, POLAND

Margonin Wind Farm Project has been recognized as the Best Sustainability Deal according to the evaluation made by the editorial team of 'emeafinance'. Margonin's project finance transaction was submitted by EDPR having Millennium Group acting as financial advisor (through Millennium Investment Banking) and Bank Millennium in Poland as mandated lead arranger.

Margonin is Poland's largest fully commissioned onshore wind farm (120MW) located in northwest Poland. It has scaled up Poland's wind installed capacity by 12%, helping the country to meet the European Union green energy quotas. It is a groundbreaking deal in Poland, not only due to its size, but mainly due to its innovative electricity off-take arrangements, which allow the sponsor to capture an eventual upside from the expected increase in the wholesale electricity prices.

Furthermore, the high quality of the project has been confirmed by a wide range of financing institutions, including the EIB (European Investment Bank) and the EBRD (European Bank for Reconstruction and Development) as well as several commercial banks, namely Bank Millennium S.A., BESI and Unicredit's Pekao, which supported the project with each of them providing one third of the commercial banks' funding.

ENVIRONMENTAL AFFAIRS DIRECTOR RENE BRAUD TO WIN AWEA LEADERSHIP AWARD

EDPR NA Director of Permitting and Environmental Affairs Rene Braud received the American Wind Energy Association's inaugural Special Achievement in Environmental Leadership award during the annual AWEA Wind Energy Fall Symposium. Rene was nominated by her peers in the wind energy industry and was chosen for this honor by the Membership Awards Committee comprised of AWEA board members.

Rene's enthusiasm shines through in her energy and creativity and her efforts have made a lasting, positive impact in environmental stewardship. Her leadership has echoed through the industry and inspired others to strive to operate at her elevated level.

overview

GOVERNANCE

GOVERNANCE MODEL

Our governance model is designed to ensure the transparent, meticulous separation of duties and the specialization of supervision.

EDPR's governance structure comprises a General Meeting of Shareholders, and a Board of Directors that represents and manages the company.

In addition to constituting an essential instrument for ensuring the effective management and control of the Company's activities, EDPR's corporate governance system is meant to ensure:

- the creation of value for shareholders;
- the control of corporate risk;
- transparency for the market

The Board of Directors is supported by:

- an Executive Committee;
- an Audit and Control Committee;
- a Nominations and Remunerations Committee;
- a Committee on Related Party Transactions.

The Board of Directors has transmitted the majority of the executive powers to the Executive Committee.

To support the CEO and the day-to-day management of the Company, the Executive Committee appointed a Management Team that consists, apart from the CEO itself, of:

- the Chief Financial Officer (CFO);
- the Chief Business Development Officer (CBDO);
- the Chief Operating Officer for Europe (COO EU);
- the Chief Operating Officer for North America (COO NA)

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2010 activity, please refer to the Corporate Governance section, at the end of this report.

BOARD OF DIRECTORS

executive committee

António Mexia
Chairperson

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 José Queiroz de Barros de Lacerda
Gilles 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

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

Nominations and Remunerations Committee
Jorge Santos
João Lopes Raimundo
Rafael Caldeira Valverde

Committee on Related Parties Transactions
Antônio Nogueira Leite
João Manuel de Mello Franco
João Manso Neto

MANAGEMENT TEAM

Rui Teixeira
CFO

Luis Adão da Fonseca
CBDO

João Paulo Costeira
COO - Europe

Gabriel Alonso Imaz
COO - North America

overview

ETHICS

We are committed to address ethics and compliance in all its activities. Each of our employees is key in the responsibility that EDPR has to comply with all legal and ethical obligations.

We want to be trusted and for that we are 100% dedicated in getting the means to achieve our goal.

GOVERNANCE MODEL FOR ETHICS

EDPR has a global Ethic Code, adopted by all company's employees. Employees of EDPR must comply with the Code of Ethics and approved corporate policies.

"EDPR outperforms other companies in ethics, code of conduct and corporate policies."
EDPR employee

Every employee is required to manually or electronically acknowledge that the policies have been read and understood.

In early 2011, EDPR's Board of Directors approved the Code of Ethics Regulation, which defines the following functions and responsibilities:

ETHICS COMMITTEE	ETHICS OMBUDSMEN
• Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company; • Proposing corporate ethics instruments, policies, goals and targets; • Analyzing reported violations of the Code of Ethics • Appointing the Ethics Ombudsmen	• Receiving reports and preparing cases to submit to the Ethics Committee; • Monitoring each violation case until its conclusion and liaising with the complainant whenever necessary; • Drafting quarterly reports regarding compliance with the Code of Ethics.

The Ethics Committee is a social body in the dependency of the Board of Directors. However, since it was approved in 2011, it is not yet mentioned in the Corporate Governance report.

COMMUNICATION CHANNELS

A "Code of Ethics" e-mail channel is available for the communication of any breach of the Code. A "whistle-blowing" phone line, as well as an e-mail channel is also available on the Company's Intranet, which allows a direct and confidential communication of any presumably illegal practice and/or of any alleged accounting or financial irregularity occurring within the company.

Employee with training manual

ETHICS PROGRAM

In 2010, we launched the Ethics Program that consists of an interpretative guide of the Code of Ethics, a survey to assess how ethics is faced by EDPR's workers and a training program.

The Ethics program began in Portugal and Brazil during 2010 and it will be completed in 2011.

For the EDPR NA and the remaining EDPR EU countries, this Program should take place in the 1st semester of 2011.

HUMAN RIGHTS

The Code of Ethics contains specific clauses on the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labor and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations Universal Declaration of Human Rights, the International Labor Organization and the Global Compact. EDPR's general contracting conditions also include a clause to eliminate any form or kind of forced or compulsory labor.

"Ethics, impeccable conduct and responsibility are major concern areas in my field."

EDPR financial employee

COMPLIANCE

As the business culture in the countries in which we operate is entirely respectful of human rights, the company has not undergone any human rights screening of suppliers or contractors and its investment agreements do not include human rights clauses.

In 2010, EDPR recorded a complaint against the Company for discrimination, but it has been resolved and was withdrawn by the complainant in May, 2010, as reflected in the records at the Equal Employment Opportunity Commission (EEOC).

EDPR has no knowledge of any activity carried out that could jeopardize the right of freedom of association or the right to adhere to collective bargaining agreements. The Company also did not identify any operation that could have significant risk for incidents of child labor, forced and compulsory labor or indigenous rights.

In 2010, there were not recorded any claims in the ethics communication channels. Furthermore, no corruption-related incidents occurred at EDPR and no legal actions for anti-competitive behavior, anti-trust, and monopoly practices were recorded.

There were no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, nor concerning marketing communications, nor complaints regarding breaches of customer privacy and losses of customer data, nor injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of disease.

Regarding laws and regulations in products and services there were penalties with a total of €149,403. One of these was imposed to a project in North America. In May, 2008, a Texas project was issued a verbal directive by Electric Reliability Council of Texas (ERCOT) to increase variable production to assist a low voltage situation on the grid. A third party vendor, acting on behalf of the project, did not provide the required assistance, therefore, the directive was not followed and the Texas Reliability Entity (TRE) assessed a penalty against the project of €149,353. The project has since paid this penalty and finalized a mitigation plan in 2010, which has been approved by TRE and fully implemented.

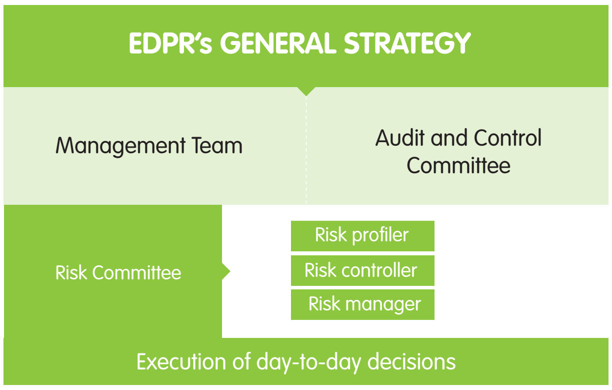
RISK MANAGEMENT

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

EDPR's risk management processes are supported on an integrated and transversal management model that ensures the implementation of best practices of Corporate Governance and also transparency in the communication to the market and shareholders.

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

It is also important to mention that this entire process is followed and supervised by the Audit and Control Committee, an autonomous supervisory body composed of non-executive members.



overview

RISK RELATED STRATEGIC QUESTIONS AND RISK AREAS

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

	Define strategy and targets	Find and scan opportunities	Develop projects	Invest and build	Operate
Key strategic questions	• How much EDPR should grow? • In which platform? • When? • Which countries seem to have favorable regulation?	• Which is the best opportunity? • Go alone or need a partner? • Green field or acquisition?	• Which is the best turbine for the site? • What delays in COD may happen? • What other specificities should be considered?	• Is the project expected profitability aligned with project risk profile? • How does this project expected return compares with others?	• Is the availability factor in line with what was contracted? • What should be the energy sales strategy?
Risks areas		Pipeline development	Pipeline development	Turbine contracts	Revenues Performance Count. & Reg.
	Countries & Regulation	Countries & Regulation	Countries & Regulation		
	Financing	Financing	Financing	Financing	Financing

The following table summarizes the main risk areas of EDPR's business. The full description of each risk and how they are managed can be found in the Corporate Governance chapter.

Risk area	Description
Countries & Regulation	• Changes in regulations impact EDPR's business in a given country
Revenues	• Revenues percelved by EDPR's projects diverge from what is expected
Financing	• EDPR is not able to raise enough cash to finance all its planned capex • EDPR's synthetic rating goes down
Turbine contracts	• Changes in turbine prices and performance impact projects profibility • Lack of flexibility in contracts may impact EDPR's development or construction plans
Pipeline development	• EDPR delivers an installed capacity different from its targets or suffers delays / anticipations in its installation
Operations	• Projects deliver a volume different from expected

PUBLIC POLICY

We are aware of the importance and impact that our presence has in each one of the markets when it comes to economic growth, respect for the environment and social development.

EDPR is committed to contributing to public policy dialogue with key public institutions and local communities, generating effective initiatives and policy solutions that promote the development of renewable energy.

We are aware that only through legal and regulatory certainty, we will be able to not only provide a sustainable business in the long term but also consistently bring value to all our stakeholders.

AFFILIATE ORGANIZATIONS

We are a member of several energy associations in the countries where we have presence, where we play a relevant role supporting the development of renewable energy.

We are also involved in public policy issues led by various associations ensuring EDPR's business objectives are supported on global and local levels. These associations include:

Geography	Organization		Description
International		Global Wind Energy Council	Global wind industry trade association, providing a credible and representative forum for the entire wind energy sector at the international level, to ensure that wind power establishes itself as one of the world's leading energy sources, providing substantial environmental and economic benefits.
Europe		European Wind Energy Association	Voice of the wind industry, actively promoting the utilization of wind power in Europe and worldwide, and representing the wind sector development before the European Commission. EDPR is a member of EWEA Board.
USA		American Wind Energy Association	US trade association representing wind power project developers, equipment suppliers, services providers, parts manufacturers, utilities, researchers, and others involved in the wind industry. AWEA represents wind energy advocates from around the world.
Portugal		Associação Portuguesa de Produtores de Energia Eléctrica de Fontes Renováveis	Non-profit association that aims the coordination and representation of its Associates, in developing energetic and environmental policies in renewable energies (hydro, wind, biomass, biogas, solar, offshore).
Spain		Asociación Empresarial Eólica	Association with the following objectives: overcoming the technical and statutory barriers that affect the growth of wind power, maintaining and consolidating the retributive regimen of the electrical production of wind origin that allows the sustainable development of the sector. EDPR is a member of the Board and participates actively in the working groups organized by AEE.
France		Syndicat des Énergies Renouvelables	Association in permanent contact with political officials, ministerial offices and the administration to defend the interests of the profession. The grouping of all the channels can be recognized as a partner of unquestionable authority.
Belgium		Association pour la Promotion des Energies Renouvelables	Association that works for the development of renewable energy in a context of rational use of energy and sustainable development of human activities.
Poland		Polskie Stowarzyszenie Energetyki Wiatrowej	Association considered one of the most effective organizations for the creation of a suitable legal framework allowing the development and operation of renewable energy sources in Poland, in particular of wind power.
Romania		Asociatia Romana Pentru Energie Eoliana	Association to promote the benefits of wind energy and ensuring a legal framework for its development and optimal investment in Romania.
United Kingdom		Renewable UK	Trade and professional body for the UK wind and marine renewable industries. RenewableUK is the leading renewable energy trade association in the UK.
Italy		Associazione Nazionale Energia del Vento	Association of producers and traders of electricity derived from wind sources.
Canada		Canadian Wind Energy Association	Non-profit trade association that promotes the appropriate development and application of all aspects of wind energy in Canada, including the creation of a suitable policy environment. EDPR NA is a member of the board of directors and active participant in several committees related to policy, siting, and environmental.
Brazil		Associação Brasileira de Energia Eólica	Private non-profit organization that brings together companies belonging to the chain-generating wind power. Its goal is to promote the production of electricity from wind power as an additional source of national energy policies.

CONTRIBUTIONS TO POLITICAL PARTIES

In 2010, EDPR NA contributed $39,150 of corporate funds to various campaigns including ballot measures and state political campaigns that champion the company's goal of increasing opportunities for renewable energy in the United States. In total, EDPR NA corporate funds were disbursed to 59 campaigns in eight states. Corporate campaign contributions are approved through an internal steering committee and the Executive Committee, and reviewed by EDPR NA's internal legal team and a third party consultant to ensure disbursements abide by local state and federal laws. In EDPR EU, there were no contributions to political parties in 2010.

overview

STAKEHOLDERS

We are committed to ensure a transparent and trustworthy relation with all our stakeholders. Therefore, EDPR makes use of the most appropriate communications channels to maintain an open dialog with our stakeholders, in order to ensure that their concerns are clearly identified and addressed, and that the company performance from a economic, environmental and social perspective is communicated in an efficient way.

MATERIALITY ANALYSIS

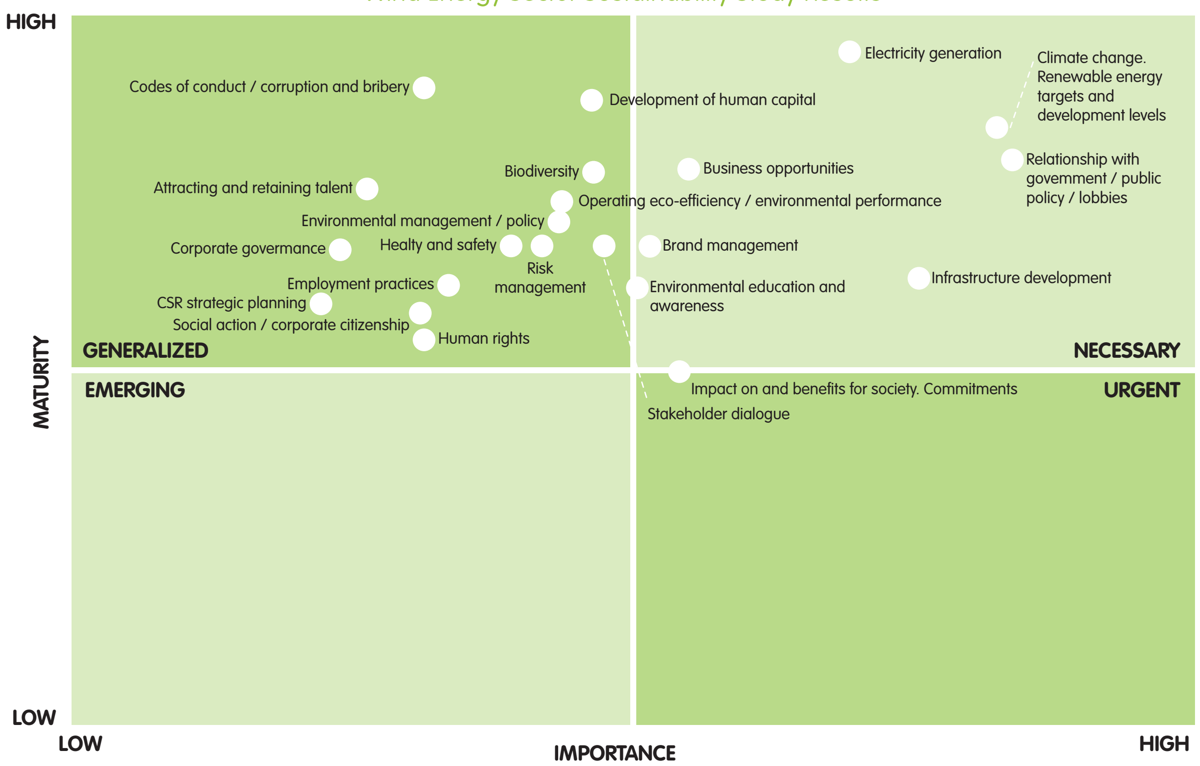
The dialog with our stakeholders is essential for our business as means to engage with those whose opinion should be taken into account. In this context, we have performed the following studies:

1. Stakeholders' Survey
2. Energy Sector Specific Sustainability Topics Study
3. Sustainability practices in EDPR Survey

ENERGY SECTOR SPECIFIC SUSTAINABILITY TOPICS STUDY

In 2010, we performed a study to rank those topics identified as most relevant in the wind energy sector. As a basis for the study, a list of indicators was selected from the Dow Jones Sustainability Group Index and the Global Reporting Initiative. These indicators were evaluated in two dimensions: maturity and importance. Maturity is an analysis of the relevance given by peer companies in their reporting literature. The second dimension, importance, is a measure of the relevance and exposure of these topics in public and opinion leaders' communications weighted by the entity influence in the sector. The groups analyzed were industry opinion leaders, press coverage and public opinion leaders.

Wind Energy Sector Sustainability Study Results



Source: KPMG

Importance is based on the attention paid by external groups

TOP 5 INDICATORS ACCORDING TO MATURITY
1. Electricity generation
2. Codes of conduct/bribery and corruption
3. Development of human capital
4. Climate change. Targets and development of renewable energy
5. Relations with government/public policy/lobbies

TOP 5 INDICATORS ACCORDING TO IMPORTANCE
1. Relations with government/public policy/lobbies
2. Climate change. Targets and development of renewable energy
3. Infrastructure development
4. Electricity generation
5. Business opportunities

STAKEHOLDERS' SURVEY

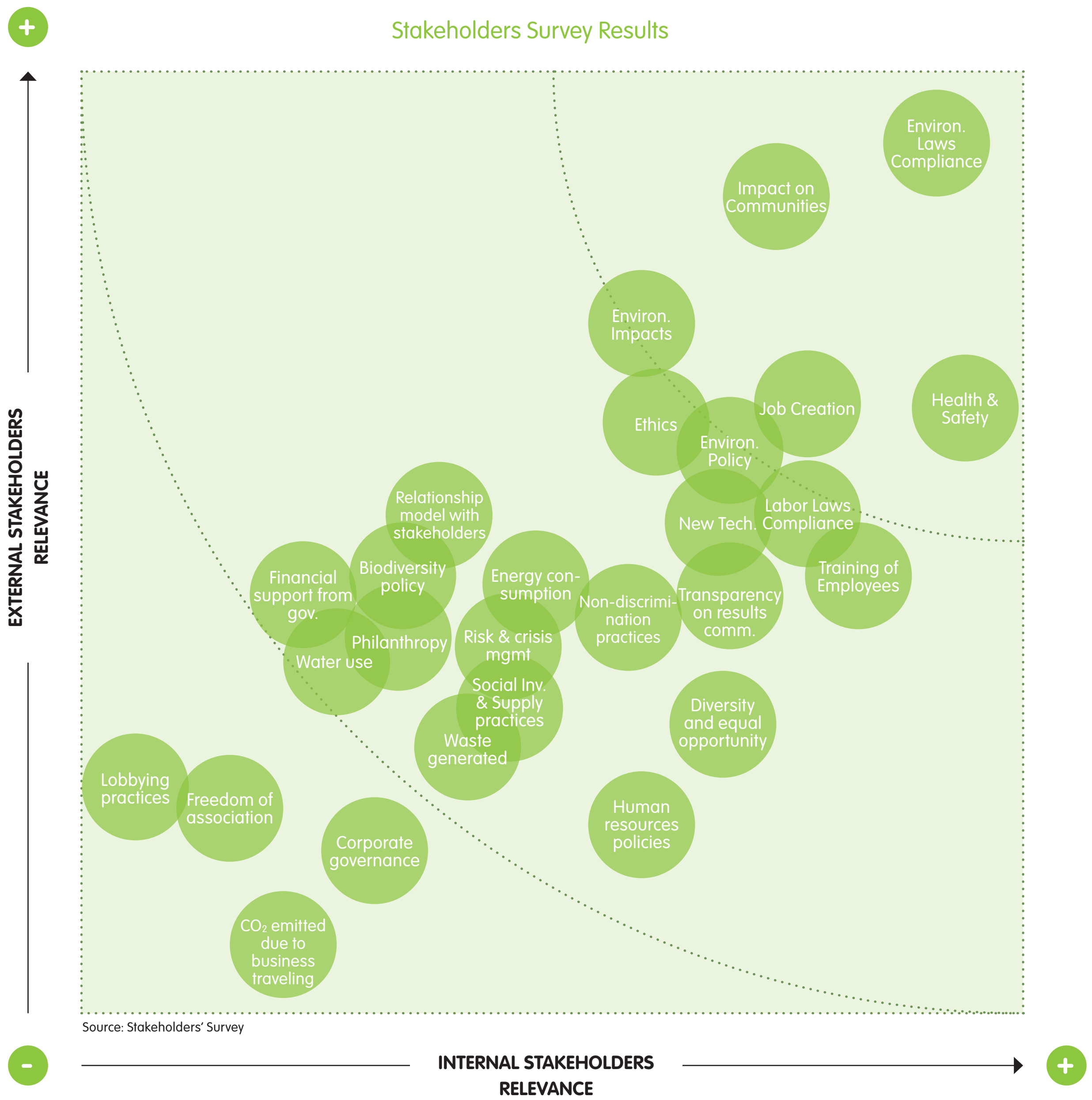
In addition, we performed a survey to understand how our internal and external stakeholders look at the importance for EDPR of the major issues regarding Sustainability and Corporate Social Responsibility.

The results of these surveys are presented in an internal *vs.* external stakeholders' relevance matrix.

The materiality survey and the stakeholders' opinion regarding sustainability topics were analyzed and were considered in the preparation of this Annual Report, in order to address in detail those topics that really matter to our stakeholders.

"EDPR staff makes a concerted effort to understand stakeholder concerns and to minimize the impacts of the projects on neighboring facilities/residences." *EDPR supplier*

Stakeholders Survey Results



Source: Stakeholders' Survey

TOP 5 INDICATORS ACCORDING TO INTERNAL STAKEHOLDERS
1. Health and safety
2. Compliance with the environmental laws
3. Training and development of employees
4. Job creation in the areas where EDPR has presence
5. Impact on surrounding communities

TOP 5 INDICATORS ACCORDING TO EXTERNAL STAKEHOLDERS
1. Compliance with the environmental laws
2. Impact on surrounding communities
3. Environmental impacts (landscape, noise...) of the wind farms
4. Job creation in the areas where EDPR has presence
5. Health and safety

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SUSTAINABILITY PRACTICES IN EDPR SURVEY

Furthermore, the surveys conducted during 2010 identified relevant information about our sustainability performance and other best practices that our company could adopt. This information will be analyzed and might support the launch of initiatives based on the results.

STAKEHOLDERS ENGAGEMENT

We have a large group of stakeholders and we work to ensure that we engage with all of them. In the following table the main stakeholders are listed with the communication channels and the main concerns that the materiality survey identified for that particular group.

Stakeholders Group	Means of engagement	Top 5 concerns from the stakeholders' survey
EMPLOYEES AND OTHER INTERNAL PUBLIC	• Internal communications and surveys • Intranet, Magazine and Corporate TV • Quarterly and annually meetings • Training and evaluation • Human Resources Department	1. Health and safety 2. Environmental laws compliance 3. Training and development of employees 4. Job creation in the areas where EDPR has presence 5. Impact on surrounding communities
CUSTOMERS (MOSTLY OFF TAKERS)	• Regular communications and meetings • Real time data feed • Daily reports and term sheets • Forecasting service and verbal and electronic updates • Monthly settlement statement	1. Biodiversity policy 2. Environmental laws compliance 3. Energy consumed in offices & wind farms 4. Environmental policy 5. Transparency on the communication of the results
TRANSMISSION OPERATORS	• EDPR follows a set of 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	1. Environmental laws compliance 2. Environmental impacts of the wind farms 3. Investment in new technologies 4. Ethics, code of conduct compliance 5. Financial support received from the government
SUPPLIERS	• Permanent dialogue, to develop a transparent and cooperative relationship • Suppliers department	1. Environmental laws compliance 2. Impact on surrounding communities 3. Investment in new technologies 4. Health and safety 5. Job creation in the areas where EDPR has presence
INVESTORS	• IR Department • EDPR website • Quarterly and annual reports and presentations • Investor Day and Road shows • Frequent meetings • Phone and e-mail inquiries	1. Environmental laws compliance 2. Financial support received from the government 3. Impact on surrounding communities 4. Job creation in the areas where EDPR has presence 5. Environmental impacts of the wind farms
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	1. Impact on surrounding communities 2. Job creation in the areas where EDPR has presence 3. Environmental laws compliance 4. Financial support received from the government 5. Ethics, code of conduct compliance
LANDOWNERS	• Newsletters • Phone calls • Regular meetings • Wind farms dedication	1. Impact on surrounding communities 2. Investment in new technologies 3. Environmental impacts of the wind farms 4. Job creation in the areas where EDPR has presence 5. Transparency on the communication of the results
LOCAL COMMUNITY	• Local presence • Townhall meetings • Scheduled permit meetings and hearings • Meetings in schools • Sponsorship Activities	1. Environmental laws compliance 2. Job creation in the areas where EDPR has presence 3. Training and development of employees 4. Biodiversity policy 5. Environmental policy
NGO'S	• Website • Collaboration agreements • Environmental Departments • Human Resources Department	1. Environmental laws compliance 2. Health and safety 3. Environmental impacts of the wind farms 4. Environmental policy 5. Impact on surrounding communities
MEDIA	• Regular press-conferences and press-releases • Assessment studies • Phone, e-mails and regular meetings • Sponsorship • Conferences • Website • Communications department	1. Environmental laws compliance 2. Environmental impacts of the wind farms 3. Impact on surrounding communities 4. Job creation in the areas where EDPR has presence 5. Risk and crisis management

COMMUNICATION

The communication between EDPR and its stakeholders is crucial to involve them in the company sustainable development strategy. Therefore, we seek the best channels to keep both internal and external stakeholders engaged and informed about its activities and performance.

INTERNAL COMMUNICATIONS

MYEDPR

During 2010, all employees could find internal communications through myedpr, the internal website, where a wide range of important information can be found such as news articles, employee and office directories, internal videos, important announcements, a calendar with relevant events, Human Resources tools and policies, among others.

Another example of the use of the intranet through platforms was the launching of the first edition of the EDPR Photo Contest where employees submitted their own photos representative of the Nature, Wind farms and Employees categories. The winning photos are now part of the EDPR's image bank and they were already used in different internal materials such as an internal calendar and the Portfolio section of the On Magazine.

Also, a Corporate Store and Employee Store were designed, created and launched in 2010, both in Europe and in North America, to make the process of ordering branded merchandise more efficient. The access is made through the intranet pages.

E-FÁCIL PORTAL

This is a tool drawn by the HR and Communications Department in order to create a channel between the company and the employees concerning some personal events that have impact in the professional life (for example, maternal license or home change). This portal allows all the employees to easily and friendly look for all the information, procedures and administrative aspects they need concerning this issues.

EDP ON / ON RENEW

As a result of the restructuring of the EDP Group internal Magazine in 2010, the new publication presents itself as a more global tool, showing the events of EDP in every geography in which it operates, not forgetting the transversal projects of the Group. The restructure proposes two magazines in one - a global and common part to all regions and another one for the news of each country or business area. EDPR is represented by the On Renew, a 24 pages magazine made of the most updated information and events that happened on the 11 countries where EDPR operates. The new magazine includes a section made of profiles of employees who moved across different geographies.

overview

EVENTS AND MEETINGS

To improve internal communications and motivate employees, EDPR undertakes several initiatives and meetings to promote corporate cohesion and share knowledge. The most significant ones are the US and EU Annual Meetings, where Members of the Management Team present the highlights of the past year and expectations for the future followed by a series of Team Building activities.

Flow 2010 Meeting

EDP LIVE 2010

Directors' Meetings

EXTERNAL COMMUNICATIONS

WEBSITE

Redesigned in 2010 with a focus on dynamism, EDPR website has a new look to improve contact with the external public and user experience, as well as to inform and educate a wide audience, including land owners, energy providers, legislators, government leaders, teachers and investors.

SAVE AS PORTAL

Concern for the environment is a responsibility of every citizen and every day we find new public and private initiatives with a great impact in the conservation of the environmental. The Save As portal is a reference tool where everyone can participate and contribute to a better world. It includes several useful sections, such as the Green Project of the Month or Tips for a more sustainable world. Moreover, numerous reports are also available, forums for debate and quiz on sustainable practices.

WIND FARMS WEBSITE

In the United Sates, EDPR created a resource that is used to show basic information about operating wind farms and limited development projects. Initially, this website was created in 2009 to highlight the development projects in New York State due to state laws that require public access to permitting documents. The website was enhanced in 2010 to include other projects throughout the company providing accurate information regarding EDPR development projects in the US.

INVESTOR DAY

In 2010, EDPR hosted an Investor Day in Cascais, Portugal, attended by analysts and institutional investors. EDPR's management provided presentations on the company's operations, financial position and strategy to the investor community. The purpose of the event was to increase awareness and understanding of the EDPR's challenges and to demonstrate the management levers to pursue its goals.

PRESS RELEASES

During 2010 EDPR issued several press releases reporting the main events of the company, such as wind farm inaugurations, the entrance in new markets, any relevant marketing notifications and Results Presentations, in a total of 55 official communications sent to Media and Investors.

"I believe that EDPR is outperforming in communication with investors." *EDPR employee*

BRANDS

As a multicultural and diversified company, EDPR communicates to employees and markets using two versions of the brand (EDP Renováveis and EDP Renewables), both used across platforms throughout the different communications channels.

Horizon Wind Energy is another brand that EDPR continued to use, since the rebranding process in North America was still ongoing at the end of 2010.

Also in the United Kingdom, EDPR retains the brand Moray Offshore Renewables LTD (MORL) as a result of the joint venture created between EDPR and Sea Energy to enter the offshore wind market. This brand doesn't use a specific logo, both EDPR and Sea Energy logos are used according to defined guidelines.

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

edp renováveis
powered by nature

edp renewables
powered by nature

Horizon Wind Energy
An EDP Renewables Company

business environment

business environment

MACROECONOMIC ENVIRONMENT

The world's economic activity has recovered during 2010 mainly due to a strong contribute of the developing countries and a progressive improvement of the developed economies.

The utilization of expansionary policies has partially fulfilled the intended impact but at the same time has uncovered other challenges. Inflationary uncertainties have returned, imbalances of public finances have remained unsolved, regional asymmetries have emerged and thus latent institutional tensions are still prevailing. More than 3 years after the beginning of the crisis in the US subprime market, there is still no substantial change in the global macroeconomic unbalances. But once the turbulence of the crisis is over, an equally or even more challenging stage emerges: sustainability.

In this context, different strategies came out to solve excessive debt: in the US, priority was given to the reinforcement of nominal growth stimuli, congregating innovative liquidity measures with reinforcement of public expenditures; in Europe, by contrast, the course of action was the normalization of monetary policy on par with budget austerity; in Asia, the economic policy has been assuming a more restrictive nature, to prevent the overheating of specific market sectors.

In 2011, it is expected that the global economy keeps recovering, however at a moderate pace. Several actions and decisions are expected to have significant impact over the next years both on the development of countries and on the behavior of financial markets, namely in what regards institutional relations (specifically in the European context), preventive actions over systemic global risks and regulatory frameworks.

World economy recovers but faces complex challenges

2010 may have marked the beginning of a new expansion cycle of the world's economy. In what concerns sustainability, slight changes in the contributions to global growth must be pointed out. Those changes are materialized by the increasing importance of the domestic expenditure in emerging economies to stimulate the export sectors of the advanced economies. For the period from 2010 to 2012, the IMF estimates a global growth rate in line with its growth potential (4,5% to 5%), as for the "Euro" zone, even if at a lower level (1,5% to 2%).

The progress verified in terms of economic growth still presents few repercussions in the job market. The climate of uncertainty, high volatility and adverse financial conditions impose prudence in the evaluation of investments and personnel admissions. For that reason, only recently it is visible a slight reduction in overall unemployment rates.

Deflationary risks decrease and give room to inflationary pressures

The rise in the prices of raw materials, restoring or even slightly surpassing the levels of the pre-crisis period, was due not only to an increase in global demand and rigid global short-term supply, but also to atypical factors, such as climate adversity or natural catastrophes, as well as other structural factors, such as the complexity and additional requirements for the extraction, treatment and shipment of raw materials. These conditions should prevail in 2011 and thus provide stability to current prices.

The intensified growth of the emerging economies facilitated the transmission of these cost rises into consumer prices, with greater relevance in developing countries, where the utilization of raw material resources is fundamental, as opposed to developed economies where this effect only became visible later and with a smaller impact. In Europe, due to the budget consolidation process, the rise in prices was reinforced by the impact of the change in indirect taxation. The inflation rate rapidly grew to 2,4% in the beginning of 2011, a value higher than the price stability target set by the ECB.

Risk adverse environment

As the economic recovery seems more realistic and the financial markets become more balanced, the central banks feel more comfortable to review their parameters of monetary policy. The accommodative nature of the monetary policies in Asian and some European economies is changing. The interest rates started to rise again and some requisites associated with credit concession are becoming more restrictive. In the case of the USA, the non-conventional liquidity measures were even reinforced by the end of 2010, in contrast with the ECB's policy that decided for the opposite course of action for the Euro zone.

Even if there were no changes in the key interest rates, the transition from an insecure deflationary environment to a regime of inflationary tensions has influenced the expectations concerning the evolution of interest rates. Euribor interest rates rose and yield curves gained slope.

The risk adversity environment has smoothed as the year finished. Market indexes have been appreciating, reflecting the release of strong corporate results and attractive valuations in comparison to historical standards. The foreign exchange volatility was not accompanied by a clear trend in the most important currency exchange rates, nevertheless the currencies of the emerging markets tended to appreciate. The EUR/USD exchange rate has been fluctuating in function of interest rate spreads and institutional instability in the Euro area.

The repercussions of institutional instability on the Euro area financial markets

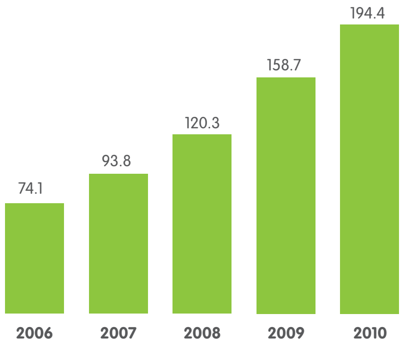
The improvement in the world's economic environment and in the behavior of the financial markets contrasts with the specific circumstances within the European Union. The revision of sovereign ratings in the second quarter of 2010 for Greece, Portugal, Spain and, in a later phase, for Ireland, marked a context change. The aversion to risk was so significant that it was necessary to implement special mechanisms, within the EU and with the support of the IMF, in order to provide support to the financing needs of Greece and Ireland, avoiding more pronounced damages to both their economic activity and social stability.

The skepticism about the effectiveness of these plans over the medium term, related with the punitive nature of the negotiated conditions and with the complexity of financing the assistance funds, supported the design of a new European Stability Mechanism, which should be active by 2013 with the primary objective of preserving the financial stability of the Euro area. Simultaneously, the reformulation of the "Stability and Growth Pact" is in preparation, under the new designation of "Competitiveness Pact" to be submitted for approval by all the member states, by the end of the first quarter of 2011. The reinforcement of the European institutional framework, implicit in the reformulation of these control and assistance mechanisms, might have great relevance to the future of the Euro area.

WIND ENERGY MARKET ENVIRONMENT

New wind energy capacity installed worldwide in 2010 was 35.8 GW (2009: 38.6 GW), a 22.5% increase from 2009, according to the figures presented by the GWEC (Global Wind Energy Council).

Worldwide wind energy capacity (GW), 2006-2010

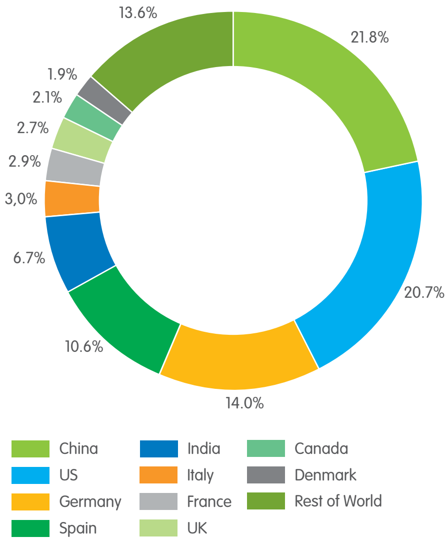


Source: GWEC

Wind energy capacity in the world grew by 35.8 GW (22.5%) in 2010

In 2010, China remained the main driver of global growth adding 16.5 GW, nearly half of total new wind facilities. This has taken China's total capacity up to 42.3 GW, thereby overtaking US for the first time and becoming the largest wind energy producer overall.

Top 10 largest wind energy countries by installed capacity at year-end 2010



Source: GWEC

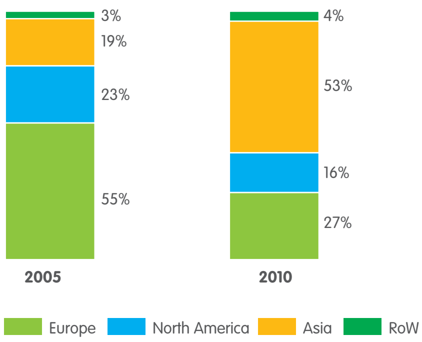
Europe continues to host the largest wind energy capacity: 84.1 GW according to the EWEA (European Wind Energy Association), with additions decreasing as compared to 2009, despite the important growth in offshore wind and the encouraging figures of emerging eastern European countries. At the end of 2010, Spain and Germany remained the two largest markets, followed by Italy, France and UK. Today, 13 European countries already have surpassed the mark of 1 GW of wind capacity installed.

The US has witnessed a drop in annual installations, with only 5 GW of new wind facilities, according to the AWEA (American Wind Energy Association). This was mainly the result of the economic recession and the uncertainty about the energy policy, as all major Federal support policies for wind energy are expiring by the end of 2012 and there is no long-term federal renewable energy policy. Canada, installed 0.7 GW in 2010, nearly one third less than in 2009.

The Latin American market seems firmly poised to catch the opportunity of utilizing its large wind power potential. With additions surpassing 0.3 GW, Brazil and Mexico lead the way.

In conclusion, 2010 was an extremely challenging year due to regulatory uncertainty and weaker power demand in the US and in some European countries. Nevertheless, the continued growth of wind power in the face of global recession proves the attractiveness and increasing competitiveness of the industry.

New wind energy installed capacity by hosting region



Source: GWEC

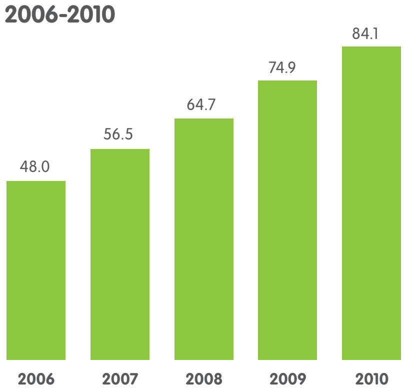
EUROPE

In 2010, new wind installations in Europe amounted to 9.3 GW, 10% below the figure in 2009. Anyhow, 2009 was the second best year ever in new wind installations. Despite the global economic recession, 2010 was a record-breaking year for offshore wind energy, with 0.9 GW of new installed capacity (9.5% of total new wind facilities).

Wind power accounted for 17% of total power installations in 2010, ranking third after gas (51%) and solar photovoltaic facilities (22%).

At the end of 2010, wind power capacity installed in the EU-27 countries amounted to 84 GW.

European wind energy capacity (GW), 2006-2010



Source: EWEA

business environment

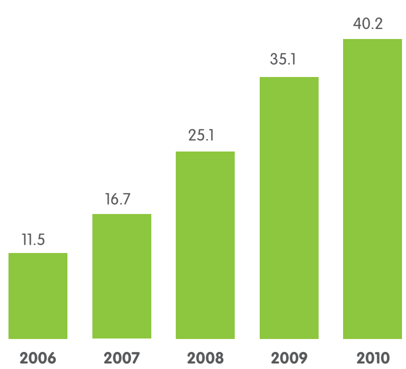
Germany remains the country with the largest wind installed capacity (27.2 GW) followed by Spain (20,7 GW), Italy (5,8 GW), France (5,7 GW) and UK (5,2 GW).

For the second year in a row, Spain was the country that installed the most wind energy capacity in Europe (1.5 GW). Germany and France have also surpassed the mark of 1 GW (1.5 GW and 1.1 GW respectively). Other countries that have displayed strong additions have been the UK (1.0 GW), Italy (0.9 GW) and Sweden (0.6 GW). Emerging markets in South East Europe grew by a rapid pace, particularly in Romania (0.4 GW), Poland (0.4 GW) and Bulgaria (0.2 GW), partially offsetting the flagging growth in mature markets. Portugal added 0.3 GW reaching a total installed capacity of 3.7 GW.

UNITED STATES

New wind power installations in the US slowed in 2010, with the AWEA (American Wind Energy Association) reporting about 5.1 GW, bringing the total installed capacity to 40.2 GW. New installations in 2010 have practically halved comparing to 2009. Thus, total installed capacity grew by 15%, in comparison to 39% in 2009. The main reasons for this reduced growth pace have been the lack of long-term federal policies, the drop in power demand and the low level of gas prices.

US wind energy capacity (GW), 2006-2010



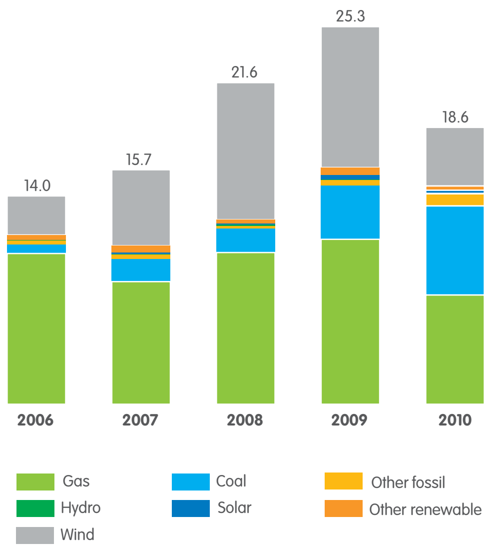
Source: EWEA

Texas, by far the leading wind power state, added 0.7 GW in 2010. Fueled by the renewable electricity standard dating of 1999 and strengthened in 2005, Texas surpassed the mark of 10 GW of wind installed capacity, representing one quarter of the total US installed capacity.

The other leading states are Iowa (3.7 GW), California (3.2 GW), Minnesota (2.2 GW) and Washington (2.1 GW), all having renewable energy targets. According to the AWEA, 38 states have utility-scale wind projects and 14 have more than 1 GW of wind installed capacity.

Wind represented 26% of new power capacity added in 2010, with natural gas at 39% and coal at 34% of new additions. Wind power is now 3% of the total capacity mix, natural gas 41% and coal 30%.

US generating capacity additions by year (GW)



Source: Energy Velocity

Offshore wind in the US is demonstrating some growth potential, with a large number of planned offshore wind projects in the pipeline. Cape Wind, the nation's first major offshore wind project, received both permitting and (partial) PPA (Power Purchase Agreement) approval. New Jersey also recently signed the New Offshore Wind Economic Development Act to develop a program of offshore renewable energy tax credits that supports 1.1 GW of offshore wind installations.

WIND MARKET REGULATION (BY COUNTRY)

The following tables show a brief summary of the main regulatory events. The information below will be developed in following sections.

	Event	Main implications
Global	United Nations Climate Change Conference, in Cancun (Mexico) Nov-Dec 2010	• Recognition, in a formal UN decision, of the emission-reduction targets that Developed countries listed under the Copenhagen Accord • Agreement for the monitoring, reporting and verification of the emissions processes • Establishment of a Green Climate Fund to support policies and activities in developing countries • Support to the Clean Development Mechanisms ("CDM") scheme after the expiration of the Kyoto Protocol • A post-Kyoto binding treaty is still to be agreed
Europe	Presentation by States Member of its National Renewable Energy Action Plans (NREAP) Summer 2010	• Renewable Energy Directive 2009/28/EC requires State Members to submit it National Renewable Energy Action Plan by June 30th, 2010 • States have presented their strategies to reach their 2020 target • NREAP reflect targets by sector (share of energy from renewable sources consumed in transport, electricity, heating and cooling), as well as the chosen trajectory to achieve them
North America	Tax relief bill December 2010	• One-year extension of the cash grant • An increase of the bonus depreciation
Brazil	2 tenders held in 2010	• Both tenders allocated 2,05 GW of wind capacity

GLOBAL REGULATION EVENTS

The 2010 United Nations Climate Change Conference was held in Cancun, Mexico, from November 29th to December 10th. Last year's talks in Copenhagen only delivered a weak array of voluntary mitigation and financing pledges that were not endorsed as a COP (Conference of the Parties) decisions. However, in Cancun, the Parties adopted formal decisions in key fields as climate finance, technological transfer and adaptation.

A major achievement was the establishment of a new climate fund under the UN Convention. This new Green Fund will be managed by the World Bank with an aim to allocate funds to developing countries for climate aid.

Another important step forward was the recognition, in a formal UN decision, of the mitigation pledges agreed in Copenhagen (this is, the confirmation of the target of limiting temperature rises to less than 2°C compared to pre-industrial levels). The parties have also agreed to the "Monitoring, Reporting and Verification", which is a necessary step to verify the progression of the emission reductions under a transparent process. This is very significant sine a global emissions deal has always been stalled by the lack of understanding regarding this topic between US and China. With this agreement, there is groundwork for future negotiations.

The parties also supported the continuation of the Clean Development Mechanism (CDM) after the expiration of the Kyoto Protocol (December 31st 2012) and included for the first time Carbon Capture Storage (CCS) under its reach. Additionally, the agreement includes the framework for REDD+, a mechanism for forestry protection. However, a post-Kyoto agreement has still to be reached, as Japan, Russia and Canada firmly opposed to a second commitment period. Negotiations however will continue in Durban, South Africa, in 2011.

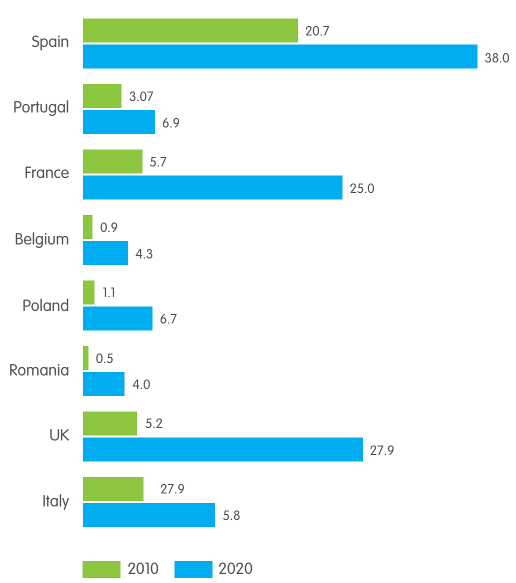
business environment

João Paulo Costeira
Chief Operating Officer (COO) Europe

REGULATION EVENTS IN EUROPE

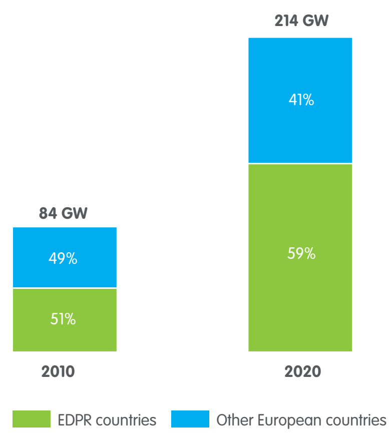
At the European level, following the approval of the Renewable Energy Directive 2009/28/EC, all the Member States were requested to present a "National Renewable Energy Action Plan" (NREAP) by June 30th, 2010. The NREAP is a document in which each EU Member State presents how it intends to reach its binding renewable targets for the year 2020 and the paths towards them. Member States have also been required to provide their sectoral targets (electricity, transport and heating and cooling), the technology mix they expect to use, the transfers between Member States and the specific measures each one intends to implement in order to reach the forecasted trajectory. As the Directive indicates, NREAP must conform with the National Action Plan template adopted by the European Commission in June 2009.

2010 wind energy installed capacity (GW) in EDPR countries vs 2020 forecasted capacity according to the NREAP



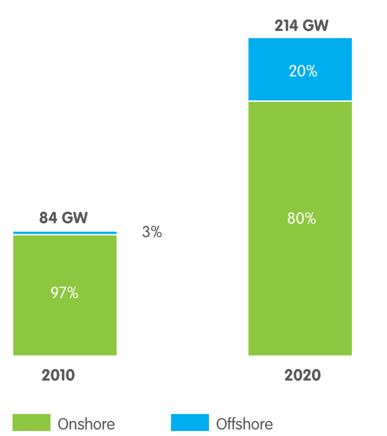
Source: EWEA; NREAP

2010 wind installed capacity (GW) in EDPR and non-EDPR countries vs 2020 forecasted capacity according to the NREAP



Source: EWEA; NREAP

2010 wind installed capacity (GW) onshore / offshore breakdown vs 2020 forecasted capacity according to the NREAP



Source: EWEA; NREAP

SPAIN

Regulatory change	Description
Royal Decree 1614/2010 of 7th December	• Sets a temporary cut of the renewable premium applicable to wind governed by Royal Decree 661/2007 • Provides regulatory stability and visibility to the full useful life of the wind farms to be installed until 2012 • Fixes a cap for the annual equivalent hours entitled to receive the premium
Royal Decree 1565/2010 of 19th November	• Modifies the reactive power regime
Decree-Law 14/2010 of 23rd December	• Imposes a generation levy of €0,5/MWh applicable to ordinary and special regime generators

The Spanish government has long struggled to deal with a rising tariff deficit and since mid 2009 has shown concern about the cost of the renewable sector.

Following the agreement reached in July 2010 by the Ministry of Industry with two key renewable energy associations (the Spanish Wind Energy Association and Protermosolar), the Royal Decree 1614/2010 of 7th December was approved.

The recently approved regulatory scheme on wind is summarized as follows:

- A temporary 35% cut of the reference premium applicable to the wind capacity ruled by RD 661/2007, only during 2011 and 2012. Cap and floor have not been revised and still remain indexed to CPI-"X";
- An amendment to the article 44.3 of the RD 661/2007 clarifying that eventual future revision to the value of the reference premium would only be applied to the capacity that comes on line after 2012;
- A cap to the annual equivalent working hours entitled to receive the premium value set at 2,589 hours (would only be active if the average of the Spanish wind sector equivalent working hours surpasses the 2,350 in each year). The reference hours are not revisable for the full useful life of the existing and pre-registered wind farms);

Wind capacity pre 2008 (ruled by the RD 436/2004) remains untouched, and will transit to the Royal Decree 661/2007 regime in 2013. The bulk of the Spanish wind assets (those ruled by RD 436/2004) is unaffected by the new regulation.

Apart from Royal Decree 1614/2010, wind energy regime was amended by two other decrees. The first one is Royal Decree 1565/2010 of November 19th that modifies the reactive power regime. With this new decree, reactive premiums are lowered but the requirements to receive the bonus are less restrictive, thus more easily achievable. The second decree is Royal Decree-law 14/2010 of December 23th that brings in several measures to reduce the tariff deficit. Among the measures, the decree includes a generation levy of €0.5/MWh applicable to ordinary and special regime generators.

PORTUGAL

Regulatory change	Description
Decree Law 51/2010	• Simplifies procedure for installing additional equipment in wind farms • Obliges wind generators to have equipment installed in each turbine to attenuate voltage drops and supply reactive energy
End of reactive energy premiums	• Wind generators are not entitled to receive reactive energy premiums • The impact on total remuneration will not be meaningful

On May 20th, Decree Law 51/2010 was approved. This new regulation simplifies the procedure for installing additional equipment in wind farms (overpowering). The decree also obliges wind generators to have equipment installed in each turbine to attenuate voltage drops (fault ride through) and supply reactive energy. Concerning the latter obligation, there is no longer a premium for supplying reactive power, and there will be a penalty if the wind farm does not operate within certain parameters in terms of reactive power.

FRANCE

Regulatory change	Description
"Grenelle 2" in June 2010	• Introduces new restrictions and requirements in the permitting process that could hinder the future development of wind farms

After months of debate, the "Grenelle 2" was finally approved on June 29th, 2010. The origins of this bill date back to 2007, when the "Grenelle de l'Environnement", a national summit to formulate environmental policy was launched. Three years later, the "Grenelle 2" is a toolbox of the "Grenelle de l'Environnement" and establishes a new framework for wind energy.

In order to qualify for the guaranteed purchase price, the "Grenelle 2" introduces a minimum threshold of five turbines for wind energy plants. This measure aims at avoiding wind scattered development. The law also requires wind farms to be erected at least 500 meters from habitation.

Another requirement to benefit from the guaranteed electricity purchase price is, since 2007, to be built in predefined zones: in "ZDEs" (wind development areas) being these specific areas designated by the municipalities hosting the projects. In articulation with the ZDEs, the "Grenelle 2" introduces a new layer requiring wind farms to be also included in the "Regional Development Areas" to be approved by the Regions and currently under preparation.

In addition, wind farms will be subject to "ICPE" (Industries Classified for the Protection of the Environment") regulation which add new permitting requirements, and put wind farms on the same level than industries with a proven potential risk for the environment.

Finally, the "Grenelle 2" stipulates that at least 500 turbines must be installed each year with a review after 3 years, but does not include specific mechanisms to achieve this goal. This requirement aims to achieve the onshore wind energy target of 19 GW in 2020.

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BELGIUM

Regulatory change	Description
Increase of the quotas of electricity from renewable sources	• Introduces higher quotas of electricity produced from renewable sources which is expected to spur renewables

New quotas of renewable generation have been approved in Wallonia. New quotas are considerably higher than previous ones and are: 13.50% in 2011 and 15.75% in 2012. Quotas from 2013 onwards are yet to be decided, although the CWAPE (The Energy Regulator in Wallonia) has recommended the Government to increase them by 2.25 pp a year, up to 33.75% in 2020.

Currently, the Green Certificate Scheme is being reviewed by the Government but no formal documents have been published yet.

POLAND

Regulatory change	Description
Amendment of the energy law in January 2010	• Aims to limit speculative action in the reservation of interconnection rights for wind farms by charging developers with a fee • A local master plan or a planning permit for the real property is also required to obtain grid connection

The Energy law was amended in January 2010. The main aim was to limit speculative action in the reservation of interconnection rights for wind farms. Pursuant to the new provisions, the obligation to prepare an assessment of the impact of the installations being interconnected on the grid lies with the grid company. Within this new regulation, the entity applying for the conditions of interconnection must pay in advance the grid interconnection fee of PLN 30 per kW of interconnection capacity. This fee is considered as an advanced payment for the connection costs and can be returned if there are no technical possibilities for connection. Moreover, the grid company has an obligation to issue grid connection conditions (or to reject such conditions due to technical constraints) within 150 days from the day of submission of the complete grid connection application.

Another measure aimed at reinforcing the credibility of the project is the obligation to attach to the application for interconnection conditions an excerpt from the local master plan or, if there is no such plan, the planning permit for the real property to which the application relates.

ROMANIA

Regulatory change	
Amendment of the energy law in July 2010	• Extends the period in which developers are granted with 2 Green Certificates • Increases renewable quotas • Increases the penalty for missing certificate • Extends the period in which the green certificate scheme is guaranteed

The Romanian Government amended its renewable energy law in order to extend its renewable support. Following the general delays in bringing projects into operation, the Government has decided to extend until 2017 (instead of 2015) the period in which wind generators are entitled to receive two green certificates per MWh. In addition, the 2012 green certificate quota has increased from 8.3% to 12% and will rise by 1 pp every year (except in 2019, in which it will only increase 0.5 pp) up to 20% by 2020.

The amendment also confirmed the minimum trading value per green certificate at €27/MWh and the maximum at €55/MWh and increases the penalty for suppliers who do not comply with their obligation to fulfill the quota from €70 to €110 per missing green certificate.

Lastly, in order to instill more confidence in investors and more visibility to the wind market, the green certificate scheme has been guaranteed until 2025, far beyond the previous 2014 deadline.

The double green certificate support had been established by Law 220/2008 (formally enacted and published) but, as a matter of practice, the law is still not applied, as the new system has still not been formally notified to the European Commission.

UNITED KINGDOM

Regulatory change	Description
Energy market reform package under consultation process	• The current RO scheme could be replaced by a Feed-in tariff system • Introduction of capacity payments have been proposed • Introduction of floor price for carbon emissions • Approval of Emission Performance Standard for new coal-fired power plants

Following the general election of May, 6th 2010, the new government expressed its willingness to establish a system of feed-in tariffs for electricity produced from renewable sources, while maintaining the renewable obligation certificates (ROCs) at least until 2017. The Government has included this issue in its energy market reform package that was presented in December 2010 and is currently under a consultation process. Under the proposal, the Renewable Obligation (RO) system could be phased out in 2017. The RO scheme will be then replaced by a contract for difference, where the support would be calculated on the difference between the wholesale market price and a "strike price" set under the contract. This system is designed to lower a generator's price risk allowing a steady flow of incomes. Other measures presented in this package are the introduction of capacity payments aimed at fostering the construction of reserve plants and the pledge to approve emission performance standards for new coal-fired power plants. To achieve the climate change targets, the Government also announced a floor price for carbon emissions.

The Government has also allocated £ 1 billion for the creation of the Green Investment Bank and appointed an independent commission that is working to launch the new institution in the next months. The Green Investment bank was set to form the cornerstone of the energy policy of the Conservative party, outlined in its Manifesto in the run-up to the general election. The aim of this new institution is to foster renewable projects investment by granting funds to low-carbon initiatives.

ITALY

Regulatory change	Description
A new decree regulating the promotion of renewable energies is under approval process	• Green certificate system could be phased out • A feed-in tariff system for facilities up to 10 MW could be introduced • Larger facilities would be bound to participate in competitive processes to obtain a tariff


Gabriel Alonso
Chief Operating Officer (COO) North America

The Bersani Decree of 1999 ushered in a Green Certificate scheme aimed at promoting the production of electricity from renewable energy sources. The scheme is based on the issue of green certificates to producers, who also receive a revenue stream selling the underlying electricity. Since its introduction, the scheme has been modified several times, the last major amendment being the one introduced by the 2008 Budget Law.

The key features of the new green certificate scheme set by the Budget Law were the following:

- Renewable energy generators are eligible for the green certificate system for the first 15 years of operation (extending on the former 12-year period).
- Increases the mandatory quota from 0.35% to 0.75% per year until 2012.
- Strengthens the stabilizing role of the GSE ("Gestore dei Servizi Elettrici"), a state energy agency that operates in the Green Certificate market absorbing any imbalances in the market. If there is a deficit, the GSE can sell the Green Certificates in its possession at a price equal to €180 minus the average price of electricity sold in the previous year. Alternatively, the GSE can also act as a last resort buyer and acquire green certificates when there is a surplus in the market. When this occurs, the GSE can buy green certificates at a price equal to the average price registered the previous year by the GME ("Gestore dei Mercati Energetici") in its trade platform.
- Introduces differentiation by renewable energy source with the use of coefficients applied to net production.

Currently a new renewable energy decree is in a latter phase of approval (it has preliminarily been approved by the Italian Government). If this new regulation is passed, it would represent a massive overhaul of the renewable energy promotion system as the green certificate system would be phased out. The draft of the regulation envisages a feed-in tariff system for facilities up to 10 MW, and commissioned from the January 1st, 2013 onwards. Larger plants would participate in binding process, in which the incentive would be given to winning projects through a competitive process, though with a floor tariff.

REGULATION EVENTS IN NORTH AMERICA

UNITED STATES

Regulatory change	Description
Tax relief bill	• One-year extension of the cash grant • An increase of the bonus depreciation

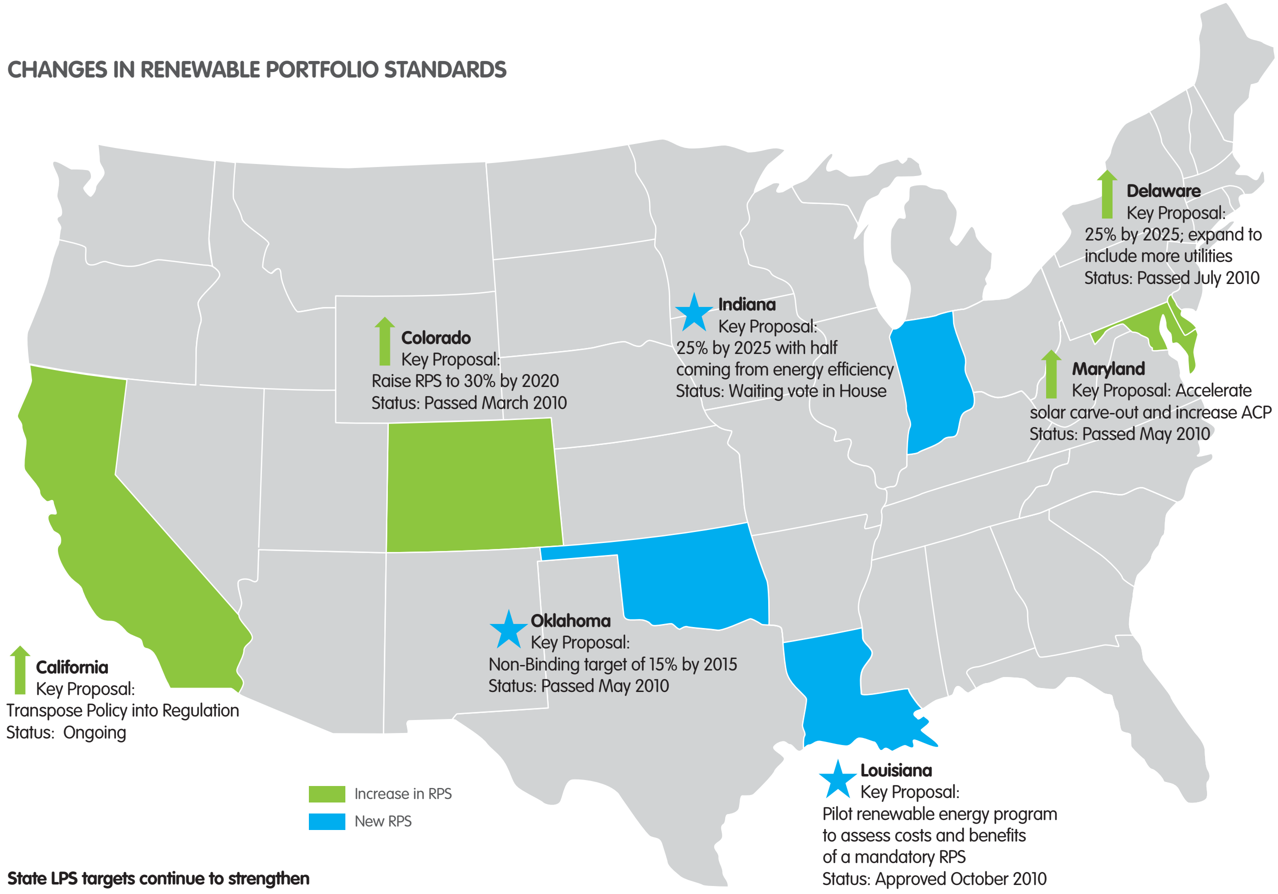
At the Federal level, climate legislation stalled in 2010. Three prominent proposals for a Federal Renewable Electricity Standard (RES) emerged over the past year but did not garner enough bipartisan support to be submitted for a vote. Additionally, two new proposals to establish climate change legislation through CO_2 cap and trade emerged in July but also failed to come to a vote.

The main agent of climate and environmental regulation was the Environmental Protection Agency. The EPA issued a plan for establishing greenhouse gas pollution standards under the Clean Air Act. Additionally, existing coal fired generators are increasingly likely to leave the market due to new and tightened air quality standards through the Clean Air Act. The EPA's tightening of existing clean air pollutant caps (SOx, NOx) is expected to drive retirement of up to 60 GW of coal capacity. The agency also announced new strategies to curb mercury emissions from power plants and to curb the use of water for cooling in power plants. EPA also proposed the first-ever national rules to ensure the safe disposal and management of coal ash from coal-fired power plants.

In December 2010 President Obama signed off the "Tax Relief Bill" that includes the extension of many clean energy policies. This regulation is part of a broader tax bill that zeroes in the extension of expiring tax cuts put in place by the President George W. Bush Administration.

business environment

CHANGES IN RENEWABLE PORTFOLIO STANDARDS



State LPS targets continue to strengthen

In order to spur renewable energies development the law includes:

- A one-year extension of the 1603 Treasury grant program, thus entitling projects to receive cash grant equivalent to 30% of the eligible project costs. This regulation had been approved in 2009 as part of the economic stimulus bill. In order to benefit from this extension, projects will need to prove that they started construction in 2011 and will come on line prior to December, 31st 2012.
- An increase in the bonus depreciation allowing projects to deduct 100% of the project value in one year (if operations start in 2011). For projects that start operations in 2012, the deduction will be at 50%.

States' governments continue to be the primary driver of implementing legislation to support renewable energy. In 2010, twelve states proposed either creating a new Renewable Portfolio Standard (RPS) or increasing their RPS; these proposals passed successfully in five states. Only one state proposed a reduction in the RPS, a proposal which was ultimately unsuccessful.

The California PUC (Public Utilities Commission) ruled that the state's investor-owned utilities can use tradable renewable energy credits to comply with California's RPS. However, there are short term delays in implementation to legislation and regulatory uncertainty around the enforcement of the ruling.

CANADA

Regulatory change	Description
Ontario's long-term energy plan	• Increases renewable targets

Canada's decentralized governance gives a leading role to the provinces for the implementation of renewable energy policies.

At the Federal level, the ecoEnergy for Renewable Power Program was introduced in 2007, replacing the former Wind Power Production Incentive (WPPI). This program provided an incentive of one cent per kilowatt hour to renewable projects starting operations between 2007 and 2011. Although this program was designed to remunerate projects for the first ten years of operation, the ecoEnergy was fully exhauste in 2009. The lack of federal policy instilled low confidence in investors and incentivized Canadian provinces to put in place their own renewable energies schemes. At a Federal level, wind farms may also benefit from tax policies as the accelerated capital depreciation that allows 50% depreciation per year.

Ontario is by far and away Canada's wind power leader, being the first to cross the 1 GW of installed capacity mark. The Green Energy Act (GEA) passed by Ontario's Liberal Government in May 2009 put the province at the forefront of wind development.

First and foremost, under the GEA, the Ontario Power Authority (OPA) introduced a feed-in tariff (FIT) system. A wide range of renewable technologies are awarded 20-year contracts with guaranteed electricity prices. The guaranteed price for onshore wind is C$135/MWh, with an extra cent added on for small-scale community projects. For offshore wind, the tariff rises to C$190/MWh.

The GEA, apart from being the first feed-in tariff in North America, streamlines the approval process for renewable energy facilities.

In November 2010, the Ontario Ministry of Energy presented its long-term energy plan for the period 2010-2030. Among other measures, the Plan raises Ontario's renewable target from 5.3 GW in 2025 to 10.7 GW by 2018 and contains a 50% local content requirement for projects after 2012.

REGULATION EVENTS IN BRAZIL

BRAZIL

Regulatory change	Description
2 tenders held in 2010	• Both tenders allocated 2,05 GW of wind capacity

Brazil since 2009 has had a tendering system to regulate the allocation of wind capacity, leaving behind a feed-in tariff system (PROINFA program) that fostered wind energy in its early days. Tenders allow the government to secure the energy supply at the least cost for consumers, which is paramount for economic development.

In recent years there has been a strong tendency towards developing wind energy in Brazil, mainly because of the complementary seasonal behavior of wind and hydro energies, with wind peaking during the dry hydro season. Fostering renewable energy can also strengthen energy supply, mainly avoiding fuel generation. At an industrial level, the development of a robust wind industry is seen as an opportunity to attract international turbine manufacturers. Although the local content requirement is not explicitly included in tenders, it is yet a requirement for developers to be eligible to subsidized financing from development banks as BNDES (Banco Nacional do Desenvolvimento) or BNB "(Banco do Nordeste do Brasil").

The tender system has some particularities in Brazil. First of all, the amount to be tendered is decided by the Government, which removes the risk of over capacity. Once the auction is held, the contracts offer 20-year power purchase agreements. There are two types of tenders:

I-Reserve tender: designed to provide back-up power to guarantee the security of the energy supply, allowing an additional "reserve" to the national interconnection system. The reserve tenders are managed by the Electric Energy Commercialization Agency (CCEE) and the energy is bought by the Government. In the reserve tenders, a fixed amount of generation is set in each contract and penalties are triggered when power generation is below 90%. There is an associated extra-revenue, at 70% of contract price, to any generation exceeding 130% of the contracted energy. The output level is reviewed every 4 year-period.

II-Alternative energy tender: in this type of tender, the buyers are national distribution companies. Contracts refer to baseload capacity and winning bidders are granted a 20-year power purchase agreement. The contracts refer to a generation level and any annual unbalance below 90% must be settled at selling price in favor of buyers. Through a real-time generation escrow account, the excess of generation of one year can compensate any lack of generation, since not lower than 90%, within the 4 year-period. Any excess of generation leading to a 4-year period balance over 100% is settled in the wholesale market.

In 2010, Brazil conducted two tender processes in August, a reserve and an alternative energy tender, totaling 2.05 GW. The reserve tender allocated 528 MW of wind capacity at an average price of R$122,7/MWh ($70,4) and the alternative energy tender 1,519 MW at R$134,1/MWh ($76,6). The fierce competition lowered the average prices, which has caused concern among developers and suppliers.

In December 2010 Brazil's Ministry of Mines and Energy approved a new Decennial Plan for Energy Expansion to 2019. The plan calls for a big boost in renewables as no new fossil fuel power plants are expected to be build after 2014. Under this strategy, more than 6 GW of wind installed capacity are expected by 2019 (from its current level of approximately 1.5 GW), although the industry expects a larger figure.

Wind sources will have the opportunity to secure PPAs in 2011 as new tenders will be conducted in the second quarter of 2011 according to Ordinance nº 113 of February 1st. One tender will be an "A-3" (baseload capacity to be delivered in three years time) and the other one a "reserve tender" (reserve capacity). The energy to be auctioned and the ceiling price have still not being revealed.

economic performance

economic performance

EDPR IS SHAPING THE PATH OF THE FUTURE...TODAY

OPERATIONAL PERFORMANCE

EDPR is a pure wind player global leader in renewable energy with all of its revenues coming from wind energy activities.

Our growth has been the result of an extraordinary capacity to implement projects and to smoothly integrate 28 cultures in 11 countries since 2005. We have selected to be present in markets that have ambitious growth targets combined with stable and supportive regulations paving way to value creation.

EDPR develops, builds, and operates renewable energy assets in Europe (Portugal, Spain, France, Belgium, Poland, Romania, UK and Italy), North America (United States and Canada), and South America (Brazil). The company's head offices are located in Madrid, Spain, and it has more than 33 offices spread all over the world.

Diversifying our portfolio:
selective presence in 11 countries all over the world

Delivering growth of operational assets:
total increase of 1,101 MW during 2010

Expanding future business options:
2,815 MW added to our development portfolio in 2010 through business initiatives

Maximizing clean energy output:
32% increase backed on top notch load factor

Increasing energy sales visibility:
closing PPAs for 1,088 MW improved our risk profile

EDPR presents a unique and very attractive investment case, backed on a series of competences, including a comprehensive risk management strategy, competitive turbine supply strategy, a geographically well balanced portfolio, the current stage of development and revenue sources, a strong track record in execution, and first class assets with above average wind resources.

EDPR's asset portfolio is well balanced, both in terms of geography and pipeline maturity, hence achieving an optimal diversification between regulatory and wind resource risks, helping to achieve a more stable cash flow.

We create value for our shareholders and stakeholders by operating in the most attractive markets and continuously expanding our business to new areas around the globe.

As a result of the mix of high quality assets and operational excellence, in 2010 EDPR obtained above average operating indicators for the markets in which it is present.

economic performance

Luis Adão da Fonseca
Chief Business Development Officer (CBDO)

PORTFOLIO

EDPR has a strong track record and proven capability to execute projects and deliver on targets. During 2010, EDPR installed an additional capacity of 1,101 MW, (through 501 MW from its European platform and 600 MW from its North American platform).

As a result, by the end of 2010, EDPR had a total installed capacity in excess of 6.7 GW (through 3,439 MW from its European platform (annual growth of 17%), 3,224 MW from its North American platform (annual growth of 23%) and 14 MW from its South American platform), which represents a noteworthy increase of 13 times versus the 530 consolidated MW installed by 2004 and more than 4 times versus the 1,518 consolidated MW by 2006.

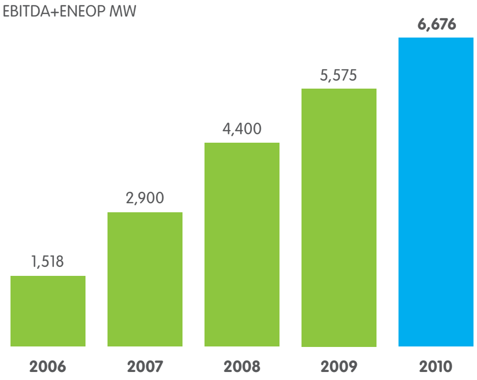
In Europe, EDPR completed the construction of the first project in Romania – Pestera – totaling 90 MW. Also, 189 MW were commissioned in Spain and 64 MW in France.

EDPR NA continues to deliver sustainable portfolio growth. During 2010, EDPR NA developed and completed 600 MW, consisting of Top Crop II (198 MW) in Illinois, three Meadow Lake projects in Indiana: Meadow Lake II (99 MW), Meadow Lake III (104 MW), and Meadow Lake IV (99 MW), and Kittitas Valley (101 MW) in Washington.

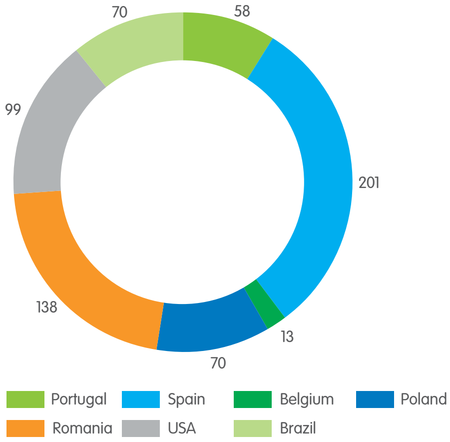
At the end of 2010, EDPR had under construction 649 MW (through 480 MW from its European platform, 99 MW from its North American, and 70 MW from its South American platform). With this, EDPR is able to deliver a sustainable growth path through a low risk business model for the following years.

In 2010, EDPR achieved 6.7 GW spread among the most attractive markets worldwide…

Annual growth in installed capacity of 20%



EDPR has capacity under construction for 649 MW



EDPR'S TECHNICAL EXPERTISE

In the technical aspect, EDPR presents one of its key competitive advantages with an in-house know-how in all of the wind farm development cycle. It is an industry leader in wind assessment, engineering and related studies, construction and O&M. This technical knowledge and accumulated experience during more than 15 years of presence in the market have been key factors in EDPR's successful growth, creating value all along the business. Some examples of these best practices are:

- Top track record in selection of wind farm locations.
- Local development and construction teams enable a faster and more efficient erection process of wind farms.
- Optimal wind farm design, incorporating the expertise of EDPR's technicians in selecting the most adequate turbines for each specific case.
- Maximum efficiency in the control of construction, incorporating the best contractors in each specific construction phase, internally supervising all technical, economic and timing aspects. All of this not only guarantees capex optimization but also incorporates all of EDPR's technical know-how.
- Optimization of the turbine supplier's involvement in the first phases of the wind farms. Supported by the most sophisticated control systems in the market, EDPR has close control over the wind farm's operation along their productive life. The instant value capture of this involvement can be reflected in top notch Net Capacity Factor, lower unitary capex, excellent availability and efficiency ratios, among others.

EDPR'S NEW BUSINESS INITIATIVES

2011 will be a challenging year for EDPR as the slow economic recovery and the difficulties in raising capital will hinder the growth perspectives of the entire renewable industry. Nevertheless the goal of providing optionality and diversified growth will constitute the core of the challenge for 2011.

On the geographical growth side, EDPR will be oriented in completing the integration processes of the recently created/acquired platforms (in the UK, Italy and Canada), diversifying the development portfolio in these markets and exploring the possibility of a very selective approach to new countries. In South America, the main focus will continue to be Brazil where continuous efforts and extensive market screening have been performed to provide EDPR with competitive projects in view of the upcoming wind energy auctions organized by the Government.

In terms of technological diversification, efforts will be focused on widening the portfolio of offshore wind projects not only in terms of sites and markets but also including into the pipeline initiatives with different levels of maturity, trying to establish partnerships with a long term perspective. At the same time, the solar industry will be studied and monitored more in depth with the goal of identifying specific investment opportunities in markets with very attractive fundamentals.

Internally, the main challenge will be to deploy the conclusions of the efforts oriented to the optimization of the pipeline, costs/resources allocation and development processes in all platforms.

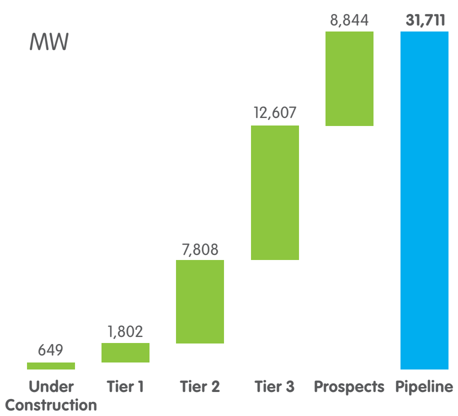
In 2010, EDPR continued to focus its growth strategy in obtaining flexible contracts in terms of time and geography to take full benefit of optionallity. The portfolio of projects under development (segmented in pipeline and prospects) to fuel future growth was, at year end 2010, circa 31.7 GW.

...and 31.7 GW of robust pipeline that enables selection of "best to build" projects...

On January 2010, EDPR in partnership with SeaEnergy was awarded exclusive rights to develop 1.3 GW in the Moray Firth which is Zone 1 of the UK's Offshore Round 3 tender. Also in January, 2010, EDPR added to its portfolio several wind projects in prime locations of Italy totaling 520 MW in different stages of maturity. In Spain, EDPR was awarded with 220 MW in the Cantabria tender and 271 MW in the Asturias tender. These awards (which represent 16% and 32% of the total capacity awarded in each tender, respectively) contribute to increase its pipeline and future growth options and also prove the company's ability to succeed in extremely competitive tenders.

In 2010, the geographic footprint of EDPR NA's pipeline expanded by 100 MW in Canada, added 4 new states and delivered crucial growth in Tier 1 and 2 projects that will support growth and optionality in the future; these projects represent 43% of the total wind pipeline.

economic performance



EDPR'S UK OFFSHORE PROJECT

In January 2010, Moray Offshore Renewables Ltd. (MORL), a joint venture between EDPR and SeaEnergy, was incorporated to develop, construct and operate 1.3 GW in offshore wind farms off the Scottish coast in UK Economic Exclusive Zone. The Milestones achieved during 2010 in the UK Moray Offshore Project were as follows:

- Signature of the first three Agreements for Lease awarded for offshore renewables in Scotland with The Crown Estate.
- Signature of the Grid Connection Agreement with National Grid for 1,500 MW of generation capacity.
- Completion of offshore geotechnical and geophysical surveys, with extended vessel deployment.
- Completion of a Scoping Report for the offshore consenting program.
- Completion of the MORL Health and Safety Plan.
- Launch of the concept engineering process for offshore structures and wind farm infrastructure, logistics, among others.
- Launch of the offshore met mast design, construction and installation process.

...while continuing to deliver a top notch NCF of 29%

NET CAPACITY FACTOR AND AVAILABILITY

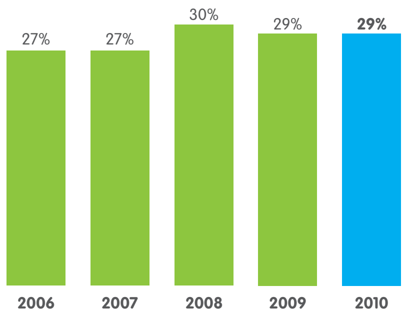
EDPR level of clean energy output is based on a strong 29% average load. In Europe, average 2010 load factor reached 27%, in North America 32% and in Brazil 22%. This is a consequence of EDPR's superior operational efficiency (with top tier or improving availability marks), first mover advantage in site selection, in-house wind expertise knowledge, and rigorously selection of WTG for maximizing the output in each of our projects.

As expected, 2010 showed the typical wind seasonality. 2010 was characterized by particularly volatile quarters with poor wind quality during 2Q and 3Q especially when compared to previous years with historical highs. EDPR's diverse and geographically balanced portfolio of wind farms works as a mitigation lever for wind volatility. As an example, EDPR's prime assets in the Spanish market allowed the company to deliver once again a premium load factor of 27%, +200bps when compared to its market peers.

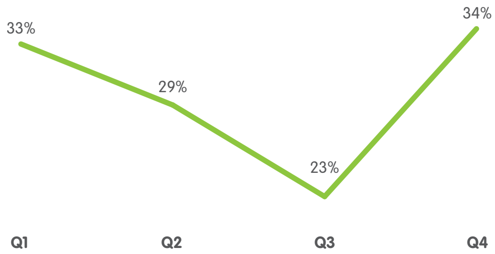
EDPR's 97% availability during 2010 has significantly surpassed the levels of 2009 (95%), constituting a benchmark in the industry. This was achieved mainly due to extensive work on operational efficiency and performance management processes.

In order to further optimize its operations, EDPR started the implementation of a chain of dispatch centers. From these offices, EDPR is able to have a better and closer look to each of the wind farms in its portfolio in order to improve availability and management of O&M contracts while monitoring the load factors and energy output.

EDPR Annual Average Net Capacity Factor



EDPR 2010 Quarterly Net Capacity Factor



EDPR'S OPERATIONS AND ENERGY ASSESSMENT

EDPR's superior NCF compared to the industry is the result of a comprehensive process along the wind value chain. Our development teams are able through experience and proximity to secure the best windy sites in all our geographies. Our wind assessment models allow a refined wind farm layout to capture best locations in any given site. Turbine selection is carefully conducted to maximize production and returns for a given wind resource. Finally, our O&M and performance management team leverage our tools and processes to secure superior energy availability and turbine efficiency.

EDPR recognizes that major component repair costs are a primary driver of operational expenses and developing a Reliability Centered Maintenance program is crucial to operational competitiveness in today's market. Being able to predict large component failures will also complement our already best-in-class maintenance practices and is key to reduce downtime and repair costs.

EDPR wishes to maximize production and forecasting accuracy of operational assets as it impacts directly the revenues of the company. Several initiatives were conducted in 2010 to improve performance in this area, including the following:

- Aerodynamic Improvements - EDPR carried out pilot projects to modify the aerodynamic profile of turbine blades to increase production and reduce dynamic loading.
- Technical Project Office - The Technical Project Office began in 2009 and concluded in 2010, having three phases: first, the review of all the existing techniques in the market and a short assessment about the capabilities of the each one; second, pilot projects both in EDPR NA and EDPR EU; and third, a review of the experience obtained from running the pilot project and also an economic exercise to determine the real benefits of using predictive maintenance. As a result of this effort, EDPR decided to develop a proprietary new tool that applies statistical techniques to the SCADA data of the wind farms.
- NIMO Project - A collaboration agreement with the technology company Indra was set to develop software for predictive maintenance based on SCADA data. Discussions are being carried out between EDPR and Indra in order to reach an agreement to participate in the development of an expert system for vibration analysis. The overall aim is to demonstrate new potential for cost reduction, increased reliability, and reduced O&M costs of wind farms.

GENERATION

In terms of electricity generation, EDPR's output in 2010 reached 14.4 TWh, representing an increase of 32% (or 3.4 TWh) versus 2009. Even more, when compared to 2006, EDPR's clean energy output has increased over 5 times.

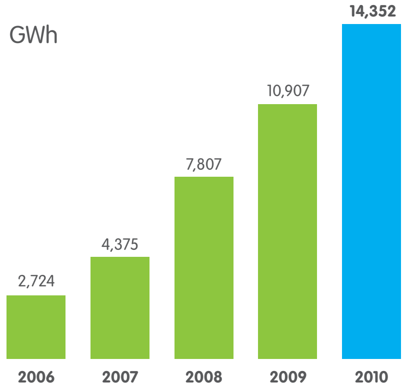
The growth in generation reflects not only the growth in installed capacity but also a top tier operational readiness with 97% average availability of the entire portfolio and an average load factor of 29%, reflecting the premium delivered by EDPR.

In Europe, EDPR presented an annual growth of 33%, generating 6.6 GWh of energy output. Meanwhile, with an annual growth of 30%, EDPR production in North America was of 7.7 GWh. Finally, in the second year of operations in Brazil, EDPR achieved 31 GWh, which represents an annual growth of 17%.

The balance between the different regions in which EDPR has a footprint shows its diversification strategy. Noteworthy is that in 2010, EDPR started generating energy in Poland and Romania, which represent very attractive markets for future value creation.

...in order to produce 14.4 TWh, enough to provide 1 entire day of electricity consumption to the 8 countries (over 650 million people) where EDPR has generation assets

Annual growth of Energy Generation of 32%



Note: 3 GWH of Mini Hydro not included in chart

economic performance

DISPATCH CENTER

EDPR has a solid reputation for operational excellence. This is the result of experienced site operators, continuous improvement in performance management and state-of-the-art support systems. Our site operators have constant access to operational data on their sites that allows them to immediately act on sources of unavailability or inefficiency, closely monitoring O&M contractors. This is supported by our wind energy and operational performance management systems that centralize remote operations and data treatment.

Our Remote Control operations are a cornerstone of our Operations & Maintenance. We have all our wind farms connected to our 3 remote front desks in Oviedo, Oporto and Houston through a common system that allows the desk to respond to grid requirements, control any wind turbine remotely and, where necessary, conduct power market operations. Additionally, they allow EDPR to take control of wind farms O&M after the initial guarantee period. This single system allows EDPR to control its wind farms on a real time basis, while keeping a complete record of all operational data that are extensively leveraged to support operational performance.

During 2011 we will continue the improvement of our wind energy management system, most notably by increasing its capacity and installing our operational performance management system as a support tool for our operations teams.

	2010	2009	Δ%	% of total
GWh				
Spain	4,355	3,275	33%	30%
Portugal	1,472	1,275	15%	10%
France	489	346	41%	3%
Belgium	107	79	34%	1%
Poland	194	-	-	1%
Romania	15	-	-	0%
EDPR EU	**6,632**	**4,975**	**33%**	**46%**
USA				
Western	725	699	4%	5%
Upper Midwest	1,476	1,131	31%	10%
Southwest	2,496	2,241	11%	17%
Great Lakes	2,630	1,449	82%	18%
Northeast	362	386	-6%	3%
EDPR NA	**7,689**	**5,905**	**30%**	**54%**
EDPR BR	**31**	**26**	**17%**	**0%**
EDPR	**14,352**	**10,907**	**32%**	**100%**

TARIFF

EDPR's asset diversifying strategy enabled reaching an average tariff for its portfolio of €58.4/MWh. This average price represents a year-on-year average portfolio price stability, in spite of the declining and volatile of global energy prices.

During 2010, EDPR sought to expand its portfolio to attractive and profitable markets, measured not only by their size but also for their regulatory framework and market exposure. This way, EDPR mix for 2010 consisted of 88% of its production generated either under regulatory schemes with feed-in tariff, regulated floor prices or long-term PPAs (49% of total annual generation) or with a long-term selling contract (39% of total annual generation). From the total clean energy production, only the 12% has spot market exposure, which represents an increase when compared to the 10% exposure held in 2009.

EDPR's optimal diversification led to a 88% coverage ratio for the 14.4 TWh produced in 2010

In Europe, EDPR performs under very different regulatory frameworks. In markets such as Portugal (€93.8/MWh) and France (€83.9/MWh) EDPR energy production is under a feed-in tariff, while in Spain (€79.1/MWh), Poland (€111.5/MWh) and Romania (€59.3/MWh) operates under a regulated floor scheme; Belgium generation is under a PPA selling contract. All this resulted in an average tariff for Europe of €84.2/MWh.

During 2010, EDPR NA recorded growth in electricity sales of 29%, bringing it to a total of $366 million. This resulted in an average price of $47.7/MWh, driven by the combination of $53.9/MWh for the PPA/Hedged production and $31.1/MWh for production sold in the spot market. In addition to electricity sales, EDPR NA captured an additional $141 million of revenues that are related to institutional partnerships, which are composed of PTCs and other related revenues.

EDPR, anticipating the volatility observed during 2010, decided to execute the strategy of lowering its market risk exposure while generating value to its shareholders. Thus, EDPR closed PPAs for 1,088 MW of clean energy output, putting itself as one of the world leaders in long-term energy contract closed during 2010.

An active hedging strategy was executed for a part of the Spanish operating portfolio, which – on top of eliminating market volatility – provided additional revenues to the company of nearly €11.7 million. This – along with the Power Purchase Agreements signed in Poland and Romania – shows EDPR's capacity to palliate merchant exposure in the countries where it has presence.

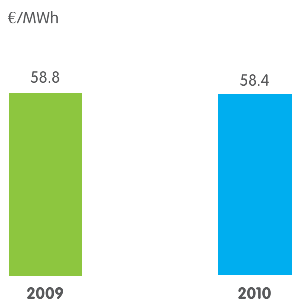
In Romania, EDPR mitigated merchant exposure by signing Power Purchase Agreements for the sale of electricity of the two wind farms projects – Pestera and Cernavoda – totaling 228 MW.

In Poland, EDPR started the construction of its second wind farm, Korsze, with an estimated total capacity of 70 MW, for which it signed a Power Purchase Agreement for the sale of the electricity and green certificates generated by the project.

Of the total operational capacity of EDPR NA, 77% is contracted under PPA or hedged, providing the fleet with stable pricing conditions over the long term. The existing structure of contracted sales provides an average of 13 years remaining of stable cash flows.

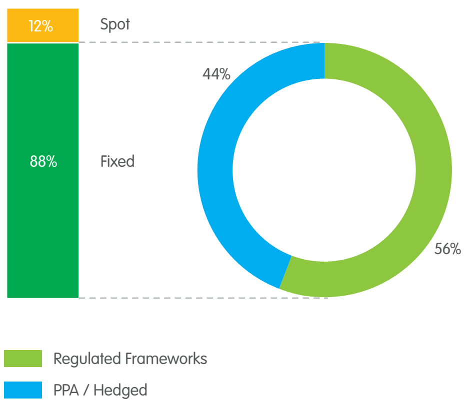
Overall, a vision of asset diversification among attractive markets, growth of a flexible pipeline, top notch operating indicators and a lower market-risk strategy all combine to support EDPR to continue shaping its future… today.

Stable year-on-year EDPR average portfolio tariff



	2010	2009	Δ%
Tariff			
Portugal	93.8	94.5	-1%
Spain	79.1	84.0	-6%
France	83.9	86.6	-3%
Belgium	112.0	103.1	9%
Poland	111.5	-	-
Romania	59.3	-	-
EDPR EU (€/MWh)	**84.2**	**87.2**	**-3%**
EDPR NA ($/MWh)	**47.7**	**48.2**	**-1%**
EDPR BR (R$/MWh)	**254.4**	**262.5**	**-3%**
EDPR (€/MWh)	**58.4**	**58.8**	**-1%**

Composition of total portfolio with Long-Term Selling Contracts or under regulated framework is 88%



economic performance

EDPR's 2010 Closed Long Term Energy Sale Agreements

EDPR, anticipating the spot tariff volatility observed due to the regulatory frameworks changes, and looking to create value to its shareholders, set as a goal in 2010 to mitigate the market risk observed by securing its merchant exposure to long term contracts.

In 2010, EDPR successfully signed 841 MW of long term contracts despite a difficult market. This represents a market share of 12.5% of the 6,739 MW of signed PPAs in 2010, the best performance of any developer in the country.

Similarly, EDPR signed 247 MW in the Eastern Europe region.

Rui Teixeira
Chief Financial Officer (CFO)

FINANCIAL PERFORMANCE

EDP RENOVÁVEIS

- Gross Profit and EBITDA both grew 31% year-on-year fully reflecting output growth, but hindered by a below average wind resource and exposure to spot prices in the US.
- Net Income in 2010 dropped 30% year-on-year to 80 million euros, following lower than expected top-line performance together with higher expenses associated to new investments.
- Cash-flow from operations continues to deliver strong growth 45% year-on-year to 567 million euros in 2010, clearly demonstrating an increased cash-flow generation capability of the existing assets.
- Cash-flow from operations (567 million euros) plus the monetization of tax credits in the US (398 milion euros) covered 69% of the 1.4 billion euros 2010's capex. Additionally, new project finance in the period (191 million euros) increased this coverage to 83%.
- Net debt in Dec-10 was 2.8 billion euros. The 0.7 billion euros increase was mainly to cover the remaining capex not covered by cash-flow. Forex translation also had a 102 million euros impact.

	2010	2009	Δ%
Consolidated Income Statement (€M)			
Gross Profit	**947.6**	**724.7**	**+31%**
Supplies and services	196.2	148.3	+32%
Personnel costs	54.8	42.5	+29%
Other operating costs (or revenues)	(16.2)	(8.7)	(85%)
Operating costs	**234.9**	**182.1**	**+29%**
EBITDA	**712.7**	**542.5**	**+31%**
EBITDA / Gross Profit	*75.2%*	*74.9%*	*+0.3pp*
Provisions for risks and contingencies	(0.2)	(0.2)	+15%
Depreciation and amortization	434.4	314.3	+38%
Comp. of subsidized assets' depreciation	(11.4)	(2.4)	-
EBIT	**289.9**	**230.8**	**+26%**
Capital gains / (losses)	0.0	0.3	(100%)
Financial Income / (expenses)	(174.1)	(72.4)	(140%)
Income/(losses) from group and associated companies	5.0	3.9	+28%
Pre-tax profit	**120.8**	**162.5**	**(26%)**
Income taxes	(37.8)	(44.8)	+16%
Discontinued Activities	0.0	0.0	-
Profit of the period	83.0	117.8	(30%)
Equity holders of EDPR	**80.2**	**114.3**	**(30%)**
Minority Interests	2.8	3.4	(18%)

economic performance

	2010	2009
Assets (€M)		
Property, plant and equipment, net	9,982	8,635
Intangible assets, net	1,367	1,336
Financial Investments, net	64	60
Deferred Tax asset	39	28
Inventories	24	11
Accounts receivable - trade, net	144	106
Accounts receivable - other, net	757	637
Financial assets held for trading	36	37
Cash and cash equivalents	424	444
Total assets	**12,835**	**11,294**
Equity (€M)	**2010**	**2009**
Share capital + share premium	4,914	4,914
Reserves and retained earnings	274	192
Consolidated net profit attributable to equity holders of the parent	80	114
Minority Interest	126	107
Total equity	**5,394**	**5,328**
Liabilities (€M)	**2010**	**2009**
Financial Debt	3,534	2,673
Institutional Partnership	1,009	920
Provisions	54	67
Deferred Tax liability	372	343
Deferred Revenues from Institutional Partnerships	635	434
Accounts payable - net	1,839	1,529
Total liabilities	**7,442**	**5,966**
Total equity and liabilities	**12,835**	**11,294**

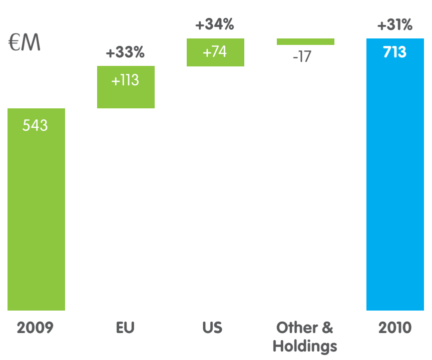
In 2010, EDPR added 947 MW to its consolidated installed capacity, of which 347 MW in Europe and 600 MW in the US, reaching 6,437 MW of installed capacity.

Load factors remained stable at 29%, one of the highest in the wind sector, even though impacted by the below average wind conditions in the US. Given the stability in load factors and the increase in the installed capacity, the 2010 electricity output increased 32% to 14.4 TWh. Both Europe and the US showed strong output growth of 33% and 30%, respectively.

The average selling price for EDPR in 2010 remained stable at €58/MWh, even though still affected by the spot electricity prices in the US. The stability in prices along with the unchanged load factor, led to a 31% year-on-year improvement in Gross Profit to 948 million euros.

The 2010 operating costs increased by 29% year-on-year, in line with the Gross Profit growth leading to stable EBITDA margin at 75% and an EBITDA of 713 million euros (31% above the one for 2009).

EBITDA growth breakdown



Depreciation and amortization charges (including compensation of subsidized asset's depreciation) grew by 36% in 2010 to 423 million euros, fully reflecting the MW brought into operation in the period.

Net financial expenses of 2010 were 174 million euros, 140% above 2009. This is explained by the increase in interest costs as a result of i) a higher net debt, in line with the ongoing growth program, and ii) an increase in interest rates reflecting the wider spreads on the debt contracted since 2009.

In 2010, Net Income backed 30% to 80 million euros following the lower than expected top line performance, together with higher expenses associated to new investments.

CAPITAL EXPENDITURES

Capital expenditures in 2010 amounted to 1,401 million euros, of which 539 million euros in Europe, 783 million euros in United States and 72 million euros in Brazil, reflecting the conclusion of the construction of 947 MW and the 649 MW under construction.

	2010	2009	Δ%
Capex (€M)			
Europe	539	1,014	(47%)
USA	783	826	(5%)
Brazil	72	2	-
Other	7	4	+59%
Total	**1,401**	**1,846**	**(24%)**

Capital expenditures totaled 1.4 billion euros, reflecting the ongoing growth program

2010 capex decreased 24%, comparing to 2009, as a result of the capacity growth deceleration. From the 1,401 million euros used in 2010, 895 million euros were related to building of new installed capacity, while 406 million euros were assigned to under construction capacity.

CASH-FLOW

	2010	2009	Δ%
Consolidated Cash Flow (€M)			
EBITDA	**713**	**543**	**+31%**
Income tax	(29)	(34)	(16%)
Net financial interest	(167)	(87)	+91%
Income from group and associated companies	5	4	+28%
FFO (Funds from operations)	**522**	**425**	**+23%**
Net interest costs	167	87	+91%
Income from group and associated companies	(5)	(4)	+28%
Non cash items adjustments	(143)	(91)	(57%)
Changes in working capital	26	(25)	-
Operating Cash Flow	**567**	**392**	**+45%**
Capex and financial investments	(1,466)	(1,963)	(25%)
Working capital related to property and equipment suppliers	(20)	116	-
Cash Grant	169	156	+9%
Net Operating Cash Flow	**(750)**	**(1,299)**	**+43%**
Proceeds (payments) from institutional partnership in US wind farms	228	334	(109%)
Net financial costs (cash)	(104)	(50)	(32%)
Forex & Other	(89)	(49)	(88%)
Decrease / (Increase) in Net Debt	**(715)**	**(1,064)**	**+33%**

In 2010, EDPR's operations generated a cash-flow of 567 million euros, delivering a solid 45% growth year-on-year, clearly demonstrating the increased cash generation capabilities of the existing assets. Given the growth cycle of the company, capex levels remained above the cash-flow generation, leading to a Net Debt increase of 715 million euros in the period. But it's important to highlight that the operating cash-flow already covers more than 40% of the growth capex vs. 20% in 2009.

Strong cash-flow generation capabilities, +45% year-on-year

The following are the key cash-flow items that explain the 2010 cash evolution:

- Funds from operations, resulting from EBITDA after net interest expenses and taxes increased 23% year-on-year. Interest expenses outpaced the EBITDA growth given the Company's growth cycle and an EBITDA hampered by lower than expected load factors and low US spot prices;
- Operating cash-flow, adjusted by net financial costs, non-cash items (namely tax equity revenues) and net of changes in working capital, amounted to 567 million euros (+45% year-on-year);
- Investing activities amounted to 1,486 million euros which encompasses the capital expenditures and financial investments adjusted by equipment suppliers' working capital;
- Cash reimbursements from the US Treasury received in the US in lieu of the PTCs, pursuant to the American Recovery and Reinvestment Act of 2009, amounted to 169 million euros (225 million dollars). All 600 MW installed in 2010 applied for the 1603 Federal Grant program, of which 400 MW received the cash reimbursement directly and 200 MW closed Institutional Partnership agreements monetizing both cash reimbursement and MACRS (which proceeds are not in this line);
- Net cash from institutional partnerships in the US amounted to 228 million euros mainly related to the sale of the remaining stake in the Vento III deal (141 million dollars) and the establishment of a new institutional partnership structure in Meadow Lake II (84 million dollars) and in Kittitas Valley (99 million dollars);
- Net cash financial interest costs were 104 million euros. The remaining P&L interest costs were accrued in 2010;
- Forex translation increased net debt by 102 million euros as a consequence of the US dollar appreciation throughout 2010 (Dec-10 vs. Dec-09);

All in all, the combination of operating cash-flow (567 million euros) and tax credits' monetization (398 million euros) covered 69% of the capex amount.

FINANCIAL DEBT

At the end of 2010, EDPR's gross financial debt was 3,534 million euros, being 79% 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. Debt with financial institutional increased 191 million euros related to the Polish and Brazilian projects.

	2010	2009	Δ%
Financial Debt (€M)			
Bank Loans and Other	733	542	+35%
Loans with EDP Group Related Companies	2,800	2,132	+31%
Financial Debt	**3,534**	**2,673**	**+32%**

Net debt of 2.8 billion euros, equal to 4.0x EBITDA

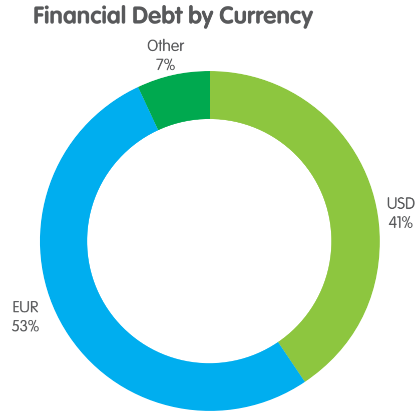
Consolidated Net Debt achieved 2,848 million euros in 2010, increasing from the 2,134 million euros by the end of 2009, mainly reflecting the capital expenditures in the period. Cash and cash equivalents include 424 million euros of cash and equivalents, 226 million euros of loans to EDP Group related companies and 36 million euros of financial assets held for trading.

	2010	2009	Δ%
Net Debt (€M)			
Financial Debt	**3,534**	**2,673**	**+32%**
Cash and Equivalents	424	444	(4%)
Loans to EDP Group Related Companies	226	59	+281%
Financial assets held for trading	36	37	(4%)
Cash & Equivalents	**685**	**540**	**+27%**
Net Debt	**2,848**	**2,134**	**+34%**

As of December 2010, 53% of EDP Renováveis' financial debt was in Euros, 41% in US Dollars and 7% in other currencies, mainly Zloty and Brazilian Real. EDP Renováveis finances in local currencies for investments in Non-Euro currency geographies, such as the US, Poland and Brazil, reducing its financial exposure to forex changes.

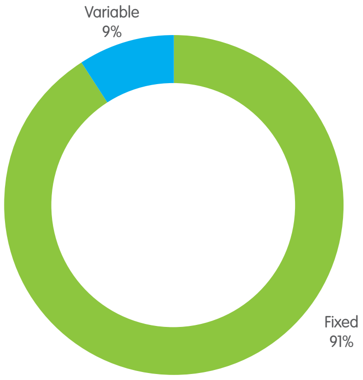
91% of EDP Renováveis' financial debt was negotiated at a fixed rate, which mainly represents the financing agreements with EDP. EDPR follows a long-term fixed rate funding strategy to match the operating cash flow profile with its financing costs.

Financial Debt by Currency



economic performance

Financial Debt by Type



INSTITUTIONAL PARTNERSHIPS

In order to fully utilize 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)	2010	2009	Δ%
Adjusted Institutional Partnership Liability	**934**	**835**	**+12%**

Liabilities referred to as institutional partnerships in the US increased to 934 million euros in 2010 from 835 million euros in 2009 reflecting mainly the closing of Vento III in June, the establishment of a new institutional partnership structure for Meadow Lake II (99 MW) in September and for Kittitas Valley (101 MW) in December.

EDPR continued its leadership of tax credits monetization structures, maximizing projects value

EDPR successfully established several tax credit structures in 2010:

- 141 million dollars were received in 2Q 2010 related to the closing of the Vento III institutional partnership structure with Wells Fargo Wind Holdings LLC. Vento III was structured in December 2008 for 604 MW owned by EDPR in the US, comprising the Rattlesnake Road, Pioneer Prairie and Meridian Way wind farms, on which 376 million dollars had already been previously funded in 2008 by JP Morgan, New York Life and GE Energy Financial Services.

- 84 million dollars received in September 2010 related to the institutional equity financing from JPM Capital Corporation in exchange for an economic interest in the Meadow Lake II wind farm (99 MW). The institutional equity agreement provides the investor with access to the accelerated asset depreciation (MACRS) benefits and to the cash reimbursement.

- 99 million dollars received in December 2010 through the Banc of America Capital Corp in exchange for a partial interest in the 101 MW Kittitas Valley wind farm, in the Washington State. The institutional equity agreement provides the investor with access to the accelerated asset depreciation (MACRS) benefits and to the cash reimbursement.

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)	2010	2009	Δ%
Net interest costs	(166.9)	(87.3)	(91%)
Institutional partnership costs (non cash)	(64.8)	(54.1)	(20%)
Capitalized costs	68.4	74.7	(8%)
Forex differences	(1.4)	5.4	-
Other	(9.5)	(11.1)	+14.4%
Total	**(174.1)**	**(72.4)**	**(140%)**

The financial costs were 174 million in 2010, from 72 million euros registered in 2009. This evolution reflects the increased interest costs from a higher net debt, in line with the ongoing growth program, and the interest cost evolution reflecting the wider spreads on the debt contracted since 2009. Interest costs associated to the construction of the wind farms are being capitalized.

December 2010 average interest rate was 5.2%, above the 4.8% registered in December 2009 reflecting the long-term duration profile of debt and the wider spread on the debt contracted since 2009 in line with current market prices.

EDP RENOVÁVEIS EUROPE

EDPR EU in 2010 increased its installed capacity by 347 MW, closing the year with 3,200 operating MW, spread over six countries – Spain, Portugal, France, Belgium, Poland and Romania.

The electricity generated in 2010 improved 33% year-on-year to 6,632 GWh due to the capacity brought into operation throughout 2010, the full impact of the capacity added in 2009, and a positive evolution on load factors.

The average selling price for 2010 was €84.2/MWh, 3% lower than the one achieved in 2009. Most of the production was covered by regulatory schemes with feed-in tariffs or long term PPAs, protecting revenues from electricity price volatility.

Gross Profit grew 29% year-on-year to 562 million euros as a result of: i) the +115 million euros impact from the new capacity brought into operation in the period; ii) the positive effect from the strong load factor (+24 million euros); more than compensating iii) the unfavorable price evolution impact in the Gross Profit (-14 million euros).

Solid operating performance and secured remuneration frameworks

Operating costs increased 14% year-on-year to 101 million euros, mainly reflects the ongoing growth program and revenue expansion.

EBITDA reached the 462 million euros, increasing 33% from the 348 million euros achieved in 2009.

Income Statement (€M)	2010	2009	Δ%
Gross Profit	**562.2**	**436.4**	**+29%**
Supplies and services	87.4	68.7	+27%
Personnel costs	20.1	13.9	+45%
Other operating costs (or revenues)	(7.0)	5.5	-
Operating Costs	**100.6**	**88.0**	**+14%**
EBITDA	**461.7**	**348.4**	**+33%**
EBITDA / Gross Profit	*82,1%*	*79,8%*	*+2 pp*
Provision for risks and contingencies	(0.2)	(0.2)	+15%
Depreciation and amortization	209.2	154.1	+36%
Comp. of subsidized assets' depreciation	(1.5)	(0.8)	(89%)
EBIT	**254.2**	**195.3**	**+30%**

SPAIN

In Spain, EDPR's wind installed capacity increased by 189 MW, amounting to 2,050 MW at December 2010.

As seen in previous periods, EDPR's wind farms performed better than its competitors achieving a 27% load factor, 200 bps above the market average. Such performance, coupled with the MW additions in 2010, led to a 33% year-on-year production increase to 4,355 GWh.

EDPR's average selling price fell by 6% year-on-year, due mainly to a change in the mix of production towards the RD661/2007 and differences between the 2010 hedging contracts vs. 2009 (on the production under the "transitory" regime).

In 2010, EDPR continued its hedging strategy for the capacity under the transitory regime and sold forward 1,826 GWh at €44/MWh (on top of which received €38/MWh of renewable premium). Out of the total 4,355 GWh generated in 2010 in Spain, close to 80% were sold through hedges or at the fixed floor price mechanism (1,826 GWh hedged + 1,600 GWh with floor), while only 20% were sold at market prices plus renewable premium (929 GWh). For 2011, circa 85% of the expected production is already covered by hedges, floors and fixed tariffs.

Gross Profit in 2010 increased to 343 million euros, 25% above the one achieved in 2009, with the positive impact from the capacity additions and the strong improvement in the load factor being partially offset by the negative effect from the decrease on the average selling price.

As a result, EBITDA in Spain for 2010 increased 22% year-on-year to 274 million euros, while the EBITDA margin reached 80%.

Income Statement (€M)	2010	2009	Δ%
Gross Profit	**342.9**	**273.3**	**+25%**
Operating Costs	69.0	48.3	+43%
EBITDA	**273.9**	**225.0**	**+22%**
EBITDA/Gross Profit	*79.9%*	*82.3%*	*(2 pp)*

PORTUGAL

In Portugal, EDPR's installed wind capacity as of December 2010 totaled 599 MW of consolidated capacity plus 239 MW equity consolidated through its interest in the Eólicas de Portugal consortium.

EDPR's load factor in Portugal in 2010 reached 29%, +1 pp vis-à-vis 2009, given the above-average wind resource during the period. Such performance, along with the full 12 months of the capacity installed in 2009, explains the production growth to 1,472 GWh in 2010, 16% above the one for 2009.

Average electricity prices remained stable in 2010, reaching €93.8/MWh. The small difference when comparing with 2009 is mostly explained by the tariff formula which includes a negative indexation to the annual working hours. Portugal is a regulated market offering a stable feed-in tariff, reflected in long-term PPAs with the distribution company, which allows obtaining sustainable and consistent remuneration levels.

The operating performance, through i) higher electricity output, ii) above average load factors and iii) the full impact of the capacity installed in 2009; iv) along with the stability in selling prices, led to a 14% year-on-year improvement on Gross Profit to 140 million euros.

All in all, in 2010, EBITDA increased by 14% to 116 million euros, following a strong Gross Profit performance combined with a robust EBITDA margin of 83%. Portugal continued to be in 2010 a positive highlight amongst the several geographies where EDPR is present due to its regulatory framework and a solid load factor.

Income Statement (€M)	2010	2009	Δ%
Gross Profit	**140.3**	**123.1**	**+14%**
Operating Costs	24.6	21.5	+14%
EBITDA	**115.7**	**101.7**	**+14%**
EBITDA/Gross Profit	*82.5%*	*82.6%*	*(0 pp)*

economic performance

REST OF EUROPE

At the end of 2010, EDP Renováveis had assets operating in France, Belgium, Poland, and Romania, where it installed the first wind farm. As of December 2010 EDPR installed capacity totaled 551 MW, of which 284 MW in France, 57 MW in Belgium, 120 MW in Poland and 90 MW in Romania. This represents a 154 MW increase comparing to 2009.

The higher installed capacity, together with an improvement in the average load factor to 24% (+1 pp year-on-year) led to a sound output growth of 89% to 804 GWh.

In 2010, the average selling price increased 5% versus 2009 to €93.8/MWh, mainly as a result of the increased contribution of the Polish assets which are achieving attractive prices of €111.5/MWh (electricity price plus a long-term contract to sell green certificates at stable prices for 15 years). In France, and in spite of benefiting from a stable tariff (growing at an inflation type rate) the average selling price fell by 3% year-on-year to €83.9/MWh, explained by the trial period of the recently installed capacity (which production is sold at a lower tariff). In Belgium the average price was €112/MWh, benefiting from a long-term power purchase agreement (PPA).

As a result of a strong increase in electricity generation (benefiting from the growth in the installed capacity and the load factor figures), along with a 5% average selling price increase, Gross Profit increased in 2010 by an impressive 101% year-on-year to 78 million euros.

EBITDA grew to 71 million euros, 165% above the 2009 level, representing the strongest contribution for the company's EBITDA growth.

	2010	2009	Δ%
Income Statement (€M)			
Gross Profit	**78.5**	**39.1**	**+101%**
Operating Costs	7.1	12.1	(42%)
EBITDA	**71.4**	**27.0**	**+165%**
EBITDA/Gross Profit	*91.0%*	*69.0%*	*+22 pp*

EDP RENOVÁVEIS NORTH AMERICA

Strong output growth but steady load factor and prices

In the US, EDPR's wind installed capacity as of December 2010 totaled 3,224 MW and spread throughout 6 different markets: PJM, MISO, SPP, ERCOT, NYISO and WECC. In 2010 were installed 600 MW in the country.

Following the increase in installed capacity and a steady load factor performance at 32%, the electricity output increased 30% in 2010, reaching a total of 7,689 GWh.

The average selling price in 2010 at €47.7/MWh showed stability vis-à-vis 2009. However, the average selling price continued to be affected by the increased production sold at electricity spot prices (below the prices achieved on the production under PPA contracts).

In order to limit its merchant capacity: EDPR has limited its growth in the US towards contracted capacity; and leveraged on the existing PPA demand to close contracts for the existing merchant projects. As a result, EDPR closed 841 MW of PPAs in 2010, of which 571 MW for the existing capacity and 270 MW for 2011/12 projects. Through it, EDPR expects to progressively improve its remuneration in the US once all the PPA contracts have begun contributing.

Gross Profit grew 27% to 506 million dollars in 2010, benefiting from i) the additional capacity contributing for the electricity generation and the continued monetization of tax credits through institutional partnership transactions; but hampered ii) by the below-average load factor and low electricity spot prices along with a reduction of the demand for new PPAs in 2009 and 2010.

Operating costs increased by 25% year-on-year, mainly reflecting the strong business growth. Nevertheless, this evolution is also partly explained by the other "operating costs/revenues" variance, which in 2010 reflects a deal closed in Oct-10 with an off-taker to shorten the tenor of a 200 MW PPA contract to 2015 from 2022 (21 million dollars cashed-in, crystallizing the value of the last 7 years of the PPA).

All in all, 2010 EBITDA in the US increased 28% to 382 million dollars, mainly driven by higher capacity in operation.

	2010	2009	Δ%
Income Statement (€M)			
Gross Profit	**506.4**	**397.6**	**+27%**
Supplies and services	123.3	90.9	+36%
Personnel costs	32.3	29.2	+11%
Other operating costs (or revenues)	(31.4)	(20.5)	(54%)
Operating Costs	**124.1**	**99.6**	**+25%**
EBITDA	**382.2**	**298.0**	**+28%**
EBITDA / Gross Profit	*75.5%*	*74.9%*	*+0.6 pp*
Provision for risks and contingencies	-	-	-
Depreciation and amortization	294.7	220.9	+33%
Comp. of subsidized assets' depreciation	(13.1)	(2.2)	-
EBIT	**100.7**	**79.3**	**+27%**

1 3
2 4

1. Photo by employee: Ashley Stultz
2. Photo by employee: Laura Lazar
3. Photo by employee: Kevin Clark
4. Photo by employee: Jeremy High

environmental performance


WATER

environmental performance

OUR COMMITMENT

EDPR is a leading company in the energy of today. We produce clean and green energy. Energy without emissions.

We strongly believe that sustainable development is possible.

We are committed to assess the impact of our activities on biodiversity in all phases of the business. Although we have pledged to apply EDP's Group Environment and Biodiversity Policies, to reinforce this commitment the Executive Committee approved the Environment and Biodiversity Policies in the beginning of 2011.

Both are available on our website www.edprenovaveis.com.

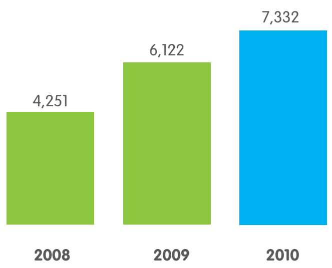
We consider these commitments a cornerstone of our business, integrating them into the decision making process of the company as reflected in our environmental expenses and investments which in 2010 amounted to 15 €M.

WIND FARMS AND ENVIRONMENT

It is clear that, in comparison with other energy generation sources, wind farms' impacts on the environment are much less significant. Renewable energy doesn't cause greenhouse gases emissions and any other emissions. Moreover, it plays a central role in the fight against climate change reducing CO_2 emissions, a global positive impact itself, because of its influence on all kinds of life.

In 2010, we produced 14,4 TWh which means 7,332 thousand tons of CO_2 avoided.

CO_2 avoided (thousand tons)



We strongly believe that prevention is the key to avoid impacts. This is supported by the low percentage of our operative wind farms located in protected areas. Only 7.3% of EDPR sites in operation are inside any protected area, 3.1% are partially within protected areas and 3.1% are adjacent any protected areas.

The few number of our wind farms in Natura 2000 sites (ecological network of protected areas in the territory of the European Union) are limited to Spain and Portugal.

Nevertheless, it's important to highlight that Natura 2000 protection was declared later than the wind farms' Environmental Impact Statements in 68% of these cases.

Detailed information regarding wind farms and protected areas is available on EDPR website www.edprenovaveis.com.

Identifying potential impacts as early as possible is under EDPR's Biodiversity and Environmental Policies.

Although the location of wind farms in protected areas is not a common issue, potential impacts on biodiversity, such as fauna disturbance, vegetation loss, visual intrusion and waste generation may occur. Even so, the vast majority of the impacts which might take place during the construction and operation of wind farms are temporary and reversible.

Wind farms are environmentally respectful sites. Only a small percentage of the land leased is taken out of permanent use when the wind farms are in operation and the activity is compatible with existing land use.

"EDPR respects the rights and privileges of local landowners to operate their ranching businesses." *EDPR landowner*

Monitoring plans are carried out in order to make sure no significant impacts happen. In this sense, EDPR actively monitors all the areas with operating wind farms.

ENVIRONMENTAL MANAGEMENT

Our organization guarantees environmental protection in all phases of our activity. Multidisciplinary teams in each country, which include professional and qualified environmental staff with extensive local knowledge, seek to prevent impacts in the early stages of the project and look for environmentally suitable locations for project sites.

Water pipit (Anthus spinoletta) at Serra Voltorrera Wind Farm (Cataluña, Spain)

Although our concern for the environment is present during the construction and operation phases, EDPR considers prevention the key to achieve sustainable development.

For environmental and cultural issues, the first formal step is the process of responsibly sitting a wind farm. The study includes the use of publicly available data including Geographic Information System (GIS) data layers and a site visit to evaluate all the natural resources that may be present at a particular location and provide information that will be used to guide and focus development into the most favorable locations.

During advanced stages of development and permitting, intensive environmental impact studies are developed to study use of the site by flora and fauna, the location of significant cultural resources, map wetland habitat throughout the project location, as well as provide noise and visual modeling, if they are required or necessary. During this stage of the project, a large amount of detailed information is collected on the biodiversity of the project area, data which is a significant criteria in the sitting process.

“We perform many studies before, during and after a wind farm is built. I believe we are doing everything possible to reduce any impact to the environment. As a company we also take action based upon those studies to help reduce any impacts.” *EDPR employee*

We also work collaboratively with all relevant agencies during the sitting process to ensure that adequate setbacks from significant resources are established to minimize any potential impacts on biodiversity in the area.

When a wind farm is fully developed and has been selected for construction, environmental monitoring takes place throughout the construction phase to ensure that work is undertaken whilst minimizing environmental impact, and if necessary, that corrective measures are implemented.

General Overview Of Environmental Activity In EDPR

Environmental & Cultural Feasibility Study
GIS
Field Work

Development
Environmental & Cultural Impact Study
Complementary Studies
(avifauna, noise, Landscape...)

Construction
Environmental & Cultural Monitoring Plan
Waste Management Plan
Restoration Plan

Operation
Environmental Monitoring Plan
Waste Management Plan
Environmental Management System (ISO 14001)

Decommissioning
Environmental Monitoring Plan
Waste Management Plan
Restoration Plan

In addition to environmental monitoring, during construction we also develop plans to manage waste onsite and stabilize the site at the end of the construction.

Usually, the whole restoration process is monitored by external professionals to guarantee its success. The restored surface in 2010 after wind farms’ construction was about 232 ha.

Environmental monitoring is also carried out at our wind farms during operation. Wildlife monitoring and waste management plans are created, in addition to noise monitoring, revegetation and others, if determined to be necessary.

“EDPR has made great effort to keep land owners informed and updated on the progress of their development. They appear to be very conscious of the environmental impact that will result from the project. EDPR has become a welcomed member of our community and we look forward to having them here.” *Public authority*

In 2010 we have developed 880 studies during all the phases of our activity regarding different issues: fauna and flora, noise, cultural heritage, etc.

	DEVELOPMENT	CONSTRUCTION	OPERATION
EDPR EU	399	42	228
EDPR NA	180	11	12
EDPR BR	2	4	2
Total	581	57	242

“EDPR typically goes beyond what is necessary in terms of environmental monitoring and performance, with some exceptions where regulatory climates are more restrictive.”

EDPR employee

environmental performance

OFFSHORE & ENVIRONMENT THE EXAMPLE OF EDPR IN THE UNITED KINGDOM

EDPR believes that a deep knowledge of the environment is essential in order to prevent potential impacts. The Moray Firth Offshore Wind project in the United Kingdom is a good example of environmental awareness since the early stages in a project.

The proposed development area is not located within any site of conservation interest, designated or proposed to be designated. Although, the Moray Firth region contains some sites of national and international importance for wildlife, these sites are unlikely to be impacted directly by the development of the wind turbines. Nevertheless, environmental surveys (benthic ecology, fish, marine mammals, ornithology) have been done during 2010, and will be done in the next years, in order to collect enough information to evaluate the site regarding environmental issues and minimize or avoid potential impacts.

Prior to construction a comprehensive Environmental Management Plan (EMP) will be implemented in consultation with statutory consultees. The EMP will form a component part of the construction contract for the development, which will be tailored specifically to ensure compliance with the consent conditions for the project as well as current environmental best practice.

The wind farm will be designed, constructed and operated to a high standard, incorporating the appropriate levels of environmental control. Effective and environmentally aware management will minimize the impact of the development on the local environment.

Main contractors responsible for construction, operation and decommissioning will be required to operate an Environmental Management System in accordance with ISO 14001 and the appropriate 'best practice' guidelines will be in place at the time of decommissioning.

Regarding cumulative and in-combination impacts, MORL and Beatrice Offshore Wind Limited (BOWL) have formed the Moray Firth Offshore Wind Developers Group (MFOWDG), in association with the Crown Estate, to allow for collaboration to identify potential cumulative effects and ensure a standardized approach to their future assessment as part of individual environmental impact assessment.

TUCO-TUCO-BRANCO IN BRAZIL

In the construction of Tramandaí wind farm in Brazil, EDPR has promoted studies about the local fauna and flora in dunes and lagoon areas. Those studies have shown the presence of different kinds of animals. Among the mammals, the 'tuco-tuco-branco' (Ctenomys flamarioni) is particularly important because it's endemic along the coastal region of Rio Grande do Sul (Brazil's South region) and vulnerable according to the List of Threatened Species in Rio Grande do Sul. Regarding the relevance of these species for this region and its endemism, during the construction of the wind farm, EDPR has developed a protection plan. A team of biologists and veterinaries with experience in surveys in construction areas, looked for 'tuco-tuco' burrows before works start. When found, the animals were moved to other areas, away from the machines. This job helped to maintain the 'tuco-tuco' population in the wind farm region.

FIRST SPANISH WIND FARM TO USE AN AERIAL CRANE FOR ASSEMBLY PROCESS

EDPR began construction of the second phase of Carondio and Muriellos wind farm at the end of July 2010 in Asturias (Spain). This is the first wind farm in Spain and the second in Europe that have used an innovative system in its assembly process.

The turbine blades were carried by aerial cranes, which considerably reduce the environmental impact when compared to the traditional transportation of blades to each turbine's site, by lorry. The blades are the largest component of a wind turbine and as they cannot be dismantled, transporting them is complex. The blades installed at the Carondio and Muriellos wind farm are 39 m long and weigh 6,500 kg each.

As a result, adaptation works of existing access were minimized, and therefore, the impact on vegetation cover was reduced. It also allowed avoiding impacts on residential areas.

Environmental issues were also taken into account to find the suitable place to store the blades and facilitate its transportation.

This specific solution was used in this particular area because of its complex terrain and the presence of multiple residential areas. It has not only environmental advantages, also allows to speed up the administrative process and reduced execution times and costs.

Wind farms in operation also contribute to the internal commitment of respect for environment through the implementation of measures with the objective of a wise use of resources and waste reduction.

One of the best examples of the environmental performance of the company is the EDPR Environmental Management System (EMS).

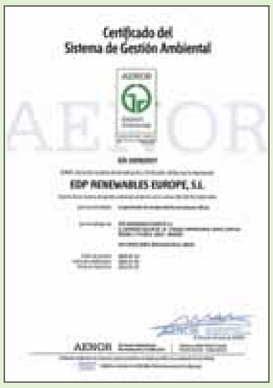
The EMS which is being implemented in EDPR according to ISO 14001 standards provides several benefits, including the following:

- Exhaustive control of applicable legal requirements and their compliance.
- Environmental performance monitoring.
- Definition of environmental objectives.
- Reduction of environmental risks.
- Promotion of new initiatives looking for continual improvement.
- Staff involvement and commitment of the organization.
- Resources management improvement and optimization of investments and costs.
- Operational control established which allows detailed monitoring of environmental features such as waste generation.

ISO 14001 CERTIFICATION
EDPR ATTAINS ENVIRONMENTAL EXCELLENCE

EDPR first experience with an Environmental Management System was in 2008, with the certification of five wind farms in Spain according to ISO 14001 standard.

Two years later, the EMS project has matured and the company has 33 certified wind farms in operation (958 MW) in Spain and Portugal.


Certificado del
Sistema de Gestión Ambiental

AENOR

EDP RENEWABLES EUROPE, S.L.


CERTIFICATE OF APPROVAL

This is to certify that the Environmental Management System of

EDP RENOVÁVEIS PORTUGAL, S.A.
Largo Dr. Tito Fontes, 15
4000-538 Porto
Portugal

Has been approved by Lloyd's Register Quality Assurance to the following Environmental Management System Standards:

ISO 14001:2004
NP EN ISO 14001:2004

The Environmental Management System is applicable to:

Operation and maintenance of windfarms.

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Approval Certificate No: SGI6010748

Original Approval: 17 December 2010
Current Certificate: 17 December 2010
Certificate Expiry: 16 December 2013

Issued by: Lloyd's Register EMEA
for and on behalf of:
Lloyd's Register Quality Assurance Limited

UKAS

Our target is to have all the current EDPR wind farms in operation in Europe and Brazil certified according to ISO 14001 at the end of 2012.

BIODIVERSITY

The United Nations General Assembly declared 2010 as the International Year of Biodiversity to increase the awareness about the importance of biodiversity conservation throughout the world by highlighting the importance that biodiversity has on our quality of life, to reflect the efforts already undertaken to safeguard biodiversity and to promote and foster initiatives to reduce the loss of biodiversity.

UNITED NATIONS CLIMATE CHANGE CONFERENCE CANCUN

Major conclusions:

- The increasing of global average temperature may not exceed 2 °C above pre-industrial levels (1.5 °C in review for 2015).
- Emissions reduction targets for developed countries between 25% and 40% in 2020 compared to 1990 levels.
- Green Climate Fund to support and finance the implementation of policies and actions to combat climate change in developing countries.
- REDD+ (Reducing Emissions by Deforestation and Degradation) is consolidated as a pillar of the future system.
- Continuity of the existing international market mechanisms in the context of the Kyoto Protocol.
- Beginning of a process to consider options to address the losses and damages related to climate change.
- Establishment of a mechanism to enhance technological development and technology transfer in the areas of adaptation and mitigation of climate.

2010 saw the hosting of two significant meetings – the Convention on Biological Diversity in Nagoya, Japan, and the United Nations Climate Change Conference in Cancun, Mexico, which have both lead to historic decisions on addressing biodiversity loss, deforestation avoidance and climate change lead to historic decisions on addressing biodiversity loss, deforestation avoidance and climate change.

NAGOYA BIODIVERSITY SUMMIT

Major conclusions:

- Commit to reduce and, where feasible, bring close to zero the rate of loss of natural habitats including forests.
- Establish a target of 17% of terrestrial and inland water protected areas and 10% of marine and coastal protected areas.
- Restore at least 15% of degraded areas through conservation and restoration.
- Make special efforts to reduce the pressures faced by coral reefs.
- Increase the level of financial resources in support of implementation of the Convention.
- Translate this overarching international framework.

environmental performance

EDPR wants to contribute its share of biodiversity conservation and respect for environment, because preserving biological diversity requires action at all levels: government, business and individual.

We have developed and collaborated with public and private entities in several projects regarding biodiversity protection.

In Spain, EDPR has conducted an important number of initiatives aiming at improving the habitat of various species of birds. The monitoring of a golden eagle (*Aquila chrisaetos*) couple using a GPS transmitter; an eight-year rescue and census campaign of montagu's harrier (*Circus pygargus*); the installation of nesting boxes for European roller (*Coracias garrulus*) and the adaptation of power lines to reduce birds mortality, are only some examples.

Golden Eagle (Aquila chrysaetos) couple after labeling with GPS satellite transmitters in Tarragona (Spain). Autor: MN Consultors en Ciências de la Conservació

In Portugal we developed a bonelli's eagle (*Aquila fasciatus*) couple habitat management programme to promote prey species and create a protection area around the nest.

EDPR Portugal is member of the Association of Iberian Wolf Habitat Conservation.

The actions conducted by the Association of Iberian Wolf Habitat Conservation in 2010 and which will be maintained during 2011 are the following:

- Implementation of measures to improve habitat for game species in the municipal hunting areas of Cinfães and S.Cristóvão.
- Maintenance of a nursery of native forest species, for own use and supply to others.
- Maintenance of infrastructure for reintroduction of wild ungulates in the Serra da Freitas, Arada and Montemuro.
- Development plan for reintroduction of Roe Deer in the region, project-based infrastructure for breeding wild ungulates.
- Development of the "Compensatory award due to grazing in the Sierra Freitas, Arada and Montemuro".
- Maintenance of the project "Forest management in the Freitas, Arada and Montemuro Mountains".
- Coordination of "Wolf Monitoring Plan in the Freitas, Arada, Montemuro and Leomil Mountains using telemetry".

In 2010, EDPR signed a cooperation agreement with the Natural Heritage Foundation of Castilla y Leon, in Spain, for the implementation of natural space conservation projects.

Some of the activities to be developed in cooperation with the Natural Heritage Foundation of Castilla y Leon will be:

- Natural heritage improvement and conservation initiatives.
- Restoration of degraded areas.
- Improvement of the public network equipment.
- Socioeconomic, cultural and educational activities related to natural heritage and natural areas.
- Elaboration of technical and informative material.

Cooperation agreement with the Natural Heritage Foundation of Castilla y Leon signing

EDPR NA has been actively engaged in addressing the critical wildlife issues facing wind farm development in the United States.

We are currently conducting studies to evaluate the effects of wind turbine cut-in speeds on bat fatality rates in the United States. We are also undertaking studies of Golden eagle activity by banding up to six eagles with GPS telemetry units which will track the movements of the birds. This information will aid in the identification of potential impacts and determine particular management needs to help protect the species.

In the United States we also collaborate with several organizations and wildlife associations, as the AWWI.

The American Wind & Wildlife Institute (AWWI) is a science-based organization created by people who support renewable energy and the environment: conservationists, state wildlife officials, wind energy leaders, and scientists. It is dedicated to providing and sharing scientific information and tools to advance wind energy with respect for the environment. In 2007, EDPR NA was one of the founding partners in this twenty-member organization which includes representation from the largest wind companies in the United States.

In December 2010, EDPR NA hosted the annual board meeting of the American Wind Wildlife Institute (AWWI) at its Corporate Headquarters in Houston.

Many key questions about the effects of wind energy development on wildlife must be answered; these are the AWWI initiatives in what EDPR collaborate with:

- National Wind-Wildlife Research Program.
- Research Information System (RIS).
- Landscape Assessment Tool (LAT).
- Mitigation and Compensation.
- Outreach and Education.

In 2010, the U.S. Fish and Wildlife Service concluded that the Greater Sage-Grouse warrants protection under the Endangered Species Act.

We are involved in a multi stakeholder collaborative to conduct research on potential wind energy impacts on the Greater Sage-Grouse in the United States.

Greater Sage-Grouse (*Centrocercus urophasianus*). | Photo by Gary Kramer/U.S. Fish and Wildlife Service

EDPR NA is collaborating with the U.S. Fish and Wildlife Service, Bureau of Land Management, U.S, Geological Survey, The Nature Conservancy, The Wyoming Outdoor Council, Audubon, several state wildlife agencies and universities, and other wind industry members in the Sage-Grouse Research Collaborative to support research that will fill a current data gap; providing the information needed to help advance wind energy development and inform protection/management of sage-grouse.

Currently, the Collaborative has selected projects across two states that will begin their research efforts in spring 2011.

EDPR NA in partnership with the Ranchland Trust of Kansas and The Nature Conservancy's Kansas Conservation Office finalized the first conservation easement associated with the Meridian Way Conservation Agreement in 2010.

Kansas' prairie conservation easement

This effort, which began in 2008, was established to conserve and restore native prairie ecosystems in Kansas. This first conservation easement helps to achieve more than 10% of the overall goal of the partnership by placing the land into permanent conservation easement status. The partnership remains on track to meet its total conservation goals by 2023.

In Oregon, United States, we are partially funding a research project on fledgling hawk mortality at wind projects.

Juvenile red-tailed hawk (Buteo jamaicensis). | Photo by Lee Karney/U.S. Fish and Wildlife Service

Wind energy development is expanding rapidly throughout the Columbia Plateau and Columbia River Gorge area of Oregon and Washington states. To date, few studies in this area have examined the impact of wind projects on wildlife, specifically raptors. Currently, most information on the relationship between raptors and wind turbines comes from pre and post-construction surveys and mortality monitoring on wind project areas. Very little data is available on the long-term impacts of wind projects on breeding raptors or their young. While raptors appear to use nesting areas following development, more data is needed to determine if adult and juvenile hawks face an increased threat of mortality or if they are able to behaviorally adapt near turbines and how these factors might influence nest occupancy and productivity.

EDPR NA has partnered with Boise State University, U.S. Fish and Wildlife Service, Washington Department of Fish and Wildlife, Oregon Department of Fish and Wildlife, and members of the wind industry to fund a two-year research project to gather data on potential impacts of wind projects on breeding raptors and their young. Results from the first year of the study were presented in a poster at the National Wind Coordinating Collaborative's Wind and Wildlife Research Meeting in October 2010.

ECO-EFFICIENCY AND WASTE

The main impact of EDPR activity is clean energy, green energy, renewable energy.

Pestera Wind Farm in Romania

environmental performance

Environmental compliance and continual improvement are major concerns of EDPR. This section includes environmental performance regarding our operational wind farms in the reporting period.

EDPR indirect emissions are much reduced and they're limited to the administrative buildings consumption and wind farms' auxiliary consumptions (when self-consumption is not possible).

Usually, the energy needed for wind farms' auxiliary consumptions (lights, wind turbine orientation, etc) comes from the energy produced by itself, but if there isn't any operative wind turbine, this energy must be purchased.

In the reporting period, the amount of energy consumed as auxiliary consumptions in EDPR wind farms was not relevant, 148 TJ, just 0.28% of produced energy.

Even though EDPR's business reduces carbon emissions as a whole, we are still making an effort to minimize our indirect energy consumption in our offices. In 2010, indirect energy consumption by our offices was 7.2 TJ, just 0.01% of produced energy.

Indirect Energy Consumption Emissions	Offices	Wind farms
t CO_2	981.0	19,411.0

Transport Indirect Emissions[1]	EDPR vehicles[2]	Travel business by plane[3]	Travel business by train	Employee commuting[4]
t CO_2	2,469.3	3,891.2	64.0	606.6

1 Emissions calculated according to GHG Protocol
2 EDPR Brazil vehicles are not included.
3 US flight emissions estimated.
4 Employee commuting calculated from data collected in the internal sustainability survey.

EDPR also takes efforts to reduce and eliminate unnecessary indirect emissions very seriously. A number of initiatives regarding reduction of energy consumption and emissions have been developed during 2010.

EDPR has signed an agreement with a car rental company to provide employees with hybrid vehicles for their business travel as an alternative to traditional vehicles in some cities of Spain. Hybrid cars use less fuel than traditional cars and therefore, produce less harmful pollutants and greenhouse gases than comparable gasoline vehicles.

In addition, the company has made great efforts in its administrative buildings in order to improve resources use:

- Open area design taking full advantage of natural light and near air conditioning and heating vents.
- At least one videoconference room in each office to reduce business travels.
- Use of recycled paper, bleached without chlorine or which satisfies other environmental requirements in all offices.
- Refuse not to re-use is the slogan used in the decoration of EDPR office in Madrid with the aim of fostering recycling in the company. This initiative will be launched in 2011 in other EDPR offices.
- Reusable bags printed with this catchphrase have been made as EDPR merchandising in different events.

Refuse not to re-use EDPR recycled bag

In 2010, we launched the first Sustainability survey in order to know what's relevant for EDPR employees regarding sustainability. Employees suggested numerous proposals to improve our sustainability performance.

During 2011, we will develop some of them at EDPR offices:

- Set double-sided printing by default.
- Look for an alternative to water plastic bottles in order to reduce the amount of plastic packaging generated.
- Establish internal measures to reduce power consumption and perform staff awareness campaigns.
- Improve waste collection points in the offices, data collection and its analysis.

New procedures and offices' terms of use focused on energy conservation and waste reduction will be published in 2011.

As well, ongoing educational campaigns for employees regarding environmental good practices will continue.

GOT PROFIT? PROVE IT

Got profit? Prove it! It's an initiative developed in EDPR NA with the purpose of encouraging employees to offer innovative suggestions that will help the company to reduce spending and increase revenue.

Each suggestion is evaluated calculating the estimated cost savings and the Executive Committee reviews the suggestions on a weekly basis and communicates the approved cost saving initiatives.

All employees are required to adhere to the approved cost saving initiatives once they are rolled out.

Promoting the use of public transportation by the employees, or printer settings to print double-sided, are only some examples of these initiatives.

Initiatives focused on EDPR sustainability improvement are not only taken at offices. In 2010 several actions have been also launched in our wind farms:

- Installation of programmable thermostat to minimize energy consumption.
- Laptops and printers turning off at the end of the day to decrease electricity consumption.
- Rainwater supply system installed at substations.
- Employees at wind farms have begun sharing the responsibility of recycling by voluntarily carrying recyclable materials to

the nearest waste recycling point in areas with lack recycling facilities nearby.

- Ordering of large-capacity containers to reduce the amount of waste when purchasing oil or other products.

CERTIFICATION IN LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN

In 2009 EDPR NA started pursuing a design which would meet guidelines to earn Certification in Leadership in Energy and Environmental Design (LEED), an internationally recognized green building certification system, for Rail Splitter's Operations and Maintenance building, as previously achieved at Houston Headquarters.

In 2010 Rail Splitter's Operation and Maintenance Facility obtained LEED Silver certification.

The building will consume at least 28% less energy, use 30% less water and consume no water for irrigation/landscaping over its life when compared to a regular O&M building.

Waste generation is one of the main environmental aspects to control wind farms in operation. In EDPR we pay special attention to enhance monitoring of hazardous and non-hazardous waste. As part of our training plan, EDPR employees as well as those working on our behalf are aware of its importance. The training helped increase awareness on waste management requirements, challenges and solutions, and addressed issues such as material storage, labeling, transport and recycling.

"It is in our interest to reduce the waste generated in every project. I believe that we do and must continue to work even more closely with our suppliers to minimize labor and material waste." *EDPR Project Manager*

In Spain a guide with information about hazardous and non-hazardous waste management (segregation, packaging, labeling, storage and related documents) has been distributed.

In the United States, site specific Waste Management Plans were developed for every wind farm, specifically tailored to outline waste storage, disposal and transport for every solid waste, including any hazardous material that could be found on site.

Currently we're working to collect waste generated regarding disposal method.

Waste generated in wind farms	2008	2009	2010[1]
Total waste (t)	223	267	567
Hazardous wast (t)	71	137	272
Total waste (t)/ production (GWh)	0.028	0.024	0.039

(1) Not included Brazil Valve

The raise on the amount of waste generated is due to the increase of installed power.

EDPR has defined a systematic environmental emergency response as part of the EMS implementation process. This procedure sets out the guidelines regarding environment in case of fire, flood or spill at wind farms. These guidelines are annually checked through questionnaires, simulacrum, etc.

Any environmental incident is recorded in the Emergency Register which collects information about the event date, location, emergency situation occurred, causes, impacts and corrective measures taken.

Also, under the EMS, employees at wind farms attend training sessions in which, apart from other things, is explained how to deal with an environmental emergency and what to do once it is overcome.

In the United States all our wind farms have a spill plan in place that registers how the sites will respond to spills.

Environmental emergencies are not common at our wind farms. In 2010 there were a total of 3 significant spills. All of them were oil spills and took place in the United States. The total quantity for these spills equals 1 m^3.

The spills were promptly reported to the local environmental government agency and all necessary cleanup measures were completed and verified, so that no oil remained on the ground or reached a waterway. Since half of these incidents were a result of electrical failures, we have replaced grounding transformers, and installed concrete containment pits for the grounding transformers at one of our wind farms in the United States. The transformers were replaced to reduce the possibility of future equipment failures. The concrete containment pit will significantly diminish the chance of releases to the environment if additional failures occur.

With the purpose of minimizing emergencies at our facilities, we implemented an environmental incident database in 2008 in the United States, which serves as system to capture near misses. In Europe we are currently working on a near-miss system which will be operative in 2011.

social performance

social performance

LOCAL COMMUNITIES

We are well aware of the impact that our activity has in the local communities where we develop our wind farms and how we can maximize those potential benefits for the company and the inhabitants of the surrounding areas through an open communication with our stakeholders.

Therefore, we establish a relationship of trust and collaboration with the communities where we have presence from the very initial stages of our projects, organizing informative sessions, we hold open dialogs with these communities, to explain the benefits of wind energy. We also organize volunteering and sport activities to promote a sustainable development of the society. Our business generates further indirect positive impacts in the areas where we are present, through local hiring and procurement and the development of infrastructures and the payment of taxes and rents.

"EDPR has always been a leader in terms of reputation with local and state level stakeholders. It has a competitive advantage in terms of being a thought leader in the regional areas in which it operates, and communities tend to navigate towards EDPR due to its community focused development model. This is something we can be proud of, as it directly reinforces our sustainable development and social responsibility goals."

EDPR employee

DIALOG WITH THE COMMUNITY

The dialog with the surrounding community is an integral part of our business activity. We carry on discussions and meetings with the local stakeholders during all the phases of a Wind Farm, to learn about their concerns and to define the best way to address them. It is also a means to communicate some of EDPR's core values to the local community.

WHILE LOOKING FOR SUITABLE AREAS FOR OUR WINDFARM

We believe that the selection of the most suitable sites to initiate the construction of a wind farm should take into account people and communities.

The Moray Firth Offshore Wind project, in Edinburgh the UK, has brought a complete new set of communications challenges. Conventional infrastructure projects typically have an impact that is limited to only a few communities; the Moray Offshore Wind Project, although more than 20km from shore, has 20 towns and many more villages who can claim to be our nearest neighbors, spread over a coastline of more than 300km. Additionally, those who use the sea for fishing, sailing, commercial navigation, and oil and gas, all have a direct interest in the proposals.

In order to cope with these challenges, we have initiated a Public Consultation Exhibitions in the UK, visiting over 12 towns in the area to attend the needs of the community.

DURING THE CONSTRUCTION OF OUR WIND FARMS

During the construction of its largest wind farm in Brazil and in partnership with Instituto EDP in Portugal, EDPR has performed different actions in order to raise the awareness of the local community around Tramandaí, in the south of Brazil. Several local information meetings were carried out in elderly association facilities for the purpose of making the company and its activities known, as well as the progress of the project. These included visits to the facilities under construction. The aim of this communication is to develop a bond of confidence between EDPR and the local community of Tramandaí, through the explanation of the direct and indirect benefits that this wind farm will provide for the community, and the analysis of the feedback received from the community regarding their questions and concerns.

These dialogs intend also to ensure the safety of the inhabitants of the region during the construction of the facilities, taking special care of the children, who could approach the work areas and be vulnerable to accidents.

Information meeting in Tramandaí, Brazil

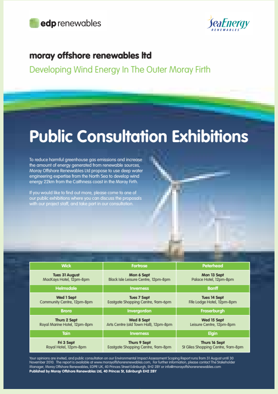
Moreover, we visited a municipal school close to Tramandaí area, where several initiatives were performed, namely a biodiversity quiz that taught children about the natural species of the area and workshops where children were encouraged to build toys with recycled material (ex. PET bottles) to build a Christmas presents for their schoolmates and for the elderly of a local nursing home.

Through these actions, we achieved to transmit the values of Solidarity and Ecological Consciousness to the young generation.

Art and Energy Contest in a School of Tramandaí, Brazil

> "Developing wind farms and educating communities, stakeholders, politicians and media about the benefits of renewable energy is a large part of our responsibility."
>
> *Development employee*

UK PUBLIC CONSULTATION EXHIBITIONS



Public Consultation Exhibitions in the North East of Scotland, UK

EDPR offshore project in UK is the largest infrastructure investment in the North East of Scotland for more than a generation, and the project itself pioneers the development of offshore wind energy in deeper water. It is not surprising then that there is significant interest in our proposals, and EDPR has worked hard to make sure that coastal communities, organizations, companies and elected representatives are aware of the project and of the opportunities which we expect to create.

We launched details of the project at an event in Inverness in August, which was attended by a range of local stakeholders representing various interests from sailing and fishing to economic development and tourism.

As part of our communications strategy, we produced an easy-to-read 8 page non-technical summary brochure which was sent to more than 400 different individuals and organizations, including more than 100 elected local and national politicians.

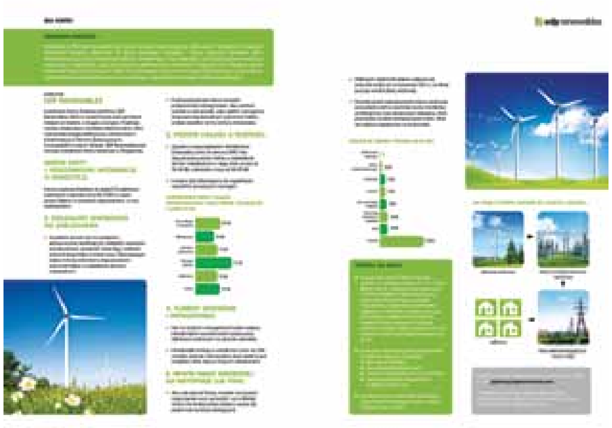
We organized a tour of 12 roadshows in towns and villages the length of the Moray Firth coastline. With over 100 hours of public consultation, these exhibitions attracted more than 750 people who were able to discuss the proposals directly with project staff.

However, these events were about more than simply providing information, EDPR recognizes that communication needs to be a two-way process, and in order to give the people who live in the Moray Firth area the opportunity to have their say about our project, we undertook an opinion survey, to obtain public feedback about our proposals. To date, some 86 per cent of those surveyed support the proposed development.

As work to obtain consent for the project continues, so does our dialogue. In December project staff addressed a meeting of elected members of The Moray Council, and we proposed to follow this with meetings in the two neighboring local authorities. Meantime, we have just commenced our consultation with the 98 different community councils who represent the coastline.

DURING THE OPERATION OF OUR WIND FARMS

In Poland, we have performed many initiatives to ensure a transparent dialog with the surrounding community of the Margonin wind farm, currently in operation. During 2010, a bulletin was issued to inform the inhabitants of Margonin about wind power: characteristics and benefits.



Information Bulletin distributed in Margonin, Poland

In addition, EDPR team in Poland, visited the surrounding schools in Margonin to show children how important wind is to the human being, and what can make wind for us. Children were also taught in practices to save energy, to educate them about how important energy is, how to produce it, and how not to contaminate the environment.

Educational activities in Margonin, Poland

All activities were organized within the subject "What wind can do for us". Team games and quizzes about environmental protection and renewable energy were prepared to engage children while learning about wind energy.

In North America, in the surrounding area of the Blue Canyon wind farm the Earth Day has become an annual event were schools are invited to visit the company facilities and learn about wind power through an electrical safety magic show, a hands-on anemometer project, a recycling relay and a coloring contest.

social performance

BRING ENERGY CLOSE TO THE COMMUNITY

GLOBAL WIND DAY

In June 2010, we participated in the Global Wind Day, an initiative that promotes awareness for wind energy worldwide and creates opportunities for every citizen to discover, in detail, renewable wind energy and its benefits. The campaign's message is "global: wind power works". The Global Wind Day is the result from the cooperation of the European Wind Energy Association (EWEA) and the Global Wind Energy Council (GWEC).

Several wind farms in Europe and North America hosted open houses with information sessions and other recreational activities for our Stakeholders. Elkhorn Valley and Antelope Ridge wind farms in the US hosted special activities during the Global Wind Day for landowners and supporters.

In Europe, the Down Syndrome Foundation of Madrid visited one of our wind farms during the global event, in the frame of the longstanding relations between the company and the foundation.

FOSTERING DEVELOPMENT AND CLEAN ENERGY

During 2010, we hosted the visit of public entities from several countries and other representatives from governments interested in renewable energies. The Mozambican President in an official visit to Portugal to develop bilateral economic relations, visited the wind farm Serra d'El Rei. Moreover, a group of 22 senior officials of the United Nations from developing countries visited our facilities in Oporto to address the feasibility of clean energy.

The Governor of Espírito Santo State in Brazil and a contingent of eight representatives of the Pakistani Government also visited our office and wind farms in Portugal, where they were introduced to the environmental and social benefits of wind power for the community.

The North American platform facilities were also visited during the year by different authorities, including a visit from a delegation representing the Shandong Province Department of Commerce and Economic Development (China) to the Houston office to learn more about business opportunities in the renewable sector.

"EDPR has been a great partner for the state of Oklahoma in helping the state to promote clean, sustainable energy." *Public authority*

DOWN SYNDROME FOUNDATION OF MADRID VISITS EDPR

As an activity of the Global Wind Day, a group of students from the Down Syndrome Foundation of Madrid visited one of EDPR wind farms. In continuing a relationship between the foundation and EDPR that has been established via other activities, more than 20 students from the foundation visited Altos de Voltoya and were able to explore the inside of one of the 80 turbines, about 1,500 meters high, that belong to this wind farm. On their tour, the students learned how the wind is turned into energy that reaches our homes daily. EDPR wanted to show the children and their caretakers how its wind farms work and the benefits they bring to the environment and to the production of clean energy. Besides the educational component, the initiative provided an opportunity to promote social integration and outreach to the community.

UNITED NATIONS AMBASSADORS FROM DEVELOPING COUNTRIES VISITED OUR FACILITIES

In June 2010, EDPR's offices in Oporto was visited by 22 senior officials of the United Nations, specifically representatives from African and Caribbean countries. The purpose of their visit was to address the feasibility of new clean energy sources for developing countries.

The UN representatives visited EDPR's Dispatch Center, where we monitor the operation of all our wind farms.

In Viana do Castelo, on the north coast of Portugal, the representatives from the United Nations observed the manufacturing process for wind farm turbines at the facilities of Enercon, currently responsible for the wind farms EDPR is building in Portugal. The trip was topped off with a visit to one of Europe's largest wind farms, located in the mountains to the north, close to the northern outskirts of Viana do Castelo and neighboring Spanish region Galicia.

LOCAL FAIRS, CONVENTIONS AND SPONSORSHIPS

We also actively participate in local fairs and conventions, and sponsor several initiatives to spread the knowledge about the renewable sector, as well as fosters the business development of the company and the benefits for the community.

In Europe, we participate in many local fairs like the "Feria de la energía renovable de Véjer e la Frontera" in Spain, where the company informed visitors about its activities and offered the possibility to visit the Wind Farms nearby.

In addition, in order to incentivize the business activity in the local communities, we sponsor events like the "Xuntanza Empresarial Costa da Morte", in Spain, to give awards to the most relevant start-ups of the region.

Conscious of climate change, we also participated in the "Convención sobre Cambio Climático y Sostenibilidad" in Spain, with the objective to present information and argue about possible action plans to adapt and benefit from climate change, understanding its impact in the environment, the industry, the cities, the administrations and the citizen.

In the US as well, we participate in many local fairs and activities in the regions in which we are represented. For example, in the Western region, this was the fourth year we have been a major sponsor of the Union County Fair held in La Grande, OR. During the fair's five day run, we answered hundreds of questions about wind power, the company, as well as development projects in the area. Other events sponsored in the western region of the US include the North Powder Huckleberry Festival, Baker County Fair, Union County Relay for Life team, and the Max Concert Series.

In Montana representatives from EDPR participated in the fifth Montana Economic Development Summit to highlight the company's development assets in the state, and build relationships with key US federal decision makers. Company representatives met with US Senator Baucus, Governor Brian Schweitzer, US Secretary of Energy Steven Chu and Stephen Wright with Bonneville Power Administration, TransCanada, Bonneville Power Administration, Vestas, Iberdrola Renewables, National Wind, and Siemens Wind Power.

We also hosted in the US the Annual Board Meeting of the American Wind & Wildlife Institute, institution to foster the development of the wind energy with respect for the environment. We also hosted the GE Wind Blade Tour in one of our wind farms, a 28-day multi-state event that brings the knowledge of wind energy to local communities.

To complement the diverse activities to create a footprint in the economic, social and environmental performance of the society, we issued a social brochure with the title "Let the wind blow us into the future" compiling the environmental and economic benefits that the Wind Farms offer to the local communities.

VOLUNTEERING AND SPORTS

We promote the development of society through sport and volunteering, to encourage our employees and society as a whole to have a healthy lifestyle while helping those with fewer resources.

During 2010, we sponsored and organized many sport events with a social goal.

For example, we sponsored the third edition of the Bike Tour, in Madrid, to promote clean transportation and fight against addictions and barriers of inequality.

We also sponsored the "Carrera de la Mujer en el Ayuntamiento de la Roda" in Spain to fight against female discrimination. Moreover, in North America our Cycling Team has participated in the BP MS-150, a cycling adventure with more than 12,000 cyclists who ride from Houston to Austin, Texas, raising over $10,000 for the National Multiple Sclerosis Society.

We are proud of becoming a productive part of the communities where we do business. Therefore, many volunteering initiatives were promoted by ourselves, like the collection of toys, food items and clothes.

But our employees also invested their time in supporting the most disadvantaged families. In Walcott, Indiana (North America), a group of six employees from several departments invested their time in the project Habitat for Humanity, constructing a home for a single mother with three children. The employees were asked to participate by a landowner and were eager to be a part of something significant in the community.

During 2011, in Spain, we are going to sponsor two summer camps for kids in risk situation and / or raised in families with low income, in partnership with the NGO Solidaridad Educación y Desarrollo (SED):

- EDPR will sponsor the Summer Camp from SED in Navalguijo (Ávila) for kids living in correctional centers, shelters or come from immigrant families with limited resources. 70 children will participate in this program that will take place between July and August 2011.

- EDPR will sponsor the Summer Camp "Espiral" in Fuenlabrada (Madrid) that will host 50 children from this town and will take place between July and August 2011.

Through these initiatives, EDPR will contribute to improve the social environment of the communities where these activities take place.

social performance

BIKE TOUR

In 2010, we sponsored the World Bike Tour in Madrid once again that gathered 5,000 participants, around one hundred of them employees of EDPR. Once again this event was a huge success.

World Bike Tour is an event that takes place in some major cities of the world, to encourage the use of bicycles as a means of clean transportation as well as to fight against barriers of inequality for people with disabilities and to serve as a catalyst in the fight against addictions.

COMMUNITY INVESTMENTS AND INDIRECT ECONOMIC IMPACTS

In addition to our initiatives in the support of the development of the society, the construction of a wind farm brings a longstanding benefit to the surrounding populations, through indirect impacts, mainly infrastructure investments, like public or private roads or utility systems upgrades, tax contribution, landowners' leases or job creation.

During 2010, we supported initiatives with a direct impact in the communities, with an investment of 1.76 million euros, in social cultural, sports, health, environmental, educational and institutional projects.

We also developed public and private infrastructures during the construction of our wind farms. The community benefited from a total investment of 37.6 million euros in public and private road upgrades and 43.3 million euros in utility system upgrades.

Additionally, each one of the geographies where we operate treats taxes differently. We benefit from tax exemptions in some regions as an incentive to the renewable energy development. In some regions in Europe, we share a percentage of our revenues with local municipalities. In 2010, EDPR totaled 30.5 million euros in tax payments and share of revenues to municipalities.

Indirect Economic Impacts (€)	Community Investments	Infrastructure Investments	Property taxes and share of revenues
EDPR EU	1,173.6	40,412.0	14,467.3
EDPR NA	569.3	40,478.6	15,954.2
EDPR BR	17.6	N/A	88.9
EDPR	**1,760.5**	**80,890.6**	**30,510.4**

N/A: Not available

LOCAL HIRING AND PROCUREMENT PRACTICES

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

For operational activities, we strive to hire members from the local community for administrative positions as well as operations and maintenance services, such as electrical and facility maintenance.

% of local hiring	Local	Non-Local
EDPR EU	95%	5%
EDPR NA	56%	44%
EDPR BR	100%	0%
Holding	61%	39%

Also, there are no in-house procedures for procurement practices with local suppliers. However, in Europe, 77% of the top 20 major suppliers for each country were local. In terms of spending, 38% of the procurement expenditures were paid to local suppliers. In North America, 77% of the procurement costs corresponded to US suppliers.

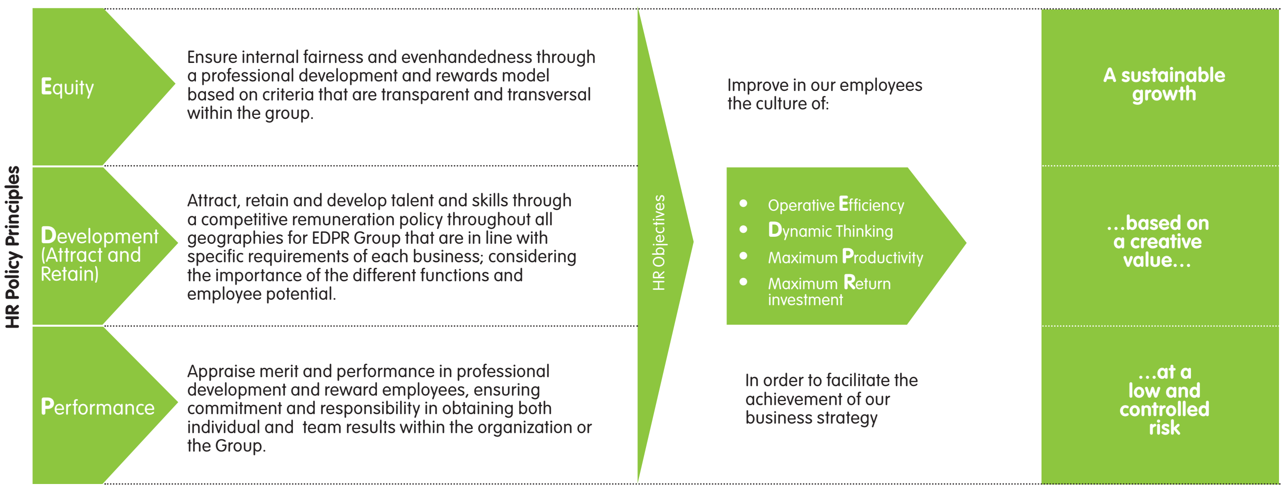
	Local Suppliers		Non-Local Suppliers	
% of spending in suppliers	2010	2009	2010	2009
EDPR EU	38%	86%	62%	14%
EDPR NA	77%	67%	23%	33%

We seek to hire local companies and resources to provide operational support, such as road maintenance and snow removal. Our third party contractors also make efforts to hire labor from the local community.

OUR PEOPLE

We have achieved a top tier position in the renewable energy market thanks to our people commitment and effort. To guarantee the excellence at work of our employees, human capital management plays a key role to support our growth targets maintaining the current operations excellence. Therefore, we are committed to create the most adequate environment to secure employee commitment, empowerment and accountability, while offering them an attractive career development plan with opportunities to grow professionally at the same high pace as the company.

To create the most appropriate environment for our employees, the company has developed a Human Resources Policy, approved in 2009, based on the following principles: Equity, Development and Performance.



Our global compensation strategy policy has been implemented to address the needs of every local market, with enough flexibility to adapt to each region where the company is present. The developed system ensures that all positions are evaluated and graded according to a methodology designed to ensure fairness, through an approved salary band for each position within the organization's matrix. The defined salary bands are based on market benchmarks.

COMPANY PROFILE

Our workforce has grown at a high pace, to guarantee the staff availability to support the growth of the organization. At the end of 2010 our total headcount of 822 corresponds to a 14% increase compared to that of 2009. EDPR EU accounts for 49% of the total workforce, EDPR NA 40%, EDPR BR 2% and Holding the remaining 9%.

Headcount at year-end	2010	2009	Var (%)
EDPR EU	398	365	9%
EDPR NA (1)	332	303	10%
EDPR BR	17	8	113%
Holding (2)	75	45	67%
EDPR	822	721	14%

NOTE: figures do not include the Board of Directors
(1) EDPR NA headcount includes Executive Committee
(2) In 2010, 8 holding employees were based in North America; 67 in Europe, wheras in 2009, every holding employee was based in Europe. The increase of holding's headcount resulted from internal transfers.

Throughout the year, 171 new employees joined the company while 70 left, resulting a turnover ratio of 15%, in line with the previous year.

Employees' Turnover	2010	2009
Chart Variation		
Number of hires	171	156
Number of departures	70	65
Total Turnover	15%	15%
Turnover by Gender		
Male	16%	16%
Female	12%	14%
Turnover by Age Range		
Less than 30 years old	14%	20%
Between 30 and 39 years old	14%	14%
Over 40 years old	17%	13%
Turnover by Platform		
EDPR EU	11%	12%
EDPR NA	18%	18%
EDPR BR	41%	50%
Holding	13%	17%

NOTE: Turnover calculated as [((new hires + departures) / 2) / (total employees - temporary contracts)]

We have a very young team. Almost 80% of our people are less than 40 years old. The average level of qualification is high, with 74% of the employees holding university degrees. Male employees account for the 68% of the total workforce.

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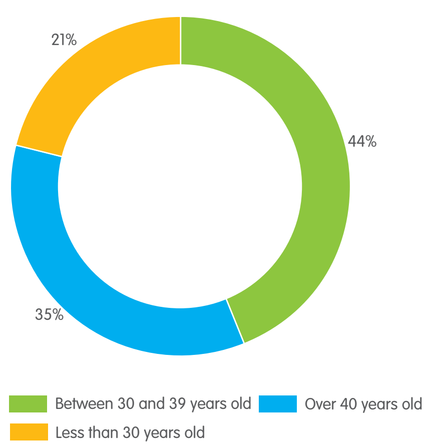
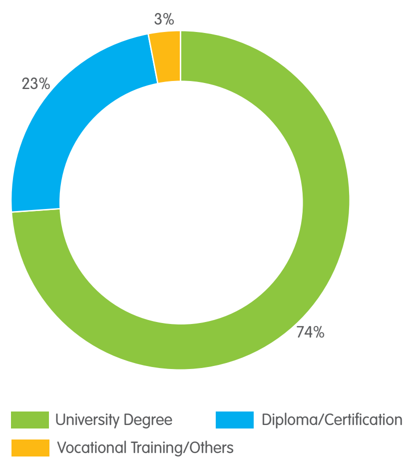
Breakdown of Workforce by Age



Breakdown of Workforce by Qualification



In the 11 markets where we have presence, our employees come from 25 different nationalities:

Nationality	ES	PT	FR	BE	PL	RO	IT	UK	US	CA	BR	All
Portuguese	28				1			1	3		1	34
Spanish			4		1	1	1	4	2			13
Indian									8			8
US American	7											7
French	2			1					1			4
Others from Africa and Middle East									5			5
Others from Americas	4								1			5
Others from Europe	4								1			5
Sum	45	0	4	1	2	1	1	5	21	0	1	81
% of total employees	14	0	15	50	10	7	7	36	6	0	6	10

All our employees have an indefinite contract, with just 4 of them working part-time:

Employees by Employment Agreement	2010	2009	Var (%)
Indefinite	822	718	14%
Temporary	0	3	-100%
Full Time	818	717	14%
Part Time	4	4	0%

Employees' Chart	2010		2009	
	Headcount	M/F Salary (%)	Headcount	M/F Salary (%)
Directors	60	98%	52	105%
Senior Managers	64	99%	54	103%
Managers	378	99%	327	108%
Other employees	220	94%	180	118%
Administratives	100	78%	108	101%

Expats	2010	2009	Var (%)
EDPR EU	8	5	60%
EDPR NA	5	4	25%
EDPR BR	1	0	100%
Holding	5	6	-17%
Total	19	15	27%

SATISFACTION SURVEY

In 2009, we performed our first global employee satisfaction survey which takes place every two years. All our company employees were asked to participate through a web based survey, achieving a high participation rate of 78%.

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

"The relationship between the company and its employees and the continuous initiatives used to acknowledge their needs is outstanding." *EDPR employee*

Based in the results of this study, a specific action plan was launched in 2010 in order to improve the areas that impacted the most in the employee's motivation, abilities and performance.

In Europe, the designed action plan promoted the creation of an Employee Attention Service (EAS) in the intranet to facilitate the communication between the Human Resources department and the employees. In the same way, we have created in the intranet a "Suggestions Box" where all can contribute with ideas.

During 2010, we promoted periodical "Breakfast with the CEO" sessions, a series of informal meetings between the CEO and a group of 10 to 12 employees to discuss during two hours the issues that are important for them, the business strategy, and other relevant subjects.

In the US, besides the implementation of an intranet based Idea Box, direct supervisors were given the authority over schedule modification and request to occasionally work from home. Communication in the company was improved, providing information to the employees regarding company projects and initiatives through a new intranet page In addition, an internet-based Resource Guide was created to provide information about each department.

EVALUATION AND PERFORMANCE

As announced in the 2009 Annual Report, the company was committed to progress in 2010 towards a 360 degree evaluation model and during the last quarter of the year, a global evaluation model of this type has been implemented.

All our employees are covered by our performance evaluation system. This system collects information from seven data sources to evaluate employee performance: self, 2 peers, 3 subordinates and the manager.

To guarantee the success of the implementation of the new evaluation tool, in 2010 "The Guide to the Potential and Performance Appraisal" was created to help our employees to have easy access to all the information they needed as they worked through the appraisal process, and could master the tools, timeframes and procedures that go along with the appraisal of their activity. In order to communicate this guide to all employees, videos were designed and publish in our intranet. We launched a contest for all employees, and the winners were those who answered correctly to the questions and did their evaluation on time.

Performance and potential evaluations are based on the company strategic competencies, key performance indicators and a Global Assessment. By defining and evaluating gaps, continuous feedback interviews are encouraged and employees are also asked to build up an Individual Development Plan. We encourage all the employees to create their own Individual Development Plan as one of the most relevant support tools in all employees' development.

In 2010, we decided to separate the performance evaluation from the potential evaluation processes. The processes take place at different times, but the period they appraise is the same.

TRAINING AND CAREER DEVELOPMENT

We are committed to offer employees an attractive career development plan, as well as continuous education and training opportunities.

Moreover, the development of our employees is a strategic objective in order to align current and future demands of the organization with employees' capabilities, while fulfilling their professional development expectations and support their continued employability.

In 2010, we almost doubled the number of training hours from 2009 to 26.734. The total investment was increased by 137%, reaching 714,243 euros.

Training Metrics	2010	2009
Total Training (hours)	26,734	14,559
Training by Category (hours):		
Management	2,959	1,162
Technical	19,351	10,991
Behavioral	144	413
Organizational	4,280	1,993
Training Investment (€)	714,243	301,959
Total Participants (#)	3,277	414

Note: EDPR BR not included

Each training course is evaluated by our employees through a satisfaction survey. The results obtained in 2010 state that employees are very satisfied with the training offer.

Satisfaction survey	2010	
	Internal Training	External Training
Very satisfied	63%	59%
Satisfied	37%	39%
Less satisfied	0%	2%
Unsatisfied	0%	0%

Training	2010	%
Internal	191	24%
External	613	76%

Our expertise in the renewable energy business is a key asset for the company. During 2010, we continued offering learning series courses to foster the internal communication of the knowledge that has led us to have a top quality wind portfolio. In these sessions, employees train each other employees about the key issues in each department.

Learning Series	2010
Number of sessions	127
Number of participants	1,510

As EDPR expands its business into new geographies, the company's success depends on the mobility of its employees to foster the knowledge sharing between company subsidiaries, while offering attractive career development opportunities.

Internal mobility is highly valued and all opened positions are offered first to the company employees.

EDPR promotes the mobility not only as a way of professional developing and knowledge transfer, but also as an opportunity to integrate different cultures. These transfers allow understanding and enjoying the different values, which also contributes to the professional and personal growth.

Country of origin	Expats	Destination Country
Spain	2	Poland
Spain	1	Romania
Spain	3	U.K
Spain	1	Italy
Spain	4	USA
Portugal	5	Spain
Portugal	1	USA
Portugal	1	Brazil
USA	1	UK

RENEWABLE ENERGY SCHOOL

In December 2010, we initiated the Renewable Energy School in the framework of the recently established corporate EDP University. The Renewable Energy School has been conceived as an important vehicle of integration and consolidation of culture, processes and best practices across EDPR.

Short to medium term objectives:

- Prioritization of key competences and skills at the company level in view of EDPR strategy

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- Educational Structure of the School (3-5 yrs) aligned with the needs of business units
- Better understanding of the company strategy among EDPR employees
- Platform for exchange of best practices and harmonization of processes

EDP University
Renewable Energy School

The initial stage of the School implementation will focus on the identification of business needs in terms of strategic skills and competences and the development of a structured curriculum aligned with these needs.

HIGH-POTENTIAL EMPLOYEES

In December 2010, EDPR launched the High-Potential Employee Program (HIPO) founded on the experience gained in other companies from the EDP Group where similar programs are already in course. This was created by the Leadership and Development School within the framework of EDP University.

The program is targeted to a selected group of individuals who have demonstrated a high potential for growth through outstanding performance, intellectual rigor and a strong commitment to company values and business objectives. It is organized around 2 Modules: Energizing (for junior employees) and Executive Development Programs.

The aim of the program is to guide their career development through high-quality training, mentoring programs and networking opportunities that will significantly enhance their visibility within the company and beyond.

The program will continue in 2011, according to EDPR commitment to develop its employees, taking special care of high potential employees.

RECRUITING

We complement our efforts to develop the skills of our employees through a successful career development plan, by attending to the company growth needs with the best professionals internally and also externally.

We maintain a fluent communication with top-tier universities to offer outstanding students and MBAs promising career opportunities in the energy sector.

To present the programs and opportunities available for undergraduates, graduates and MBAs, EDPR attends periodically to on-campus recruiting events and recruiting fairs and organizes recruiting events in the company offices.

In 2010, we started our MBA recruitment program, selecting eight outstanding MBA graduates from top-tier universities, like IESE, LBS, INSEAD, IE and Lisbon MBA in Europe and Columbia University, New York University, Northwestern University and University of Texas in the US.

These new hires take on real roles within the company immediately, such as Project Managers leading development or operational initiatives. In addition, each MBA hire is mentored by an EDPR leader, through which they receive unique perspectives and insights into EDPR and the global renewable market.

MBA students had also the opportunity to participate in the EDPR Summer Internship Program, experiencing challenging work and adding value to their CVs.

Additionally, several undergraduate students are given the opportunity to join the company as interns, to take on real roles and start adding value to their careers with a first contact with their professional activity.

Interns	2010				
	Summer	Annual	Total	Contracts	(%)
EDPR EU	1	25	26	4	15%
EDPR NA	24	0	24	0	0%
EDPR BR	0	4	4	0	0%
Holding	5	12	17	5	29%
EDPR	30	41	71	9	13%

EDPR also has programs prepared for the fast development of the graduates. During 2010, the company launched the first "Intern Engineer" program in Spain, where during two years several junior engineers with high potential will learn in the different departments of the company and in different countries. The goal is to have engineers with great knowledge of the company, the culture and the processes, and ready to work where the company needs.

During 2011, we will celebrate the "2010 Promotion" during the next European meeting, where new hires recruited during 2010 for different countries will be able to share their experience and have informal discussions with the Management.

Job fair at IE Business School

LABOR RELATIONS

Of EDPR 822 employees at the end of 2010, 19% were covered by collective bargaining agreements.

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

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

In 2010, as an employer in the United States, EDPR 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.

BENEFITS

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

In addition to legal requirements per country, competitive benefits are offered in the various regions (adjusted in accordance to local specificities) and entail important ones such as a Medical insurance, Life insurance, Pension plans or retirement plans, Business travel insurance and Accident insurance.

In 2010, we decided to extend the medical insurance to all our employees in Europe. In the US, EDPR also provides insurance coverage to regular employees who work 30 or more hours per week and to temporary employees who are on an assignment of six months or more. Employees' dependents are also eligible for coverage. In Brazil, EDPR also offers to its employees, spouses and dependents a health insurance plan.

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

The Flexible Remuneration Package is a remuneration system that is actually in force in Spain and Portugal. This Plan allows the employees to decide if they want to receive part of their remuneration in products or services.

During 2011, EDPR will analyze the possibility of extending the Flexible Remuneration Package to other geographies accordingly to local legislations.

FLEXIBLE COMPENSATION PLAN

The Flexible Compensation Plan (PCF) is a volunteer remuneration scheme that allows each employee to elect, each year, how they want to receive their salary. Therefore, they can either opt to received in money or a part in money and the other part in goods or services (remuneration in kind)

- Kinder garden tickets
- Restaurant tickets
- Computers
- EDPR Shares
- Home rent (new)
- Voluntary Contribution to the Pension Plan (new)

Currently, we have also the Compensation Flexible Plan in Spain and Portugal. For 2011, besides studying other new products, our big challenge is to open this type of flexible compensation to those geographies where it does not exist.

- Life Insurance
- Electricity Plan
- Personal Accident Insurance
- Education expenses
- Health insurance linked to home mortgage
- Transportation expenses.

WORK/LIFE BALANCE

We promote and encourage work/life balance of our employees as a means to boost productivity, through an increase in performance, accountability and commitment while employees are able to attain a greater level of satisfaction and enjoyment, both on and off the job. Overall this creates positive bottom-line results for the organization.

EDPR has actions in place for our work/life balance programs throughout geographies where the company has presence and will continue to improve and provide new benefits.

Benefits in the work/life balance programs include (depending on the geographies) maternity leave, subsidized summer activities for dependents of employees, birthdays, etc.

We also facilitate working conditions allowing its employees to adjust their timetable to be able to attend other obligations.

In the US, we implemented a Flex-Time & Telecommuting Policy to better enable employees to achieve and maintain work/life balance. With the approval of their immediate supervisors, employees can opt to modify their work schedule slightly in order to better accommodate their non-work demands while continuing to work full-time or transition to a part-time work schedule (fewer than 40 hours per week). Furthermore, employees from the US, if required can work from home (also known as telecommuting) occasionally as needed.

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WORK/LIFE BALANCE INITTIATIVES

Europe:

SUMMER AND CHILDREN: EDPR is excited to announce a new benefit for employees with children between the ages of three to fourteen. The academic year concludes and the stress begins for parents. We want to make the summer months less stressful for parents by subsidizing elected summer activities for their children.

CELEBRATE YOUR BIRTHDAY!: EDPR believes birthdays are special. Each employee is granted one day off to celebrate their birthday as they wish.

CELEBRATE THE BIRTH OR ADOPTION OF A CHILD: EDPR will make a one-time payment in the employee´s monthly payroll to celebrate the birth or adoption of a child.

TAKE CARE OF YOU, TAKE CARE OF YOUR NEWBORN: The Company approved two additional weeks of maternity leave in addition to the maternity leave granted by law in each country where EDPR has presence. The two weeks may be enjoyed before the birth of a child or post-delivery of the newborn.

PAID LEAVE FOR FERTILITY TREATMENT: Employees who choose to undergo fertility treatment and require time away from work for testing or required bed rest as prescribed by the physician.

CHILDREN DAY: This is a project that had the objective of pointing out the Christmas Season and showing the company's concern regarding employees' families. This project was meant to the employees' children between 0 and 12 years and was done in all EDPR offices from Europe. A present was given accordingly to different age segments, promoting friendship and the creativity. All the presents included a letter from Santa Claus in their mother language. In Spain the project emphasized the "Welcome to the Magic Kings", a Spanish tradition. More than 20 children came to our offices in Madrid, Zaragoza and Seville where there was an animation party prepared for them and a present for every child. The objective was to promote the communication father son and let them discover the place where their parents work.

SPAIN AND PORTUGAL:

PORTAL E-FÁCIL: This is a tool drawn in order to be a channel between the company and the employees concerning some personal events that have impact in the professional life (such as the maternal license, home change). This portal allows all the employees to easily and friendly look for all the information, procedures and administrative aspects they need concerning this issues.

Spain:

WORK LIFE PLAN: This Plan will allow the employees and family to access without costs to:

- The " Family Assistant ", which is a service provided by a professional team (doctors, physiologists, teachers, lawyers and managers or social workers) that will help to solve the problems presented.
- 150 services that will help to solve the day by day problems and to recover the balance between the work and personal life. These services will be held by third party professionals.

Additionally, the employees will also benefit from other services with reduced cost.

KINDERGARDEN. The employees that have little children will have the possibility to have a subsidiary to pay the monthly amounts of the kinder garden. This benefit will be granted until the child is 3 years old.

HEALTHY LIFE AND WORK

Healthy life and employee networking are principles to which we are committed. During 2010, we organized the first Paddle Championship celebrated in Madrid between the company employees. EDPR decided to sponsor the company internal championship, to encourage its employees to practice sport and have a healthy lifestyle. Besides the paddle competition, during 2011, other sport events will be organized for the company employees, like soccer competitions.

The company also offers agreements with gymnasiums for employees and dependents, gymnasia sessions at the workplace and sports workshops and festivals in some of the geographies where EDPR has presence.

PADDLE CHAMPIONSHIP AND 2011 EXPECTED ACTIVITIES

EDPR is committed to promote sports between its employees. In 2010, we organized a paddle championship. For 2011, besides paddle we will organize other sports' competitions.

HEALTH AND WELFARE
Agreements with Gymnasiums – for employees and dependents
Agreements with Hotels and Travel Agencies - for employees / dependents
Sports Workshops (rent of spaces) – employees
Gymnasia at Work – employees
Sports festival - employees
External games - employees
Races (Race Club) - employees

SOLIDARITY AND WORK

In addition to the company's own commitments to support the community through volunteering actions, we support our employees to contribute with time or resources to EDPR volunteering practice. Employees have up to 4 hours per month during the normal work schedule to work for a NGO. Moreover, during November 2010, training sessions were held in Spain by the NGO "Solidaridad Educación y Desarrollo" (SED) to explain how, where and when employees could volunteer locally, nationally or internationally.

VOLUNTEERING:

During November 2010, EDPR in Spain has celebrate a training sessions regarding Volunteer. In these courses the ONG "Solidaridad Educación y Desarrollo" (SED) explains how means be a volunteer, and where and when our employees could be volunteer in local mission, national mission or international mission, and also explain the conditions that they need to accomplish to be volunteer.

During 2010, several EDPR geographies organized volunteering campaigns.

In Europe, employees worked together to collect toys, food and clothes for children in collaboration with NGOs like SED and the Red Cross. Just the Madrid office alone, was able to collect 750 kg of food that was delivered to 50 families, warm clothes for 30 children and Christmas toys for 50 more children that participate in the Day Center for Children and women at Fuenlabrada (Madrid).

sed
Solidaridad | Educación | Desarrollo

In Brazil, we collaborated with the "Organização Social Amizade e Progresso" (OSAP) to collect toys, foods and clothes.

In the US, EDPR sponsored a toy drive to support The Salvation Army of the Greater Houston Area. Collections boxes for new, unwrapped toys were available for employees during one week. The Salvation Army uses these donations to provide gifts to underprivileged children during the holiday season. Also in collaboration with The Salvation Army, in an initiative from our employees, a "Garage Sale" was organized offering employees old branded items, samples, and other miscellaneous giveaways, and all the money raised was donated to the local chapters of The Salvation Army.

Collection of donated clothes, food and toys in various locations.

social performance

HEALTH AND SAFETY

The prevention of occupational risks is a key priority of the company. Employees, vendors and contractors must pay the maximum interest and effort in order to achieve a healthy and safe workplace for all those who provide services in workplaces and facilities.

We have worked to establish a common policy of Health and Safety in all countries where we have presence, with the main goal of "zero accidents".

In 2008 we decided to establish a management system of occupational risk prevention with current legislation that follows the criteria established in OHSAS 18001:2007 specification, which is internationally renowned.

Based on this management system, a manual on prevention of occupational risks was established in 2009 for Spain. We proceeded to certificate other wind farms, achieving 32 wind farms certified in that year, with 848 MW in total.

By the end of 2010 we had 66 wind farms certified.

1.647 MW are OHSAS 18001:2007 certified in Europe

For the next years, we are working on the development of the management occupational health and safety manuals for the different European countries where we operate, so that the wind farms can be certified also in OHSAS 18001:2007.


CERTIFICADO DE PREVENCIÓN DE RIESGOS LABORALES

EDP Renewables Europe

In the US we work with a proper system of health and safety management based on the same principles of OHSAS 18001

TRAINING

Every contractor and subcontractor hired to perform work on our electricity production facilities in Spain is required to have a written proof of having received the necessary information and training. This includes information and training sessions about specific risks of the working environment and actions to minimize these risks. This information is recorded on a specific software tool.

In 2011, these requirements will be extended to other countries in Europe, using the same tool.

The training is specifically taught to each worker according to the type of work done.

In this way, we can indicate that 100% of workers who perform work in our facilities in Spain are trained in Health and Safety that requires the work they do.

Several internal courses have been conducted in Europe and in the US, in relation to the activities performed.

In Brazil, 100% of the operators' team was taught in safety measures in our facilities and electricity services.

To complement technical sessions, were also performed in Spain, 11 emergency drills including a rescue drill of an injured or sick worker in the wind farms of Pumar and Curiscao. These activities required the collaboration of the local fire and emergency departments, in addition to the prevention service of EDPR.

Rescue drill in Spain

In the US, our annual emergency drill was conducted in the Rail Splitter wind farm on October 2010. We simulated the rescue of a technician, using a dummy, who had been injured working in the hub.

Rescue drill in the US

SAFETY COMMITTEES

To achieve a correct implementation of the health and safety measures in the whole company, committees and subcommittees have been created within the organization. Their mission is to collect information on health and safety at all different operational levels and to involve as many employees in the communication of the current situation and the definition of a preventive plan.

In Europe:

The Internal Commission on Prevention is the highest governance body in Spain in Health and Safety to guide, monitor and control every preventive action. It is led by the COO in Europe.

There are Internal Subcommittees per activity area in Spain, with the objective of implementing, monitoring and controling the prevention activities in their area of responsibility, while communicating performance and implementing actions plans.

As a result, 17% of our employees attend to health and safety meetings. 52% of our total workforce is represented in these meetings.

In 2011, similar committees are going to be created in France and during 2012 they are going to be extended to other European countries where we are present.

In the US:

Each operating site has a committee for health and safety. These committees include both EDPR employees and O&M contractor site managers. The objective of these committees is to communicate and addresses health and safety issues that pertain to that site.

Each site has a designated Site Safety Coordinator. All Site Safety Coordinators meet with the health and safety team in a committee created to communicate and address health and safety issues that apply to the organization in the US.

There is also a management health and safety committee to communicate industry issues and develop organization objectives in the area.

All workers in the US receive training and information, as well as are aware of any action in health and safety. All workers are also represented by a health and safety committee.

INITIATIVES

	2010	2011
EU	Certification according to OHSAS of 1647 MW	Certification according to OHSAS of 400 MW new in Spain
	Reduction of the accident rates in Spain	Obtain the OHSAS certificate for wind farms in France
	Training in the use of the IT tool 'Prosafety'	Reduce the injury rate for O&M contractors
	Carrying out the emergency mocks in 11 wind farms	Development of the Management Occupational Health and Safety Manuals of the different European countries.
NA	Comprehensive H&S audits of all operating sites by an outside party	Comprehensive H&S audits of construction projects by an outside party
	The OSHA Lost Time Injury Rate for Construction contractors on EDPR sites is below the industry national average	Maintain the OSHA Lost Time Injury Rate for Construction contractors on our sites below the industry national average
	The OSHA Lost Time Injury Rate for O&M contractors on EDPR sites is below the industry national average	Maintain the OSHA Lost Time Injury Rate for O&M contractors on our sites below the industry national average
	All employees completed assigned on-line H&S training.	Develop & communicate safety guidelines for travel (including weather hazards, distracted driving, staying in hotels, etc.)

INDICATORS

The implementation of our Health and Safety policy has allowed us to improve our performance in health and safety although, 2010 data is not directly comparable with 2009, because this year we increased the scope of our report.

Indicator H&S	EU	NA	BR	EDPR
Company's personnel				
Number of industrial accidents	3	0	0	3
Number of industrial fatal accidents	0	0	0	0
Working days lost by accidents caused	164	0	0	164
Injury rate (IR)	0.80	0.00	0.00	0.42
Lost work day rate (LDR)	43.98	0.00	0.00	23.07
Contractors' personnel				
Number of industrial accidents (*)	15	6	N/A	21
Number of industrial fatal accidents	0	0	N/A	0
Working days lost by accidents caused	634	163	N/A	797
Injury rate (IR)	1.41	0.65	N/A	1.06
Lost work day rate (LDR)	59.56	17.66	N/A	40.10
OHSAS 18001 (% installed capacity)	**51.48**	**0.00**	**0.00**	**25.59**

(*) only included accidents with casualties
N/A: not available

gri evaluation

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 Renováveis is not considered an Utility company. In both cases (GRI indicators and Sector Supplement indicators) exceptions that may exist are explained, due primarily to the fact that the Company's core business is based in generation from renewable sources and does not include power distribution nor power commercialization. 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.

Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PART I	**Profile Disclosures**						
1.	Strategy and Analysis						
1.1.	Statement from the most senior decision-maker of the organization.	Fully	8-9				
1.2.	Description of key impacts, risks, and opportunities.	Fully	29-30,70,130-133				
2.	Organizational Profile						
2.1.	Name of the organization.	Fully	6				
2.2.	Primary brands, products, and/or services.	Fully	19-20,37,52-53				
2.3.	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	23,26-27,52-53				
2.4.	Location of organization's headquarters.	Fully	19				
2.5.	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	19				
2.6.	Nature of ownership and legal form.	Fully	19,120,159				
2.7.	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	19,52-53				
2.8.	Scale of the reporting organization.	Fully	19,23,159				
2.9.	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	6,19,120,174-176				
2.10.	Awards received in the reporting period.	Fully	24-25				
	Electric Utility Sector – Specific Organizational Profile Disclosures						
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Fully	14,52-54				
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Fully	14,57-58				
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Not			Not Applicable	The company does not have final customers	
EU4	Length of above and underground transmission and distribution lines by regulatory regime	Not			Not Applicable	The company business is related to wind energy production	
EU5	Allocation of CO_2 emissions allowances or equivalent, broken down by carbon trading framework.	Not			Not Applicable	The company business is related to wind energy production	
3.	Report Parameters						
3.1.	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	6				
3.2.	Date of most recent previous report (if any).	Fully	6				
3.3.	Reporting cycle (annual, biennial, etc.)	Fully	6				
3.4.	Contact point for questions regarding the report or its contents.	Fully	"Contact us" at www.edprenovaveis.com				
3.5.	Process for defining report content.	Fully	6,32-34				
3.6.	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	6,19,159,214-223				
3.7.	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	6,159,214-223				

Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	6				
3.9.	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	6 To consolidate economic and social data, the exchange rates used were those of the financial reporting.				
3.10.	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	6				
3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	6				
3.12.	Table identifying the location of the Standard Disclosures in the report.	Fully	96				
3.13.	Policy and current practice with regard to seeking external assurance for the report.	Fully	6,106-107				
4.	Governance, Commitments, and Engagement						
4.1.	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	115-119				
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	116-119				
4.3.	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	116				
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	28,32-34,86,115-116,135-137				
4.5.	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	137-138				
4.6.	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	28,124-125				
4.7.	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	121-122,146-150				
4.8.	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	16-17,28				
4.9.	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	6,18,32-34				
4.10.	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	121-122				
4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	29-30,70,128-133				
4.12.	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	6,17,28,31,72,74-77,80-84				

gri evaluation

Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
4.13.	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	31,74				
4.14.	List of stakeholder groups engaged by the organization.	Fully	34				
4.15.	Basis for identification and selection of stakeholders with whom to engage.	Fully	32-34				
4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	32-34				
4.17.	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	32-34				
PART II	**Disclosures on Management Approach (DMAs)**						
DMA EC	Disclosure on Management Approach EC						
	Economic performance	Fully	19				
	Market presence	Fully	19,52-53				
	Indirect economic impacts	Fully	84				
	Availability and reliability	Not			Not Applicable	Does not relate to the Company business	
EU6	Management approach to ensure short and long-term electricity availability and reliability	Not			Not Applicable	Does not relate to the Company business	
	Demand-side management	Not			Not Applicable	Does not relate to the Company business	
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	Not			Not Applicable	Does not relate to the Company business	
	System efficiency	Not			Not Applicable	Does not relate to the Company business	
	Research and development	Fully	20-22				
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Fully	20-22				
	Plant decommissioning	Not			Not Applicable	Does not relate to the Company business	
EU9	Provisions for decommissioning of nuclear power sites	Not			Not Applicable	Does not relate to the Company business	
DMA EN	Disclosure on Management Approach EN						
	Materials$_{COMM}$	Not			Not material	The amount of materials used for wind generation is not significant and therefore they have not been measured yet. Oils could be the most relevant and they are planned to be reported in the near future.	2013
	Energy	Fully	76-77				
	Water	Not			Not Applicable	Wind generation does not have significant impact in Water	
	Biodiversity$_{COMM}$	Fully	70,73-75				
	Emissions, effluents and waste$_{COMM}$	Partially	75-77		Not material	The company business does not produce relevant NOx, SOx, and other significant air emissions nor significant effluents. Management approach on "waste" can be found on page V - E	
	Products and services	Not			Not material	Electricity consumption does not have significant impacts in the environment	
	Compliance	Fully	70				

edp renováveis

Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Transport	Fully	70,76				
	Overall	Fully	70				
DMA LA	Disclosure on Management Approach LA						
	Employment	Fully	85-86				
EU14	Programs and processes to ensure the availability of a skilled workforce	Fully	87				
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Fully	86 3.6% of our employees is above 60 years old, and 5.4% is in the age range between 55 and 60				
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	Fully	92				
	Labor/management relations	Fully	89				
	Occupational health and safety	Fully	92-93				
	Training and education	Fully	87				
	Diversity and equal opportunity	Fully	86				
DMA HR	Disclosure on Management Approach HR						
	Investment and procurement practices	Fully	28-29				
	Non-discrimination	Fully	28-29				
	Freedom of association and collective bargaining	Fully	28-29				
	Child labor	Fully	28-29				
	Forced and compulsory labor	Fully	28-29				
	Security practices	Not			Not material	The company does not have relevant security personnel	
	Indigenous rights	Fully	28-29				
DMA SO	Disclosure on Management Approach SO						
	Community	Fully	80-84				
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Fully	32-34				
EU20	Approach to managing the impacts of displacement	Not			Not Applicable	The company does not produce displacements	
	Corruption	Fully	28-29				
	Public policy	Fully	31				
	Anti-competitive behavior	Fully	28-29				
	Compliance	Fully	28-29				
	Disaster/Emergency planning and response	Fully	92-93				
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	Fully	92-93				
DMA PR	Disclosure on Management Approach PR						
	Customer health and safety	Not			Not Applicable	Does not relate to the Company business	
	Product and service labelling	Not			Not Applicable	Does not relate to the Company business	
	Marketing communications	Fully	35-37				
	Customer privacy	Not			Not Applicable	Does not relate to the Company business	
	Compliance	Fully	28-29				
	Access	Not			Not Applicable	Does not relate to the Company business	
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Not			Not Applicable	Does not relate to the Company business	
	Provision of information	Not			Not Applicable	Does not relate to the Company business	
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	Not			Not Applicable	Does not relate to the Company business	
PART III	Performance Indicators						
	Economic						
	Economic performance						
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	15				

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Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	29-30,70,130-133				
EC3	Coverage of the organization's defined benefit plan obligations.	Partially	89	The company does not report on the level of participation in retirement plans nor it does cover the aggregate totals of plan coverage.	Not Available		2014
EC4	Significant financial assistance received from government.	Fully	15,120				
	Market presence						
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	15,85-86 Significant locations are all the countries where we have presence.				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	84 By "local" we refer to each one of the countries where we have a significant presence.				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Partially	84	The company does not report the proportion of senior management hired from the local community.	Not Available		2014
	Indirect economic impacts						
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	84				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	15,84				
	Availability and reliability						
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
	System efficiency						
EU11	Average generation efficiency of thermal plants by energy source and regulatory regime.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
EU12	Transmission and distribution losses as a percentage of total energy.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
	Environmental						
	Materials						
$EN1_{COMM}$	Materials used by weight or volume.	Not			Not material	The amount of materials used for wind generation is not significant for the company's main business activities and therefore they have not been measured yet. Oils could be the most relevant and they are planned to be reported in the near future.	2013
EN2	Percentage of materials used that are recycled input materials.	Not			Not material	The amount of materials used for wind generation is not significant for the company's main business activities.	
	Energy						
EN3	Direct energy consumption by primary energy source.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
EN4	Indirect energy consumption by primary source.	Partially	76	The company does not report the electricity consumption in Brazil wind farms and some European offices	Not Available		2013
EN5	Energy saved due to conservation and efficiency improvements.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	

Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	76-77	The company does not report the extent to which indirect energy use has been reduced during the reporting period and underlying assumptions and methodologies used to calculate other indirect energy use and indicate the source of information.	Not Material	The company's main business activities is the electricity generation from renewable sources.	
	Water						
$EN8_{COMM}$	Total water withdrawal by source.	Not			Not Applicable	Wind generation does not have significant impact in Water	
EN9	Water sources significantly affected by withdrawal of water.	Not			Not Applicable	Wind generation does not have significant impact in Water	
EN10	Percentage and total volume of water recycled and reused.	Not			Not Applicable	Wind generation does not have significant impact in Water	
	Biodiversity						
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	70,73-75				
$EN12_{COMM}$	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	70,73-75				
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	Fully	70,73-75				
EN13	Habitats protected or restored	Fully	70,73-75 Please refer to our website (www.edprenovaveis.com) for information related to the size and location of all habitat protected areas and/or restored areas (in hectares).				
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	70,73-75				
	Emissions, effluents and waste						
$EN16_{COMM}$	Total direct and indirect greenhouse gas emissions by weight.	Fully	76				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	76				
$EN18_{COMM}$	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	15,70,76-77 Our core business activity, wind production, already implies reducing the greenhouse gases emissions.				
EN19	Emissions of ozone-depleting substances by weight.	Not			Not material	The company business does not produce relevant emissions of ozone-depleting substances	
$EN20_{COMM}$	NOx, SOx, and other significant air emissions by type and weight.	Not			Not material	The company business does not produce relevant NOx, SOx, and other significant air emissions	
$EN21_{COMM}$	Total water discharge by quality and destination.	Not			Not material	The company business does not use water as relevant resource	
$EN22_{COMM}$	Total weight of waste by type and disposal method.	Partially	15,77	The company does not break down the total amount of waste (hazardous & non-hazardous) by type: composting, reuse, recycling, recovery, for incineration (or use as fuel), for landfill, for deep well injection, for on-site storage.			2013
EN23	Total number and volume of significant spills.	Fully	77 We considered a spill as significant if it was above 0.16 m^3 (or 42 gal) and reached the ground. No spills reached water				

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Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not			Not Applicable	The company business does not include transport, import, export, or treatment of waste.	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not			Not Applicable	The company business does not use water as relevant resource	
	Products and services						
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	70-73,76-77	Currently there are no initiatives to mitigate the following impacts as they are not considered material in relation to our activities: materials use, water use, effluents, noise and waste.	Not material	Electricity consumption does not have significant impacts in the environment	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not Applicable	Does not relate to the Company business, as the company end product is energy	
	Compliance						
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	In terms of sanctions regarding environment, in the reporting period, EDPR had 4 sanctions, not significant as total amount (€ 10,780).				
	Transport						
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	76				
	Overall						
EN30	Total environmental protection expenditures and investments by type.	Partially	15,70	The company does not report the total environmental protection expenditures broken down by waste disposal, by emissions treatment, remediation and prevention costs, environmental management costs.			2014
	Social: Labor Practices and Decent Work						
	Employment						
$LA1_{COMM}$	Total workforce by employment type, employment contract, and region.	Fully	85-86				
$LA2_{COMM}$	Total number and rate of employee turnover by age group, gender, and region.	Fully	85				
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	Partially	496,338 days worked by our contractors	The company does not report days worked by subcontractors			
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Fully	92				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	89-91				
	Labor/management relations						
$LA4_{COMM}$	Percentage of employees covered by collective bargaining agreements.	Fully	89				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	89				
	Occupational health and safety						
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	93				
$LA7_{COMM}$	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	93 Number of independent contractors: EU: 1,714 NA: 934	The company does not report occupational diseases rate and absentee rate			2015
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	87,92	The company does not report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.			2015

Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	The large majority of EDPR collective bargaining agreements address employees' rights and duties of the company regarding Health & Safety.				
	Training and education						
LA10	Average hours of training per year per employee by employee category.	Partially	87 Average hours of training per employee: 34.7	The company does not break down total hours of training by employee category.		2014	2014
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partially	87	The company does not report whether transition assistance programs to support employees who are retiring or who have been terminated provide any pre-retirement plan for intended retirees; any retraining for those intending to continue working; any severance pay (if severance pay is provided, does it take into account employee age and years of service); any job placement services; and any assistance on transitioning to a non-working life.	Not material	Our workforce is young and we will not be facing this issues in the near future	
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	87				
	Diversity and equal opportunity						
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	86,115-118	The company does not report the percentage of employees in minority groups and individuals within the organization's governance bodies in minority groups.	Not material	There are not significant minority groups within the company	
LA14	Ratio of basic salary of men to women by employee category.	Fully	86				
	Social: Human Rights						
	Investment and procurement action						
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	28-29				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	28-29				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	28 EDPR did not offer additional specific training about human rights				
	Non-discrimination						
HR4	Total number of incidents of discrimination and actions taken.	Fully	29				
	Freedom of association and collective bargaining						
$HR5_{COMM}$	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	29				
	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.	Fully	28				
	Forced and compulsory labor						
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Fully	28				
	Indigenous rights						
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	29				

gri evaluation

Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Social: Society						
	Community						
SO1COMM	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	80-84				
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Not			Not Applicable	The company does not produce displacements	
	Corruption						
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	29				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	29 EDPR did not offer additional specific training about corruption				
SO4	Actions taken in response to incidents of corruption.	Fully	29				
	Public policy						
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	31				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	31				
	Anti-competitive behavior						
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	29				
	Compliance						
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	29				
	Social: Product Responsibility						
	Customer health and safety						
PR1COMM	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not			Not Applicable	Our core business and H&S initiatives are focused on the electricity production facilities and not in its final consumption	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not			Not Applicable	Our core business and H&S initiatives are focused on the electricity production facilities and not in its final consumption	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	Fully	29				
	Product and service labeling						
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Not			Not Applicable	Does not relate to the Company business	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not			Not Applicable	Does not relate to the Company business	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not			Not Applicable	Does not relate to the Company business	
	Marketing communications						
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Partially	29,37 The organization's wind energy is not subject to stakeholder questions or public debate.	The company does not report the frequency with which the organization reviews these standards or codes.			2014
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	29,37				
	Customer privacy						
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not			Not Applicable	Does not relate to the Company business	

Profile Disclosure	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	29				
	Assess						
EU26	Percentage of population unserved in licensed distribution or service areas.	Not			Not Applicable	Does not relate to the Company business	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Not			Not Applicable	Does not relate to the Company business	
EU28	Power outage frequency.	Not			Not Applicable	Does not relate to the Company business	
EU29	Average power outage duration.	Not			Not Applicable	Does not relate to the Company business	
EU30	Average plant availability factor by energy source and by regulatory regime.	Not			Not Applicable	Does not relate to the Company business	

independent assurance report

KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Assurance Report to the Management of EDP Renováveis S.A.

We performed a limited assurance review on the non-financial information contained in EDP Renováveis S.A. (hereinafter EDP Renováveis) Annual Report for the year ended 31 December 2010, specifically in the "Overview", "Operational", "Environmental" and "Social performance" chapters (hereinafter '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 2010. 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.

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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 "Overview", "Operational", "Environmental" and "Social performance" of the Annual Report of EDP Renováveis for the year ended 31 December 2010 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 Vázquez
Partner

18 March 2011

corporate governance

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0. STATEMENT OF COMPLIANCE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) is a Spanish company listed on a regulated market in Portugal. EDP Renováveis' corporate organization is subject to the recommendations contained in the Portuguese Corporate Governance Code ("Código de Governo das Sociedades") approved by the CMVM (Portuguese Securities Market Commission) in January 2010. This governance code is available to the public at the CMVM website (www.cmvm.pt).

EDPR states that it has adopted in full the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exception of Recommendation II.2.2 of the code, which has not been adopted for the reasons indicated below.

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

STATEMENT OF COMPLIANCE

Recommendation	Adoption Information	Description in Report
I. GENERAL MEETING OF SHAREHOLDERS		
I.1 General Meeting Board		
I.1.1 The Presiding Board of the General Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Adopted	4.6
I.1.2 The remuneration of the Presiding Board of the General Meeting shall be disclosed in the Annual Report on Corporate Governance.	Adopted	4.6
I.2 Participation at the Meeting		
I.2.1 The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days.	Adopted	4.2
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 prepare itself in advance as required for the first session.	Adopted	4.2
I.3 Voting and Exercising Voting rights		
I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Adopted	4.4
I.3.2 The statutory deadline for receiving early voting ballots by mail, may not exceed three working days.	Adopted	4.4
I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	Adopted	4.3
I.4 Resolution Fixing-Quorum		
I.4.1 Companies shall not set a resolution-fixing quorum that outnumbers what is prescribed by law.	Adopted	4.5
I.5 Minutes and Information on Resolutions Passed		
I.5.1 Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within five days period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than 3 year period.	Adopted	4.7
I.6 Measures on Corporate Control		
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both company's and the shareholders' interests. The company's articles of association that by complying with said principal provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	4.8
I.6.2 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors.	Not applicable	-

STATEMENT OF COMPLIANCE

Recommendation	Adoption Information	Description in Report
II. BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1 General Points		
II.1.1 Structure and Duties		
II.1.1.1 The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	1.1 / 1.5
II.1.1.2 Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyze and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk warning; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary.	Adopted	3.7
II.1.1.3 The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Adopted	3.3.2 / 3.7
II.1.1.4 The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Adopted	3.7.2
II.1.1.5 The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website.	Adopted	3.1
II.1.2 Governance Incompatibility and Independence		
II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Adopted	0.1 / 1.2.2 / 3.1.3
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board of Directors.	Adopted	0.1 / 1.2.2
II.1.2.3 The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Adopted	0.1
II.1.3 Eligibility and Appointment Criteria		
II.1.3.1 Depending on the applicable model, the Chair of the Supervisory Board and of the Auditing and Financial Matters Committees shall be independent and adequately competent to carry out his/her duties.	Adopted	3.3.1
II.1.3.2 The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	Adopted	3.5
II.1.4 Policy on the Reporting of Irregularities		
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: i) the means by which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.	Adopted	3.9
II.1.4.2 The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance.	Adopted	3.9
II.1.5 Remuneration		
II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be base on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows:		

corporate governance

STATEMENT OF COMPLIANCE

Recommendation	Adoption Information	Description in Report
i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity. ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period; iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company; v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares; vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance; viii) The remuneration of Non-Executive Directors shall not include any component the value of which is subject to the performance or the value of the company.	Adopted	5.1 / 5.2 / 5.3
II.1.5.2 A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of June 19th, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration; ii) the payments for the dismissal or termination by agreement of the Director's duties.	Adopted	5.4 / 5.2
II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the Director's remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.	Adopted	5.4
II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share process, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.	Not applicable	5.1 / 5.7
II.1.5.5 Doesn't exist	-	-
II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders.	Adopted	5.6
II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.	Adopted	5.3
II.2 Board of Directors		
II.2.1 Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report.	Adopted	3.2.1.2
II.2.2 The Board of Directors must ensure that the company acts in accordance with its goals and shall not delegate its duties, namely in what concerns: i) the definition of the company's general strategy and policies; ii) the definition of the group's corporate structure; iii)decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not Adopted ("Under Spanish Law, the matters referred to in this recommendation can be delegated by the Board of Directors to the Executive Committee. It is common practice in Spanish listed companies for the delegation of powers to be far-reaching, with the exception of matters related to the preparation of accounts").	-
II.2.3 Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the Corporate Governance Report.	Adopted	3.1.3
II.2.4 The annual management report shall include a description of the activity carried out by the Non-Executive Directors and shall mention any restraints encountered.	Adopted	3.1.3
II.2.5 The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.	Adopted	3.5

STATEMENT OF COMPLIANCE

Recommendation	Adoption Information	Description in Report
II.3 CEO, Executive Committee and Executive Board of Directors		
II.3.1 When managing Directors that carry out executive duties are requested by other Directors to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made.	Adopted	3.1.3 / 3.2.1.3
II.3.2 The Chair of the Executive Committee shall send the convening notice and minutes of the meetings to the Chair of the Board of Directors and, as applicable, to the Chair of the Supervisory Board or the Auditing Committee, respectively.	Adopted	3.2.1.3
II.3.3 The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee.	Not applicable	-
II.4 General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board		
II.4.1 Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not applicable	-
II.4.2 The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing and Supervisory Committee must be disclosed on the company's website.	Adopted	3.3.4 / 6.2.5
II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Supervisory Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	3.3.4
II.4.4 The General and Supervisory Board, the Auditing Committee and the Supervisory Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being liaison offer between the company and the first recipient of the reports.	Adopted	3.3.2
II.4.5 According to the applicable model, the General and Supervisory Board, Audit Committee and Supervisory Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	3.3.2 / 3.8
II.4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent Director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Adopted	3.3.2
II.5 Special Committees		
II.5.1 Unless the company is of reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Director's performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of Director's duties.	Adopted	1.1 / 1.5 / 3.3.2 / 3.2.2.2
II.5.2 Members of the Remuneration Committee or equivalent shall be independent from the members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.	Not applicable ("The members of the Nominations and Remunerations Committee are members of the Board of Directors. However, its members are considered independent members and do not therefore belong to the Executive Committee. In accordance with Articles 23 and 217 of the Spanish Companies Law, the remuneration scheme for Directors should be fixed in the articles of association. It is normal practice in Spanish companies for this remuneration to be decided upon by the General Meeting of Shareholders and for its allocation to the different members of the Board of Directors to be decided on by the Board itself.").	1.2.6.2 / 3.2.2.1
II.5.3 Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.	Adopted	3.2.2
II.5.4 All the Committees shall draw up minutes of the meetings held.	Adopted	3.2.1.3 / 3.2.2.3 / 3.2.3.3 / 3.3.3

III. INFORMATION AND AUDITING		
III.1 General Disclosure Obligations		
III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.	Adopted	6.2.1 / 6.2.2
III.1.2 The following information that is made available on the company's Internet website shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Portuguese Commercial Companies Code; b) Articles of Association; c) Credentials of the Members of the Board of Directors and the Market Liaison Officer; d) Investor Relations Office, its functions and contact information; e) Financial statements; f) Half-yearly calendar of company events; g) Proposals submitted for discussion and voting at general meetings; h) Invitation to general meetings.	Adopted	6.2.5
III.1.3. Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.	Adopted	3.8
III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.	Adopted	3.8
III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entity with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report.	Adopted	5.8
IV. CONFLICTS OF INTEREST		
IV.1 Shareholder Relationship		
IV.1.1 Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Adopted	3.6
IV.1.2 Where deals of significant importance are undertaken with holders of qualifying holdings, or entities, with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board.	Adopted (According to the Spanish law and the governance structure, these functions were delegated by the Board of Directors to the Related-Party Transactions Committee and the Audit and Control Committee)	3.2.3.2 / 3.3.2

0.1. STATEMENT ON COMPLIANCE WITH INDEPENDENCE CRITERIA

Article 20.2 of the EDPR's Articles of Association defines as independent members of the Board of Directors those that are able to perform their 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 EDPR 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)), 414 (5) and 423-B nº 4 both of the Portuguese Commercial Companies Code ("Código das Sociedades Comerciais"), and so the Board of Directors of EDPR 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
António Nogueira Leite	Director (Independent) Chairperson of the Related-Party Transactions Committee	04-06-2008	04-06-2011
Daniel M. Kammen	Director (Independent)	04-06-2008	04-06-2011
Francisco José Queiroz de Barros de Lacerda	Director (Independent) Member of Audit and Control Committee	04-06-2008	04-06-2011
Gilles August	Director (Independent)	14-04-2009	14-04-2012
João Lopes Raimundo	Director (Independent) Member of the Nominations and Remunerations Committee	04-06-2008	04-06-2011
João Mello Franco	Director (Independent) Chairperson of Audit and Control Committee and Member of the Related-Party Transactions Committee	04-06-2008	04-06-2011
Jorge Santos	Director (Independent) Chairperson of the Nominations and Remunerations Committee	04-06-2008	04-06-2011
José Araújo e Silva	Director (Independent)	04-06-2008	04-06-2011
José Silva Lopes	Director (Independent) Member of the Audit and Control Committee	04-06-2008	04-06-2011
Rafael Caldeira Valverde	Director (Independent) Member of the Nominations and Remunerations Committee	04-06-2008	04-06-2011

1. CORPORATE GOVERNANCE STRUCTURE

1.1. MODEL OF MANAGEMENT AND SUPERVISION

EDPR 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 Nominations and Remunerations Committee and the Committee on Related-Party Transactions.

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

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

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

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

The choice of this model is essentially an attempt to establish compatibility between two different systems of company law, which can be considered applicable to this model.

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

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

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

1.2. CORPORATE BODIES

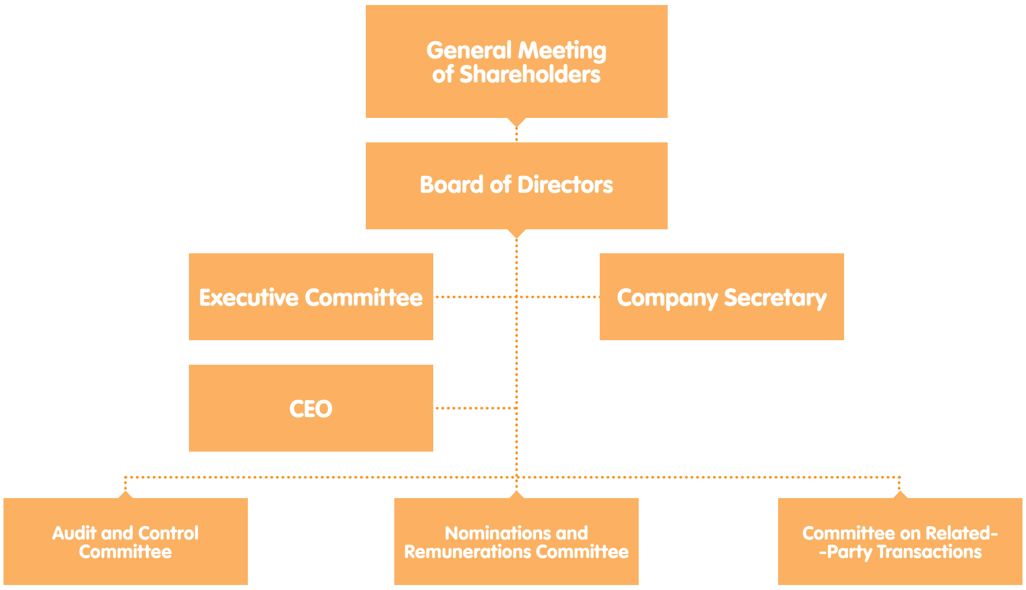
1.2.1. GENERAL MEETING OF SHAREHOLDERS

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

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

The Ordinary General Meeting shall meet annually within the first six (6) months of the year and shall include the following matters:

- Evaluation of the Company's management and approval of the annual accounts from the previous financial year, management report and decision on the application of the previous fiscal year's income or loss;



- Appointment and renewal of the Board of Directors in accordance with these Articles and the legal provisions in force, covering or eliminating vacancies that may occur or, as appropriate, ratifying the appointments of Directors made on a provisional basis by the Board of Directors;

- Appointment of auditors;

- Decision on the matters proposed by the Board of Directors;

- All other matters provided in the law in force.

The Chairperson of the General Meeting shall:

- Verify whether the meeting was properly constituted, as well as the sufficiency of the proxies granted by the Shareholders;

- Chair the meeting in order to decide the subjects contained in the Agenda;

- Give the floor to the Shareholders who request it but it may take back the floor should he consider that the matter has been sufficiently discussed;

- Organize the votes and announce the results; and

- Have, in general, all the powers required to duly conduct the meeting or recognized in the law in force.

The Chairperson of the General Meeting was appointed on June 4th 2008.

Chairperson of the General Meeting
Rui Chancerelle de Machete

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

The positions held by the members of the Board in the last five (5) years, those that they currently hold and positions in Group and non-Group companies are listed in Annexes I, II and III, respectively. Annex IV also gives a brief description of the Directors' professional and academic careers.
Finally, the shares of EDPR owned by each Director are described in the table in Annex V.

1.2.3. CHAIRPERSON AND VICE-CHAIRPERSON OF THE BOARD OF DIRECTORS

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 18th 2008.

Chairperson of the Board of Directors
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.

edp renováveis

The Vice-Chairperson is appointed by the Board of Directors on the proposal of the Chairperson. The Vice-Chairperson was appointed on March 18th 2008.

Vice-Chairperson of the Board of Directors
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 Directors.

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

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

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 EDPR, was appointed on December 4th 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:

- election of the Chairperson of the Board of Directors,
- appointment of Directors by cooption,
- requests to convene or convening of General Meetings,
- preparation and drafting of the Annual Report and Accounts and submission to the General Meeting,
- change of registered office and
- 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 4th 2008, plus the Secretary.

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

The structure, competences and functioning of the Executive Committee are described in point 3.2.1.

1.2.6.2. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Nominations and Remunerations Committee is a permanent body with consultive and advisory nature and its recommendations and reports are not binding.

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

Nominations and Remunerations 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.

The structure, competences and functioning of the Nominations and Remunerations Committee are described in point 3.2.2.

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 4th, 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.

The structure, competences and functioning of the Committee on Related-Party Transactions are described in point 3.2.3.

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 4th 2008, plus the Secretary.

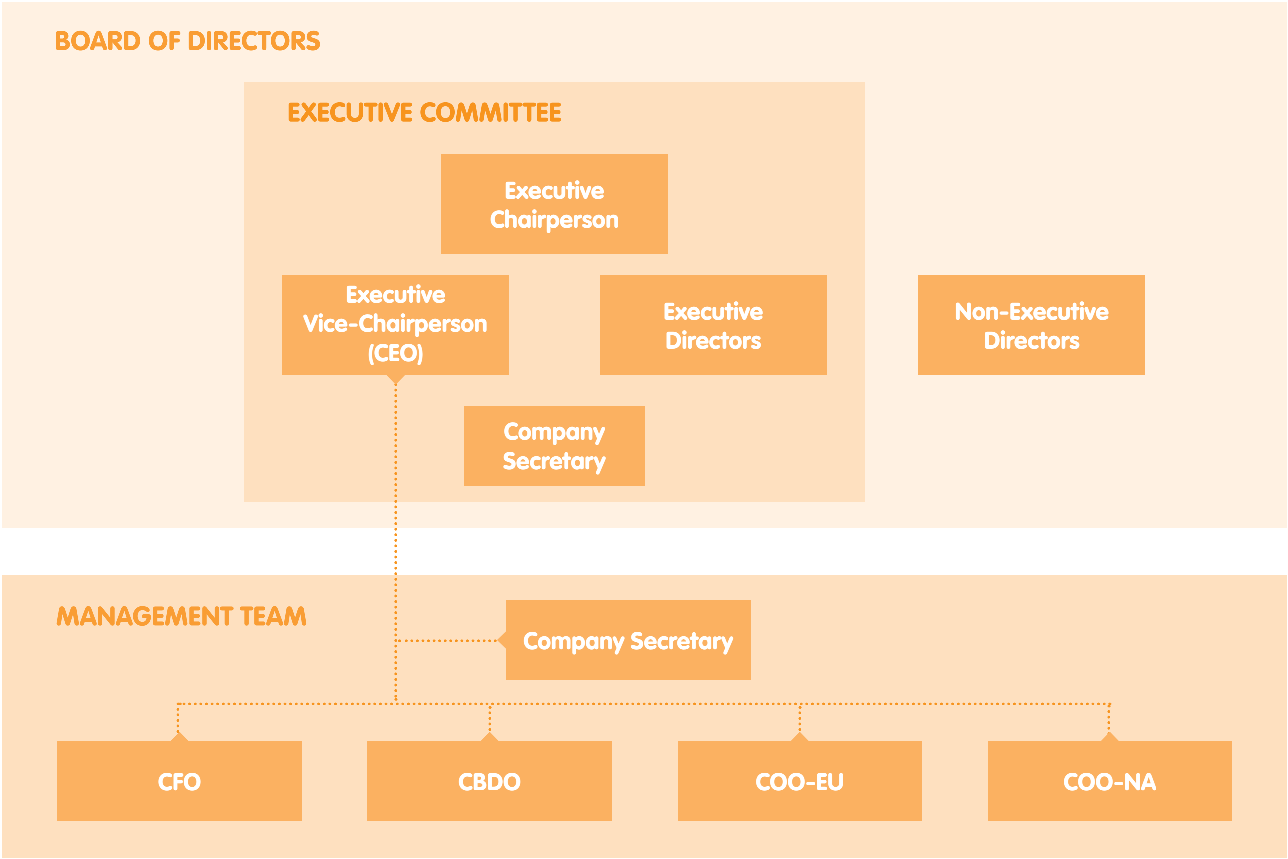
Audit and Control Committee	
Chairperson	João Manuel de Mello Franco
	Francisco José Queiroz de Barros de Lacerda José Silva Lopes
Secretary	Emilio García-Conde Noriega

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 EDPR Management Team was appointed by the Executive Committee on October 14th 2008 to manage the day-to-day running of the company. The Management Team is coordinated by the Chief Executive Officer, comprising four main areas of responsibility assigned to four officers (the Chief Financial Officer, the Chief Business Development Officer, the Chief Operating Officer for Europe and the Chief Operating Officer for North America) and a Company Secretary and Legal Counsel. The functions and competences of the Management Team are as follows:

1.4.1. CHIEF FINANCIAL OFFICER

The job of the Chief Financial Officer is 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; and to coordinate the Group's procurement and its relations with main suppliers and ensuring the implementation of the Group's procurement strategy and policy.

CFO
Rui Teixeira

1.4.2. CHIEF BUSINESS DEVELOPMENT OFFICER

The job of the Chief Business Development Officer is to assess investments, promote the development of EDPR business and set out the strategic risk guidelines for the company. In line with the strategic plan and in coordination with the other members of the management team, he must optimize the value and risk profile of the group's business portfolio, while watching the evolution 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 business platforms. Additionally he is now responsible within the Management Team for the renewable business in Brazil, a recent upstart within the EDPR portfolio.

CBDO
Luís Adão da Fonseca

1.4.3. CHIEF OPERATING OFFICER FOR EUROPE

It is the job of the Chief Operating Officer for Europe to coordinate the EDPR European platform in establishing, developing and implementing the EDPR 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 EDPR, 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 EDPR a leader in the renewable energy sector in Europe.

COO - Europe
João Paulo Costeira

1.4.4. CHIEF OPERATING OFFICER FOR NORTH AMERICA

The Chief Operating Officer for North America is responsible for coordinating the North American platform of EDPR in establishing, developing and implementing the EDPR Group's strategic plan for the renewable energies business, drafting and implementing the strategic plan for North America, in accordance with the guidelines set by the Board of Directors of EDPR, 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 EDPR a leader in the renewable energy sector in North America.

COO - NA
Gabriel Alonso Imaz

1.4.5. COMPANY SECRETARY AND LEGAL COUNSEL

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 meetings, including the circulation of its decisions.

Company Secretary and Legal Counsel
Emilio García-Conde Noriega

1.5. STATEMENT ON THE GOVERNANCE STRUCTURE

In order to comply with the Recommendation II.1.1.1 of the Portuguese Corporate Governance Code and according to the results of the reflection made by the Audit and Control Committee (point 3.3.2) regarding the terms of the Recommendation II.5.1 part ii), the governance model adopted has been ensuring an effective performance and articulation of EDPR Social Bodies, and proved to be adequate to the company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the Governance practices of EDPR.

2. SHAREHOLDER STRUCTURE

2.1 CAPITAL STRUCTURE

The EDPR share capital of EUR 4,361,540,810 is represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid. There are no holders of special rights.

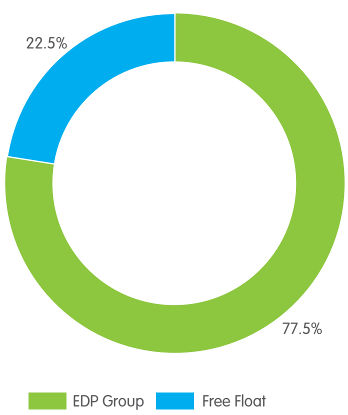
Pursuant to Article 8 of the Company's Articles of Association, there are no restrictions on the transfer of EDPR shares.

As far as the Board of Directors of EDPR is aware, there are currently no shareholders' agreements regarding the Company.

2.2 SHAREHOLDER STRUCTURE

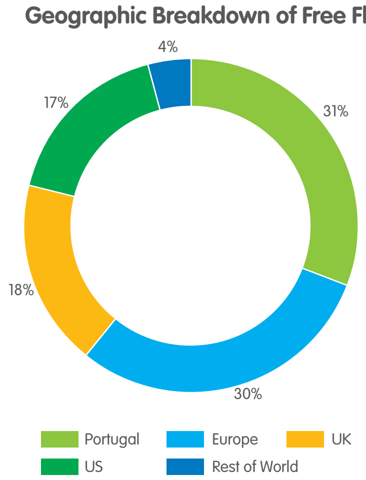
The breakdown of the EDPR structure by region and investor type at 31 December 2010 was as follows:

EDPR Shareholder Structure (%)

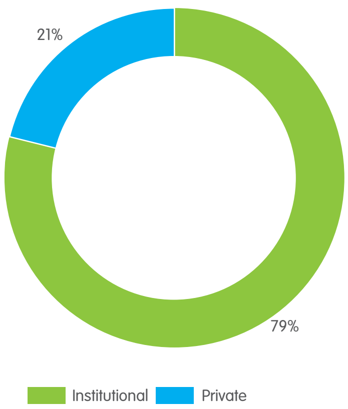


At the end of 2010, EDPR's free float comprises more than 120,000 institutional and private investors in over 50 countries with special focus on Portugal, United Kingdom, United States and Rest of Europe. Institutional investors represented 79% of the free float, with private investors standing for the remaining with 21%.

Geographic Breakdown of Free Float



Investor Type of Free Float



2.3. QUALIFYING SHAREHOLDING

Qualifying shareholdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders' holdings. As of December 31, 2010, no qualifying Shareholdings in EDPR with the exception of EDP – Energias de Portugal, S.A were identified.

Shareholder	Number of shares	% Capital	%Vote
EDP – Energias de Portugal, S.A.			
EDP – Energias de Portugal, S.A. Sucursal en España	541,027,156	62.0%	62.0%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.5%	15.5%
Total	**676,283,856**	**77.5%**	**77.5%**

3. MANAGEMENT AND CONTROL SYSTEM

Pursuant to Articles 10 and 19 et seq of the Articles of Association of EDPR, the Company's managing body is the Board of Directors, and there are four committees stemming from it. They are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations 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 less than five (5) and no more than seventeen (17) Directors. Their term of office shall be three (3) years, and they may be re-elected once or more times for equal periods. The Board of Directors currently consists of 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 Meeting of Shareholders in the Company's Articles of Association or in the applicable law. The Board is therefore expressly empowered to:

- Acquire on a lucrative or onerous title basis personal and real property, rights, shares and interests that may suit the Company;
- Sell and mortgage or charge personal and real property, rights, shares and interests of the Company and cancel mortgages and other rights *in rem*;
- Negotiate and conclude as many loans and credit operations that it may deem appropriate;
- Enter and formalize all sorts of acts or contracts with public entities or private persons;
- Exercise civil and criminal actions and all further actions to be undertaken by the Company, representing it before governmental officers, authorities, corporations, governing, administrative, administrative-economic, administrative-litigation and judicial courts, labor courts and the labor sections ("*Juzgados de lo Social e Salas de lo Social*") of the Supreme Court and of the High Courts of the Autonomous Communities, with no limitations whatsoever, including before the European Court of Justice, and in general before the Government, in all its levels and hierarchies; to intervene or promote, follow and terminate, through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation one and other extraordinary appeals, to discontinue or confess, to agree an early termination of a proceeding, to submit litigious questions to arbitration judges, and to carry out all sorts of notices and requirements and to grant a power of attorney to Court Representatives and other representatives, with the case-related powers and the powers which are usually granted to litigation cases and all the special powers applicable, and to revoke such powers;
- Agree the allotment of dividends;
- Call and convene General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and organize its operations and exploitations by acknowledging the course of the company businesses and operations, managing the investment of funds, making extraordinary depreciations of bonds in circulation and realizing anything that it is considered appropriate to obtain maximum gains towards the object of the Company;
- Freely appoint and dismiss Directors and all the Company's technical and administrative personnel, defining their office and their retribution;
- Agree any changes of the registered office's address within the same borough;
- Incorporate under the law all sorts of legal persons; contribute and assign all sorts of assets and rights, as well as entering merger and cooperation agreements, association, grouping and temporary union agreements between companies or businesses and joint property agreements and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in these Articles or in the applicable law. This list is without limitations and has a mere indicative nature.

Regarding the decisions to increase the share capital, the Board of Directors, by delegation from the General Meeting, may decide to increase the share capital once or several times. This delegation, which may be the subject of replacement, can include the power to demand a pre-emptive right in the issue of shares that are the subject of delegation and with the requirements established by law.

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 May 3th 2008. The regulations on the functioning of the Board are available to Company shareholders at the website www.edprenovaveis.com.

The Board of Directors must meet at least four (4) times a year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of three (3) Directors, shall convene a Board meeting whenever he deems it necessary for the Company's interest. The Board of Directors held five (5) meetings during the year ended at December 31st 2010.

Meetings are convened by the Chairperson, who may order the Secretary to send the invitations. Invitations shall be sent at least five (5) days prior to the date of the meeting. Exceptionally, when the circumstances so require, the Chairperson may call a meeting of the Board without respecting the required advance notice.

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

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

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

- Invitations to meetings shall include the agenda, although provisional, of the meeting and be accompanied by relevant available information or documentation;

- The Directors have the broadest powers to obtain information on any aspect of the Company, to examine its books, records, documents and other registers of the Company's operations. In order to prevent distortions in the Company management, the exercise of the powers to obtain information shall be 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 related 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.

With the mechanisms set forth in the regulations, non-executive Directors have encountered no difficulties in performing their duties.

In 2010, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, 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, João Manuel Manso Neto.

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

3.2.1.2. COMPETENCES

The Executive Committee is a permanent body that has received all of the Board of Directors' delegable powers under the law and the articles of association, with the exception of: i) election of the Chairperson of the Board of Directors, ii) appointment of Directors by cooption, iii) request 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 4th 2008 and also by the Board Regulations. The committee's regulations are available to the 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 31st 2010.

The Executive Committee shall draft minutes for each of the meetings held and shall inform the Board of Directors of its decisions at the first Board meeting held after each committee meeting.

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

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

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

3.2.2. NOMINATIONS AND REMUNERATIONS COMMITTEE

3.2.2.1. STRUCTURE

Pursuant to Article 29 of the Company's Articles of Association, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) Directors. At least one of its members must be independent and shall be the Chairperson of the committee.

The members of the committee should also not be members of the Executive Committee. The committee currently consists of the members indicated in point 1.2.6.2 which are all independent Directors.

The Nominations 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 December 27th, which lays down that the Nominations and Remunerations Committee must be entirely made up of external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors) it complies 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 Nominations and Remunerations Committee is a permanent body with an informative and advisory nature and its recommendations and reports are not binding.

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

- Defining the standards and principles governing the composition of the Board of Directors and the selection and appointment of its members.
- Proposing the appointment and re-election of Directors in cases of appointment of co-option and in other cases for submission to the General Meeting by the Board.
- Proposing to the Board of Directors the members of the different committees should be.
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method and amounts payable to Directors. Making proposals to the Board on the conditions of the contracts signed with Directors.
- Informing and making proposals to the Board of Directors regarding the appointment and/or removal of executives, and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff.
- Reviewing and reporting on incentive plans, pension plans and compensation packages.
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

3.2.2.3. FUNCTIONING

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

This committee shall meet at least once every quarter and also whenever its Chairperson sees fit.

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

The meetings of this committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the deciding vote in the event of a tie.

3.2.2.4. ACTIVITY IN 2010

In 2010 the main proposals made by the Nominations and Remunerations Committee were:

- Propose an annual fixed remuneration for the Chairperson of the General Meeting;
- The Annual Report on the 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.

A report on the activities of the Nominations and Remunerations Committee in the year ended on December 31st 2010 is available to shareholders at www.edprenovaveis.com.

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 of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be independent, although in the case of this committee it has one non-independent Member, João Manuel Manso Neto.

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

The committee currently consists of 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 reporting to the Board of Directors on the commercial and legal relations between EDP or related entities and EDPR or related entities.
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations

between the EDP Group and the EDPR Group, and the transactions between related entities during the fiscal year in question.

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

Should the Related Party Transactions Committee not ratify business or legal relations between EDP or its related parties and EDPR and its related parties, said relations shall require the approval of two-thirds (2/3) of the members of the Board of Directors, whenever at least half of the members proposed by entities other than EDP, including independent Directors, vote in 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 EDPR or its related parties that have standard conditions and these conditions are applied in the same way in transactions with parties not related to EDP and EDPR or their respective related parties.

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 4th 2008 and by the Board Regulations. The committee's regulations are available at www.edprenovaveis.com.

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

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

The meetings of this committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

3.2.3.4. ACTIVITY IN 2010

In 2010, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

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 EDPR business.

The Related Party Transactions Committee was informed that in 2010, the average value and the maximum value regarding the transactions analyzed by the Committee was EUR 1.617.274 and EUR 3.106.692, respectively.

The total value of the transactions with the EDP Group in 2010 was EUR 14.2 millions which corresponds to a 5.3% of the total value of S&S, and EUR 270 millions for total operational costs.

A report on the activities of the Related Party Transactions Committee in the year ended on December 31st 2010 is available to shareholders at www.edprenovaveis.com.

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, the majority of which, as well as the Chairperson, are independent.

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 mentioned below.

Concerning the new recommendations introduced in 2010 by the Portuguese Code of Corporate Governance the referred competences were reinforced as mentioned below, with the following changes introduced on the Audit and Control Committee Regulations, to guarantee the compliance of the referred code:

- Reporting, through the Chairperson, at General Meetings on questions falling under its jurisdiction.
- Proposing the appointment of the Company's auditors to the Board of Directors for subsequent approval by the General Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non audit" – annual activity evaluation and revocation or renovation of auditor appointments. (to comply with Recommendation III.1.5 of the Portuguese Corporate Governance Code of 2010).
- Supervising the financing reporting and the functioning of the internal risk management and control systems, as well as, evaluate those systems and propose the adequate adjustments according to the Company necessities. (to comply with Recommendation II.1.1.3 of the Portuguese Corporate Governance Code of 2010).
- Supervising internal audits and compliance. (to comply with Recommendation II.4.6 of the Portuguese Corporate Governance Code of 2010).
- Establish a permanent contact with the external auditors, to assure the conditions, including the independence, adequate to the services provided by them, acting as a the Company speaker for these subjects related to the auditing process and receiving and maintaining information on any other questions regarding accounting subjects. (to comply

with Recommendation II.4.4 of the Portuguese Corporate Governance Code of 2010).

- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the accounts and the proposals presented by the Board of Directors. (to comply with Recommendation II.4.3 of the Portuguese Corporate Governance Code of 2010).

- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders or entity that has a direct interest and judicially protected, related with the Company social activity. (to comply with Recommendation II.1.4.1 of the Portuguese Corporate Governance Code of 2010).

- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, the importance of the matters entrusted to them and the economic situation of the company must be taken. into account.

- Drafting reports at the request of the Board and its committees.

- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement.

- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

3.3.3. FUNCTIONING

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

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit. In 2010, 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 its decisions at the first Board meeting held after each committee meeting.

The meetings of the Audit and Control Committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

3.3.4. ACTIVITY IN 2010

In 2010, the Audit and Control 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, especially concerning with the scope of work in 2010, and approval of all "audit related" and "non audit" services, (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, in a quarterly and yearly basis (v) pre-approval of the 2010 Internal Audit Action Plan, (VI) supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing, (vii) reflection on the corporate governance system adopted by EDPR, (viii) analysis of the evolution of the SCIRF project, (ix) information about the whistle-blowing.

Apart from its regular activity in 2010, the Audit and Control Committee were also involved in the following activities:

- Analysis of the acquisition process of turbines for the 2010/2012 period;

- Analysis of the competences delegation process of the EDPR Group;

- Analysis to the new regulations of the Internal Audit Department of the EDPR Group.

The Audit and Control Committee found no constraints during its control and supervision activities.

A report on the activities of the Audit and Control Committee in the year ended on December 31st 2010 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 Directors to be independent Directors, who are considered to be those who can perform their duties without being conditioned by relations with the Company, its significant shareholders or Directors and, if applicable, meet the requirements of applicable laws.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;

- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are i) aged under eighteen (18) years, (II) disqualified, iii) competitors; (iv) convicted of certain offences or (v) hold certain management positions are not allowed to be Directors.

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

The policy of portfolio rotation in the company comprehends that 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 243 of the Spanish Companies Law, shareholders so wishing may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and appoint those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the appointment of the other members of the Board of Directors.

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 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

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 and Control Committee is three (3) years, after which he may only be re-elected for a new term of three (3) years. Nonetheless, chairpersons leaving the committee may continue as members of the Audit and Control Committee.

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

EDPR has not signed any contracts with the members of the corporate bodies during the year 2010.

Regarding related party transactions, EDPR and/or its subsidiaries have signed the contracts detailed below with EDP – Energias de Portugal, S.A. (hereinafter, EDP) or other members of its group not belonging to the EDPR subgroup.

3.6.1. FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7th 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP, nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP – Energias do Brasil, S.A., for the development, construction, operation and maintenance of facilities or activities related to wind, solar, wave and/or tidal power and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration and waste in Portugal and Spain.

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

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

3.6.2. EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th 2008 EDP and EDPR signed an Executive Management Services Agreement.

Through this contract, EDP provides management services to EDPR, including matters related to the Company. Under this agreement EDP appoints four people to form EDPR's Executive Committee, for which EDPR pays EDP an amount for the services rendered.

Under this contract, EDPR is due to pay an amount of EUR 836,400 for management services rendered by EDP in 2010.

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

3.6.3. FINANCE AGREEMENTS AND GUARANTEES

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

3.6.3.1. LOAN AGREEMENTS

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a company 100% owned by EDP – Energias de Portugal, S.A.. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set on arm's length basis. As at December 31st 2010, such loan agreements totaled EUR 1,351,695,248 and USD 1,934,621,254.

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 EDPR, EDP Renewables Europe 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.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions.

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 said subsidiary.

3.6.3.3. CURRENT ACCOUNT AGREEMENT

EDP Sucursal and EDPR signed an agreement through which EDP Sucursal manages EDPR' cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As at December 31st 2010, the current account had a balance of EUR 170,111,807 in favor of EDPR.

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 USD cash surplus, at December 31st 2010 EDPR had two short term deposits placed with EDP Finance BV in the total amount of USD 244,033,835.

The two short term deposits mature on January 2011.

3.6.3.5 CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, the company and Group accounts of EDPR and the accounts of EDP Sucursal España, were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDP Group settled a cross currency interest rate swap (CIRS) in USD and EUR, between EDP Sucursal and EDPR for a total amount of USD 2,632,613. Also a CIRS in PLN and EUR, between EDP Energias de Portugal Sociedade Anónima, sucursal en España and EDPR, S.A. was settled for a total amount of PLN 309,307,188, related with the net investment in polish companies.

3.6.3.6. HEDGE AGREEMENTS – EXCHANGE RATE

EDP Sucursal and EDPR entered into several hedge agreements with the purpose of managing the transaction exposure related with the investment payments to be done in Poland, fixing the exchange rate for EUR/PLN in accordance to the prices in the forward market in each contract date. At December 31st 2010, a total amount of EUR 38,803,000 remained outstanding.

3.6.4. HEDGE AGREEMENTS – COMMODITIES

EDP and EDP Renewables Europe SL entered into hedge agreements for a total volume of 1,826 MWh for 2010 at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

3.6.5. TRADEMARK LICENSING AGREEMENT

On May 14th 2008, EDP and EDPR signed an agreement under which the former granted to the latter a non-exclusive license for the trademark "EDP Renováveis" for use in the renewable energy market and related activities.

In return for the granting of the trademark license, EDPR will pay to EDP fees calculated on the basis of the proportion of the costs pertaining to the former in the Group's annual budget for image and trademark services, which are subject to annual review. The fee established for 2010 was EUR 1,500,000.

The license is granted indefinitely and shall remain in effect until the expiry of EDP's legal ownership of the trademark or until EDP ceases to hold the majority of the capital or does not appoint the majority of Directors of EDPR. EDP may also terminate the agreement in case of non-payment or breach of contract.

The licensing agreement is restricted by the terms of the framework agreement.

3.6.6. CONSULTANCY SERVICE AGREEMENT

On June 4th 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2010 the estimated cost of these services is EUR 3,106,692.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

3.6.7. RESEARCH AND DEVELOPMENT AGREEMENT

On May 13th 2008, EDP Inovação, S.A. (hereinafter EDP Inovação), an EDP Group company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or 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 EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS, S.A.

On January 1st 2003, EDP Renováveis Portugal, S.A., holding company of the EDPR subgroup in Portugal, and EDP Valor – Gestão Integrada de Recursos, S.A. (hereinafter EDP Valor), an EDP Group company, signed a management support service agreement.

The object of the agreement is the provision to EDP Renováveis Portugal by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety and human resource management and training.

The remuneration paid to EDP Valor by EDP Renováveis Portugal S.A. and its subsidiaries for the services provided in 2010 totaled EUR 691,445.

corporate governance

The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st 2008.

Either party may renounce the contract with one (1) year's notice.

3.6.9. INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP – ENERGIAS DE PORTUGAL, S.A.

On January 1st 2010, EDP Renováveis Portugal, S.A., and EDP – Energias de Portugal S.A. (hereinafter EDP), signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP – Energias de Portugal S.A..

The amount to be paid to EDP – Energias de Portugal S.A. for the services provided in 2010 totaled EUR 1,146,251.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

3.7. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

3.7.1. INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

EDP Renováveis (EDPR) has an Internal Control System over Financial Reporting (SCIRF) structured using as a reference in terms of control objectives fulfillment, and controls implementation the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) with regard to business processes and entity level controls, and the COBIT framework (Control Objectives for Information and related Technologies) with regard to controls of information technology systems.

In accordance with EDPR's strategic orientation, SCIRF activities are aimed at strengthening the quality of financial information provided to shareholders and to the markets and at promoting the effectiveness and efficiency of operations, in compliance with applicable regulations at all times.

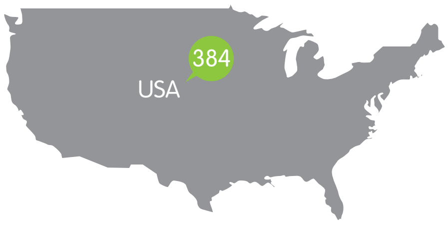
The COSO framework emphasizes the aspects related with the risk assessment activities, since there is a growing interest in organizations of all sizes to enhance Enterprise Risk Management. This approach is present throughout SCIRF's methodology and documentation (SCIRF Manual, Responsibilities Model, processes and controls), by means of a set of control and risk objectives, that cover concepts like financial information risk, fraud or unauthorized use.

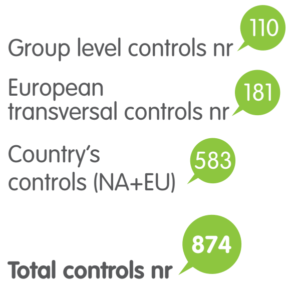
During the year 2010, SCIRF has been performed through (I) the maintenance and monitoring of the Internal Control Cycle and (II) the independent review of SCIRF by KPMG.

Under the model adopted at EDPR, the following activities for the maintenance and monitoring of the Internal Control Cycle have been performed:

- Update of the scope: review and identification of relevant risks, accounts and processes, based on materiality and risk criteria, with a top-down and bottom-up methodology, and a coverage level analysis.
- The necessary actions for the consolidation and/or incorporation of new geographies in the scope.
- Maintenance, adaptation and management of the system in line with (I) the implementation of identified improvement opportunities, (II) the changing structure and (III) business requirements.

SCIRF presence in different geographies, according to the scope applied in 2010, includes 380 controls in the European platform (including country-specific and transversal controls in some geographies) in Spain, Portugal, France, Belgium and Poland, 384 controls in the North American platform, and 110 controls at group level, as illustrated in the figure below. These controls include entity level controls, process controls and information technology controls).





In order to assess the reliability and strength of the SCIRF (already implemented in the European and American platforms), and in line with the strategic objectives of EDPR, it was decided to undertake an independent review, to be conducted by a prestigious international institution (KPMG). The goal was materialized in 2010, following the International Standard on Assurance Engagements (ISAE) 3000 methodology. In this review no material weakness were identified. The work of the review consisted of:

(I) obtaining an understanding of SCIRF in terms of the consolidated financial reporting;

(II) evaluation of the risk of material weaknesses;

(III) test and evaluation of the operational effectiveness of controls based on the evaluation of risk;

(IV) execution of other procedures which were considered as necessary.

It is also important to highlight the following developments that took place in 2010:

- the creation of SCIRF logo;
- the launch of the implementation of a new internet based tool to support SCIRF;
- the significant participation of EDPR for the consecution of the Quality Assessment certification of EDP's group Internal Audit department by the Institute of Internal Auditors.


The Institute of Internal Auditors
Instituto de Auditores Internos de España

This certificate signifies that | El presente certificado da fe de que

Grupo EDP
Dirección de Auditoría Interna

has successfully completed a **Quality Assessment** led by the Institute of Internal Auditors (IIA) | ha completado satisfactoriamente la **Evaluación de Calidad** realizada por el Instituto de Auditores Internos (IAI)

This review indicates the resolve of the **Dirección de Auditoría Interna** to improve its quality performance, professionalism and use of best practices as well as its conformity to the IIA's **InternationalStandards for the Professional Practice of Internal Auditing.** | Esta revisión manifiesta el compromiso de la **Dirección de Auditoría Interna** por mejorar de forma continua su desempeño de calidad, profesionalidad y uso de "mejores prácticas" así como el cumplimiento de las **Normas Internacionales para la Práctica Profesional de la Auditoría Interna.**

FECHA DE EMISIÓN / EMISSION DATE 02-11-10 | FECHA DE RENOVACIÓN / RENEWAL DATE 02-11-15

QUALITY ASSURANCE REVIEW

Project Manager / Director del Proyecto

Vice Chairman, Quality Assessment Services, IAI / Vicepresidente, Servicios de Evaluación de Calidad, IAI

Nº DE REGISTRO / No. REGISTER 10.004-E

The SCIRF activities and their progress have been quarterly reported to the Audit and Control Committee, complying with its supervision and follow-up missions regarding the company's internal control systems and risk management.

At the year-end in accordance with CMVM Recommendation III.1.4 the external auditors, within the scope of their powers, verified the efficiency and functioning of the Internal Control Systems and reported their conclusions to the Audit and Control Committee. Additionally, KPMG reported the result of their review of SCIRF to the Audit and Control Committee.

With this report and the teamwork of the Internal Auditors the Audit and Control Committee in accordance with CMVM Recommendation II.1.1.3 made its final assessment report and presented to the Board.

3.7.2 RISK MANAGEMENT

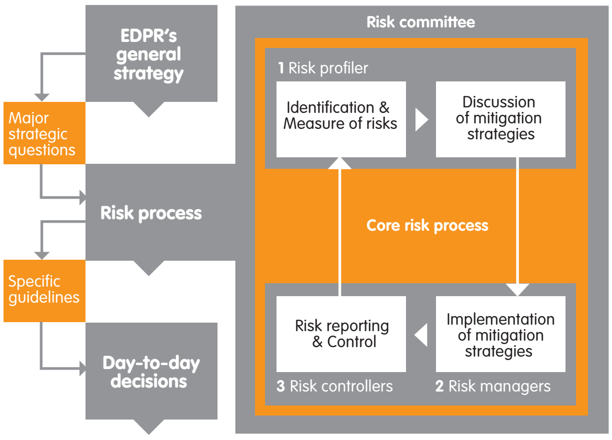
The basic principle behind EDPR's risk management approach is that risk management should not only protect value but also create value. This value creation is obtained by optimizing company's risk-return taking into consideration shareholders risk appetite.

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

3.7.2.1. RISK FRAMEWORK AND PROCESS

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

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



Each strategic question is subject to a core risk process which is composed of four major steps:

- **Make sense** – starts with the identification of the risks that may affect the accomplishment of the strategic goals and is followed by the respective measurement both in terms of likelihood of occurrence and potential impact; the aim of this step is to generate an understanding of all the dynamics behind the issue under analysis in order to assess the severity of the risk as well as to anticipate all possible mitigating actions in the case the exposure to the risk is above acceptable limits.
- **Make choices** – after an understanding of the risk, the next step is to discuss whether the risk needs to be treated or not. If it does there is a need to discuss on the most appropriate risk treatment strategies and methods, and the outcome of this discussion is a proposed action plan that is later subject to approval by the Executive Committee.
- **Make happen** – following the approval of the action plan, guidelines are written and then sent to the risk manager that will take them into consideration in its day-to-day decisions
- **Make revision** – after the implementation of the mitigation strategies there is a follow-up of their effectiveness to assess if any adjustments are needed; this risk reporting and control step has two major functions: (1) to track EDPR's risk position comparing its alignment with both the company's risk profile and risk policy approved by the Executive Committee for each risk, and (2) to control the mitigation actions by defining and implementing all the mechanisms necessary to check if these actions are being implemented according to plan.

3.7.2.2. RISK FUNCTIONS AND RISK COMMITTEE

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

	Risk functions		Description
1	**Strategy / Profile**	General risk policy & strategy	• Responsible for setting guidelines and limits for risk management within the company • Attempts to clarify and support proposals related to general strategic issues
2	**Management**	Risk manag. & risk business decisions	• Responsible for day to day operational decisions and for related risk – taking, risk – mitigating positions
3	**Control**	Risk control	• Responsible for follow up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the executive committee

During 2010, EDPR created a Risk Committee to integrate and coordinate all the risk functions and to assure the link between risk strategy and the company's operations.

EDPR's Risk Committee intends to be the forum to discuss how EDPR can optimize its risk-return position according to its risk profile. The key responsibilities of this committee are:

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

This committee meets on a quarterly basis and is composed by all Management Team members, representative directors from corporate functions and from the operational platforms and, depending on the issues under discussion, the respective risk managers.

In 2010 this committee, created in July, met twice to discuss and propose EDPR's general risk management framework and to discuss and recommend energy management risk policies.

In order to assure the alignment of EDPR's risk management decisions with EDP's risk-return profile, representatives from EDP will be part of EDPR's risk committee in 2011.

3.7.2.3 RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

The following table summarizes the main risk areas of EDPR's business and also describes the risk related strategic questions. The full description of each risk and how they are managed by EDPR can be found in next chapter.

Risk areas	Risks descriptions	Risk related strategic questions (not exhaustive)
1. Countries & regulations	• Changes in regulations may impact EDPR's business in a given country ;	• What is EDPR's current regulatory risk? • How much should EDPR grow in current markets? • Where should EDPR focus entering new markets?
2. Revenues	• Revenues received by EDPR's projects may diverge from what is expected;	• What is the exposure of our revenue stream both in prices and wind variations? • What is the impact on EDPR's EBITDA? • What should the market strategy be to cover market volatility?
3. Financing	• EDPR may not be able to raise enough cash to finance all its planned capex; • EDPR may not be able to fulfil its financial obligations;	• What should be the risk profile from an investor's point of view? • What is the synthetic rating of the company and what measures could be done to improve it? • What is the probability of a cash flow stress due to market conditions?
4. Wind turbine contracts	• Changes in turbine prices may impact projects' profitability; • Contracts should take into account the pipeline development risk;	• What should be the hedging strategy for turbine prices in terms of price structure and quantities? • What is the trade-off between supplier diversification and rappel discount?
5. Pipeline development	• EDPR may deliver an installed capacity different from its targets or suffers delays and/or anticipations in its installation	• How many MW can EDPR expect to put in operation with its current pipeline? • How many projects may be canceled or be delayed over permitting issues? • What is the actual risk of not achieving the installed capacity targets? • What is the appropriate buffer to ensure that EDPR delivers the target capacity? • How should EDPR's pipeline look like in 2012?
6. Operations	• Projects may deliver a volume different from expected.	• Is there any operating risk with significant impact in EDPR?

3.7.2.4.1 COUNTRIES AND REGULATION

3.7.2.4.1.1 Regulatory risks

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

Support for renewable energy sources has been strong in previous years, and both the European Union and various US federal and state bodies have regularly reaffirmed their wish to continue and strengthen such support.

In Europe, each country presented in 2010 their Renewable National Energy Action Plans (RNEAPs). These plans provide detailed information about how each Member State expects to comply with its 2020 binding target, including the technology mix and the forecasted trajectory to reach it.

Regarding US, various State Governments have taken an active role in the development of energy generated from renewable sources through the implementation of RPS (Renewable Portfolio Standard) program.

It cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources. This is particularly true in an economic downturn context.

Management of regulatory risks

EDPR is managing its exposure to regulatory risks in two different ways. The first one is trough a geographic diversification strategy based on a methodology comprising a positive correlation between country defined targets and gap from current level, technological mix of installed generation, energy demand and supply, regulatory track record stability and incentives mechanism. EDPR also analyses the country wind resource, land and site availability, permitting complexity and interconnection availability.

The second one is by being an active member in several wind associations. EDPR belongs to the most prestigious wind energy associations, both at national and international level. EDPR is an active member of the following renewable (specially wind energy) associations. Being an active member in all these associations allows EDPR to be aware of any regulatory change, and represent wind energy sector's interests when required by the governments.

Europe	EWEA (European Wind Energy Association)
Spain	AEE (Asociación Empresarial Eólica)
Portugal	APREN (Associação Portuguesa de Produtores de Energia Eléctrica de Fontes Renováveis)
France	SER (Syndicat des Énergies Renouvelables)
Belgium	APERe (Association pour la Promotion des Energies Renouvelables) EDORA (Fédération de l'Energie d'Origine Renouvelable et Alternative)
Poland	PIGEO (Polska Izba Gospodarcza Energii Odnawialnej) PSEW (Polskie Stowarzyszenie Energetyki Wiatrowej) PTEW (Polskie Towarzystwo Energetyki Wiatrowej)
Romania	RWEA (Romanian Wind Energy Association)
United Kingdom	BWEA (British Wind Energy Association) Renewable UK Scottish Renewables
Italy	ANEV (Associazione Nazionale Energia del Vento) APER (Associazione promotori energie rinnovabili)
United States	American Wind Energy Association (AWEA) Iowa Wind Energy Association RENEW Wisconsin Renew, Inc. The Wind Coalition American Wind Wildlife CEERT Colorado Independent Energy Association Interwest Energy Alliance Western Power Trading Forum Smart Grid Oregon Texas Renewable Energy Renewable Northwest Project
Canada	CanWEA (Canadian Wind Energy Association)
Brazil	Abeeolica (Associação Brasileira de Energia Eolica) Cerne (Centro de Estratégias em recursos naturais e energias)

3.7.2.4.2 REVENUES

3.7.2.4.2.1 Exposure to market electricity prices

The electricity sold by EDPR depends in some extent on the incentives schemes for renewable energy in place in each of the countries where EDPR operates. In some of the markets this creates an exposure to 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, technological mix of installed generation capacity and demand. Therefore, a decline in market prices to unexpected levels could have a material adverse effect on EDPR's business, financial condition or operating income.

Management of electricity prices exposure

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

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

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

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

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits, assessing in which markets financial hedges may be more effective to correct it. In 2010, to manage this exposure EDPR financially hedged a significant part of its generation in Spain and, in the US closed for the long-term a significant portion of its exposure through several physical and financial deals.

3.7.2.4.2.2 Risk related to volatility of energy production

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

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

Management of risks related to volatility of energy production

EDPR mitigates wind resource volatility and seasonality by having a strong knowledge in the design of its wind farms, and by the geographical diversification - in each country and in different countries – of its asset base. This "portfolio effect" enables to offset wind variations in each area and to keep the total energy generation relatively steady. Currently EDPR is present in 11 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil.

3.7.2.4.3 FINANCING

3.7.2.4.3.1 Risks related to the exposure to financial markets

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated using fixed rates and hedging instruments, including interest rate swaps.

Also because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial condition and results of operations. EDPR may attempt to hedge against currency fluctuations risks by natural hedging strategies, as well as by using hedging instruments, including forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR hedging efforts will minimize but not eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

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

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits following the recommendation of the risk committee.

Taking into account the risk management policy and exposure limits previously approved, the Financial Department identifies, evaluates and submits for approval by the Board the financial strategy appropriate to each project/location.

The execution of the approved strategies is also undertaken by the Financial Department, in accordance with the policies previous defined and approved.

Fixed rate, Natural hedging and Financial instruments are used to minimize potential adverse effects resulting from the interest rate and foreign exchange rate risks on its financial performance.

3.7.2.4.3.1.1 Interest rate risk

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

The main potential exposure comes from shareholder loans from the EDP Group and from institutional investors in connection with its Partnership Structures in the case of the US operations, as well as, project financing and third party loans from entities outside the EDP Group.

In the floating-rate financing context which represents approx. 5% of EDPR's gross debt, EDPR may contract interest-rate derivative financial instruments to hedge cash flows associated with future interest payments, which have the effect of exchange floating interest to fixed interest rate.

EDPR has a portfolio of interest-rate derivatives with maturities between approximately 1 and 10 years. Sensitivity analyses are performed of the fair value of financial instruments to interest-rate fluctuations.

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

3.7.2.4.3.1.2 Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from the shareholding in EDPR NA. With the ongoing increasing capacity in others non-euro regions, EDPR will become also exposed to other local currencies (Brazil, Poland and Romania).

EDPR general policy is the Natural Hedging in order to match currency cash flows, minimizing the impact of exchange rates changes while value is preserved. The essence of this approach is to create financial foreign currency outflows to match equivalent foreign currency inflows. Often the debt is raised in the same foreign currency in which operating cash flows are received. The Financial Department is responsible for monitoring the evolution of the exchange rates changes, seeking to mitigate the impact of currency fluctuations on the net assets and net profit of the group, using natural hedging strategies, as well as, exchange-rate derivatives and/or other hedging structures with symmetrical characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

3.7.2.4.3.2 Counterparty credit risk

Counterparty risk is the default risk of the other party in an agreement, either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

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

In the specific case of EDPR EU, credit risk is not significant due to the reduced average payment 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 the contracting terms of PPA contracts. In the light of this, counterparty risk is carefully evaluated taking into account the offtakers' credit rating. In many cases, additional credit support is required in line with the exposure of the contract.

3.7.2.4.3.3 Liquidity risk

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

Management of liquidity risk

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

The liquidity policy followed by EDPR ensures compliance with the planned payment commitments/obligations, through maintaining sufficient credit facilities and having access to the EDP Group liquidity facilities.

3.7.2.4.4 WIND TURBINE CONTRACTS

3.7.2.4.4.1 Wind turbine supply risk

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

Management of wind turbine supply risk

EDPR faces limited risk to the availability and prices' increase of WTG due to its framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to reduce its dependency on any one supplier being one of the worldwide wind energy developers with a more diversified and balanced portfolio.

When signing framework agreements with one or more WTG suppliers, EDPR balances the cost, best fit with Company's pipeline and flexibility on time, geography and model/technology.

Pursuing this medium-term framework agreements strategy, EDPR reduces the risk of contracting large amounts of new WTG exposed to the spot market while having long term visibility on the total cost of ownership due to the fix cost structure of the frameworks signed. On the other way, by not contracting all the WTG needed for its growth plan, EDPR increases its short term flexibility pipeline development. Finally, EDPR in these framework agreements ensure additional geographic flexibility to best fit its pipeline development with changes in future conditions in a given market.

3.7.2.4.5 PIPELINE DEVELOPMENT

3.7.2.4.5.1 Permitting risks

Wind farms are subject to strict international, national, state, regional and local regulations relating to the development, construction, licensing, grid interconnection and operation of power plants. Among other things, these laws regulate: land acquisitions, leasing and use; building, transportation and distribution permits; landscape and environmental permits; and regulations on energy transmission and distribution network congestions. Development process of wind farms is subject to the obtaining such permits. If authorities do not grant these permits or they do so with delays or with other restrictions, such actions could have a material adverse effect on the development of further business.

Management of permitting risk

EDPR mitigates this risk by having development activities in 11 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil) with a portfolio of projects in several maturity stages. EDPR has a large pipeline located in the most attractive regions providing a "buffer" to overcome potential delays in the development of new projects, ensuring growth targets. For this high quality pipeline is worth to highlight EDPR's early mover status in the majority of its markets and the partnerships created with teams with strong local expertise in the development and construction of wind farms.

3.7.2.4.6 OPERATIONS

3.7.2.4.6.1 Wind turbine performance risk

Wind farms output depend upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore the risk is that the performance of the turbine does not reach its optimum implies that the energy output is not the expected. The best indicator to measure the WTG performance is the availability level – the period of time it was actually available to operate within that period and delivering the agreed power curve.

Management of wind turbine performance risk

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, by signing a medium-term full-scope maintenance agreement with the turbine supplier and by an adequate preventive and scheduled maintenance. Additionally, technical warranties are signed with the turbine suppliers, in order to guarantee that the performance of the turbine will be optimum. After this period, O&M is usually contracted with an external company, but a technical assistance agreement is also signed with the turbine supplier.

Most recently, and following the general trend in the wind sector, EDPR is externalizing some pure technical O&M activities of its wind farms. Through EDPR Dispatch Center, the Company remotely controls all its wind farms reacting on real time to grid requirements and by gathering all the 24-day operating data it is increasing its know-how in managing core O&M activities.

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.

In order to protect the External Auditor independence, the following competences of the Audit and Control Committee were exercised during 2010:

- Direct and exclusive supervision from the Audit and Control Committee;
- Evaluation of the qualifications, independence and performance of the External Auditor and the annual report from the External Auditor regarding the information of all existing relations between the Company and the Auditors or people related to them, including all the services rendered and all the services in course. The Audit and Control Committee, in

order to evaluate its independence, obtained from the External Auditor information regarding their independence according to Decree-Law n.º 224/2008, November 20th, that changes the bylaws of the External Auditors Association;

- Revision of the transparency report signed by the External Auditor and published on their website. This report is about a group of subjects regulated on article 62º-A from the Decree-Law n.º 224/2008, mainly related to the Internal Control System and to the process of quality control realized by the competent entities;

- Analysis with the External Auditor of the scope, planning and resources to use on the services provided.

EDPR's External Auditor is, since the year 2007, KPMG Auditores S.L., therefore there is still no need to rotate the auditor according to Recommendation III.1.3 of the Portuguese Corporate Governance Code.

In 2010, according to the Audit and Control Committee's competences and in line with Recommendations II.4.4 and II.4.5, it was the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time.

The Audit and Control Committee assessed the performance of the external auditor in providing the services hired by the Company and made a positive evaluation of their quality, considering that they meet applicable standards and that it is advisable to maintain the same auditor.

The work of the external auditor, including reports and audits of its accounts, was supervised and evaluated in accordance with applicable rules and standards, in particular international auditing standards. The external auditor in coordination with the Audit and Control Committee verifies the implementation of remuneration policies and the efficiency and functioning of internal control mechanisms. The external auditor reports to the Audit and Control Committee all the shortcomings.

3.9. 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 EDPR 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.

EDPR 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 EDPR 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 and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2010 there were no communications regarding any irregularity at EDPR.

3.10 ETHICS

EDPR is governed by a strong sense of ethics, whose principles are embodied in the day-to-day activities of its employees, according to ethical practices generally considered to be consensual but which, for reasons of appropriate disclosure, transparency and impartiality, the company decided to provide details on.

For that purpose, EDPR developed and approved a global Code of Ethics, to be adopted by all company's employees, without prejudice to other legal or regulating provisions. EDPR Employees' must comply with the Code of Ethics and with the approved corporate policies, which provide those practices and should follow main principles such as:

- Transparency, honesty and integrity
- Working environment
- Development of human capital
- Human rights
- Non-discrimination and equal opportunities
- Integrity
- Environment and sustainability
- Disciplinary action

The Code of Ethics has been disseminated to all employees.

A "whistle-blowing" e-mail channel is available at the Company's Intranet. It allows a direct and confidential communication of any presumably illegal practice and/or of any alleged accounting or financial irregularity occurring within the company. A "Code of Ethics" e-mail channel is also available for the communication of any breach to the Code articles.

4. EXERCISE OF SHAREHOLDER'S RIGHTS

4.1. DESCRIPTION AND COMPETENCES OF THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is a meeting of shareholders that, 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:

- Evaluation of the Company's management and approval of the annual accounts from the previous financial year, management report and decision on the application of the previous fiscal year's income or loss;
- Appointment and renewal of the Board of Directors in accordance with these Articles and the legal provisions in force, covering or eliminating vacancies that may occur or, as appropriate, ratifying the appointments of Directors made on a provisional basis by the Board of Directors;
- Appointment of auditors;
- Decision on the matters proposed by the Board of Directors;
- All other matters provided in the law in force.
- Increasing and reducing the share capital and delegating to the Board of Directors, if applicable, within the legal time limits, the power to set the date or dates, who may use said delegation wholly or in part, or refraining from increasing or reducing the capital in view of the conditions of the market or the Company or any particularly relevant fact or event justifying such a decision in their opinion, reporting it at the first General Meeting of Shareholders held after the end of the time limit for its execution;
- Delegating to the Board of Directors the power to increase the share capital pursuant to Article 297 of Royal Legislative Decree 1/2010 of July 2nd 2010, which approves the Revised Text of the Law on Public Limited Companies (Spanish Companies Law);
- Issuing bonds;
- Amending the Articles of Association;
- Dissolving, merging, spin off and transformation the Company;
- Deciding on any matter submitted to it for decision by the Board of Directors, which shall be obliged to call a General Meeting of Shareholders as soon as possible to deliberate and decide on concrete decisions included in this article submitted to it, in the event of relevant facts or circumstances that affect the Company, shareholders or corporate bodies.

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.

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

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

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

4.3. 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 EDPR 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 at 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 if the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. On the second call the General Meeting will be validly constituted regardless of the amount of the capital present in order to comply with the minimum established under the Spanish Companies Law.

Nonetheless, to validly approve the issuance of bonds, the increase or reduction of capital, the transformation, merger or spin-off of the Company, and in general any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need: on the first call, that the Shareholders, either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital and, on the second call, that the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the previous paragraph will only be validly adopted with the favourable vote of two-thirds(2/3) of the present or represented capital in the General Meeting.

4.6. 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 may be re-elected once only.

Since June 4th 2008, the position of Chairperson of the General Meeting has been held by Rui Chancerelle de Machete, whose work address is PLMJ, A.M. Pereira, Sáragga Leal, Oliveira Martins, Júdice e Associados, RL, Av. da Liberdade, 224, Edifício Eurolex, 1250-148 Lisboa, Portugal.

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 EDPR has the appropriate human and logistical resources for his needs, considering the economic situation of EDPR, in that, in addition to the resources from the Company Secretary and the legal support provided for the purpose, the Company hires a specialized entity to collect, process and count votes.

In 2010, the remuneration of the Chairperson of the General Meeting of EDPR was EUR 15,000.

4.7. MINUTES AND INFORMATION ON DECISIONS

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

Given the personal nature of the information involved, the history does not include attendance lists at general meetings, although, in accordance with CMVM Circular nr. 156/EMIT/DMEI/2009/515, when General Meetings are held, EDPR plans to replace them by statistical information indicating the number of shareholders present and distinguishing between the number of physical presences by mail.

EDPR therefore publishes on its website an extract of the minutes of General Meetings with all information on the constitution of the General Meeting and decisions made by it, including motions submitted and any explanations of votes.

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

4.8. 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 EDPR. Neither are there any decisions that come into effect as a result of a takeover bid.

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

On the other hand, EDPR has not entered into any agreements (current or future) subject to the condition of a change in control of the Company, other than in accordance with normal practice in case of financing of certain wind farm projects by some of its group companies.

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

4.9. GENERAL MEETING OF SHAREHOLDERS IN 2010

On April 13th 2010, took place in Oviedo the Ordinary General Meeting of Shareholders of the company "EDP Renováveis, S.A.".

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

- 56 shareholders were present, holding 4,116,370 shares making up for 0.472% of the share capital, and
- 62 shareholders were represented, holding 695,343,366 shares making up for 79.713% of the share capital.

A total of 118 shareholders attended the General Meeting, including those present and those represented, holding a total of 699,459,736 shares which constitutes a nominal amount of EUR 3,497,298,680 of the share capital, that is, 80.185% of the mentioned share capital.

The ten proposals submitted to approval at the General Meeting were all approved. Extracts of the 2010 General Meeting minutes and the invitation, agenda, motions submitted to the General Meeting and forms of participation are available at the company's website www.edprenovaveis.com

5. REMUNERATION

5.1. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND ITS AUDIT AND CONTROL COMMITTEE

Pursuant to Article 26 of the Company's Articles of Association, the remuneration of the members of the Board of Directors shall consist of a fixed amount to be determined by the General Meeting for the whole Directors and expenses for attending Board meetings.

The above article also establishes the possibility of the Directors being remunerated with Company shares, share options or other securities granting the right to obtain shares, or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Meeting and comply with current legal provisions.

The Nominations and Remunerations Committee is responsible for proposing to the Board of Directors, although not bindingly, the system, distribution and amount of remuneration of the Directors on the basis of the overall amount of remuneration authorized by the General Meeting. It can also propose to the Board the terms of contracts with the Directors. The distribution and exact amount paid to each Director and the frequency and other details of the remuneration shall be determined by the Board on the basis of a proposal from the Nominations and Remunerations Committee.

The maximum remuneration approved by the General Meeting of Shareholders for 2010 for all the members of the Board of Directors is EUR 2,500,000.

5.2. PERFORMANCE-BASED COMPONENTS, VARIABLE COMPONENT AND FIXED AMOUNT

The remuneration of the Executive Committee is built in three blocks: fixed remuneration, annual and multi-annual bonus.

The annual bonus is defined as a maximum of 80% of the annual salary and is calculated based on the following indicators in each year of their term: (I) relative performance of total shareholder return of EDPR vs. capital market indexes and peer performance; (II) return on invested capital; (III) additional installed capacity (MW); (iv) net profits and EBITDA growth in 2010.

The multi-annual bonus is defined as a maximum of 120% of the annual salary and is calculated based on the same drivers as for annual bonus but measured on a multi-year timeframe to be paid at the end of the period and with additional environmental and social perspectives including, (I) the performance of the Sustainability Index applied to EDPR (DJSI method), (II) EDPR Group's image in the national and international markets (through brand audit and surveys), (III) its capacity to change and adapt to new market requirements (through surveys), (iv) fulfillment of strategic national and international targets.

The remuneration to the CEO was paid directly by EDPR while for the other members of the Executive Committee there was no direct payment to its members.

Although the remuneration for all the members of the Board of Directors is provided for, the members of the Executive Committee, with the exception of the CEO (who devotes most of his/her work to the activity of EDPR) are not remunerated.

This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive

Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Nonetheless, in line with the above corporate governance practice, EDPR has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for the render of those services corresponding to the remuneration defined for the executive members of the Board of Directors.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or cumulatively with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee and the Audit and Control Committee.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors. No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

5.3. ANNUAL REMUNERATION OF THE BOARD OF DIRECTORS INCLUDING THE AUDIT AND CONTROL COMMITTEE

The remuneration of the members of the Board of Directors for the year ended on December 31st 2010 was as follows:

Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Executive Directors				
António Mexia*	-	-	-	-
Ana Maria Fernandes (CEO)*	384,000	208,939	-	592,939
António Martins da Costa*	-	-	-	-
João Manso Neto*	-	-	-	-
Nuno Alves*	-	-	-	-
Non-Executive Directors				
António Nogueira Leite	60,000	-	-	60,000
Daniel M. Kammen	45,000	-	-	45,000
Francisco José Queiroz de Barros de Lacerda	60,000	-	-	60,000
Gilles August	45,000	-	-	45,000
João Lopes Raimundo	55,000	-	-	55,000
João Manuel de Mello Franco	80,000	-	-	80,000
Jorge Santos	60,000	-	-	60,000
José Araújo e Silva	-	-	-	-
José Silva Lopes	60,000	-	-	60,000
Manuel Menéndez Menéndez	45,000	-	-	45,000
Rafael Caldeira Valverde	55,000	-	-	55,000
Total	949,000	208,939	-	1,157,939

* With exception of the CEO, the members of the Executive Committee have not received any remuneration from EDPR. EDPR has entered in an Executive Management Services Agreement with EDP pursuant to which EDPR is due to pay to EDP an amount of EUR 836,400 for the management services rendered by EDP in 2010.

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	954,662	297,000	–	1,251,662

5.4. STATEMENT ON REMUNERATION POLICY

The Nomination and Remunerations Committee assists and reports to the Board of Directors about the remunerations of the Board and the Management Team, proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method and amounts payable to the Directors that must be submitted to the approval of the General Meeting of Shareholders. This committee defines the remuneration and is sought to ensure that it reflects the performance of all members in each year (variable annual remuneration) and their performance throughout the term of their 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 the alignment of the Board of Directors' performance with the shareholders' interests. A statement on remuneration policy will be submitted to the next General Meeting of Shareholders, for approval.

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 Nominations and Remunerations Committee, who is part of the Board and responsible for submitting the statement on remuneration policy for the Company's corporate bodies.

One of the General Meeting's duties includes appraising the above mentioned statement.

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

5.6. ATTENDANCE AT THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF A REPRESENTATIVE OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE

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

5.7. PROPOSAL ON THE APPROVAL OF PLANS ON SHARE REMUNERATION AND/OR SHARE PURCHASE OPTIONS OR ON THE BASIS OF SHARE PRICE FLUCTUATIONS

The Company has not approved any plans for share remuneration or share purchase options or plans based on share price fluctuations.

5.8. AUDITOR'S REMUNERATION

For the year ended on December 31st 2010, the fees paid to KPMG Auditores, S.L. for the audit and statutory audit of accounts and financial statements, other assurance and reliability services, tax consultancy services and other services unrelated to statutory auditing are as follows:

Euros	Portugal	Spain	Brazil	USA	Other	Total
Audit and statutory audit of accounts and financial statements	193,000	689,856	69,479	727,908	221,211	1,901,454
Other assurance and reliability services (*)	209,500	51,790	-	174,196	12,950	448,436
Sub-total audit related services	402,500	741,646	69,479	902,104	234,161	2,349,890
Tax consultancy services	-	17,000	-	481,402	-	498,402
Other services unrelated to statutory auditing	800	-	-	-	-	800
Sub-total non-audit related services	800	17,000	-	481,402	-	499,202
Total	403,300	758,646	69,479	1,383,506	234,161	2,849,092

(*) the fees regarding the inspection of the Internal Control System (SCIRF) of EDPR EU (EUR 100.000) and of EDPR NA (EUR 100.000) are allocated to Portugal, as their invoices were issued in this country.

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation III.1.5 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2010.

6. CAPITAL MARKETS

6.1. SHARE PERFORMANCE AND DIVIDEND POLICY

6.1.1. SHARE DESCRIPTION

The shares representing 100% of the EDPR share capital were initially admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th 2008. Since then the free float level is unchanged at 22.5%.

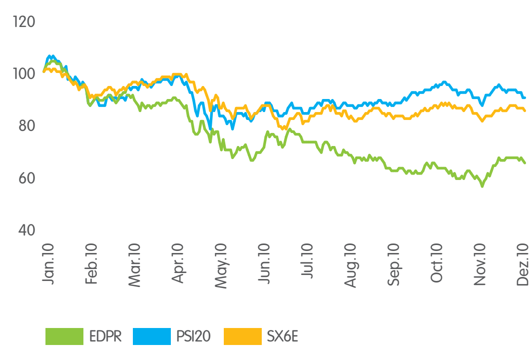
EDP RENOVÁVEIS, S.A.

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

6.1.2 SHARE PRICE PERFORMANCE

EDPR's equity market value at December 31st 2010 was EUR 3.8 billion. In 2010 the share price depreciated by 35% to EUR 4.34 per share, underperforming the PSI-20 (the NYSE Euronext Lisbon reference index), the Euronext 100 and the Dow Jones Eurostoxx Utilities ("SX6E"). The year's low was recorded on November 30th (EUR 3.72) and the year's high was reached on January 8th (EUR 7.01).

EDPR vs PSI20 vs DJ Eurostoxx Utilities

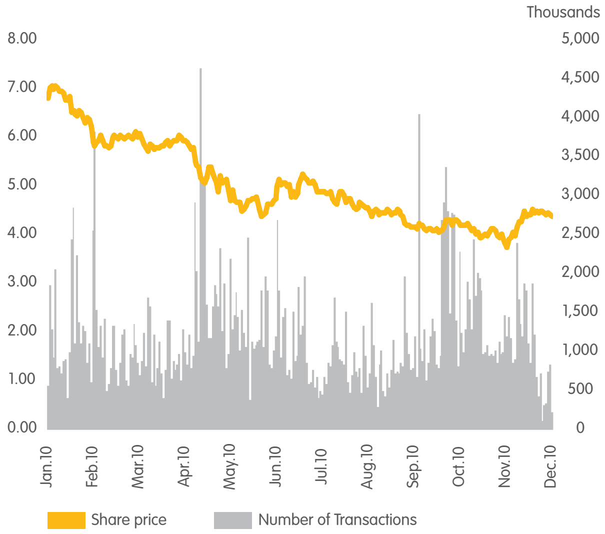


In 2010 were traded more than 311 million EDPR shares, representing a 21% year-on-year increase in its liquidity, and corresponding to a turnover of approximately EUR 1.5 billion. On average, 1.2 million shares were traded per day. The total number of shares traded represented 36% of the total shares admitted to trading and to 159% of the company's free float, translating in the higher liquidity level since the IPO.

corporate governance

The graph below shows the evolution in EDPR prices over the year and all announcements and relevant events that may had impact on them.

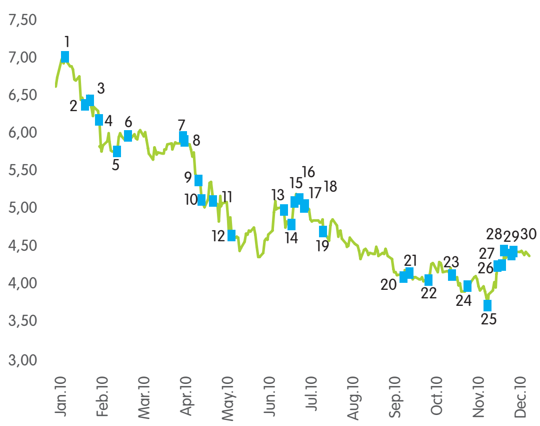
EDPR Share Price and Transactions



Capital Market Indicators	2010	2009	2008
EDPR shares in NYSE Euronext Lisbon			
Opening price (€)	6.63	5.00	8.00*
Closing price (€)	4.34	6.63	5.00
Peak price (€)	7.01	7.75	8.00
Minimum price (€)	3.72	5.00	3.45
Variation in share price and reference indices			
EDP Renováveis (%)	-35%	33%	-37%
PSI20 (%)	-10%	33%	-51%
Dow Jones Eurostoxx Utilities (%)	-15%	-1%	-38%
Euronext 100 (%)	1%	25%	-45%
Liquidity of EDPR shares on the market			
Volume in NYSE Euronext (€ million)	1,539	1,676	1,646
Daily average volume (€ million)	6.0	6.4	11.0
Number of shares traded (million)	311	257	216
Average number of shares traded (thousand)	1,211	985	1,459
Total shares issued (million)	872	872	872
Number of own shares	0	0	0
Free float	196	196	196
Annual rotation of capital (% of total shares)	36%	29%	25%
Annual rotation of capital (% of free-float)	159%	131%	110%
EDPR market value			
Market capitalization at end of period (€ million)	3,783	5,783	4,364

(*) June 4th, 2008

Main events affecting EDPR's share price



#	Date	Description	Share Price
1	8/Jan	EDPR awarded 1.3 GW of wind offshore capacity in the UK	7.01
2	25/Jan	EDPR signed a long-term agreement to sell green certificates in Poland	6.38
3	27/Jan	EDPR entered the Italian market through the acquisition of 520 MW to be developed	6.44
4	3/Feb	EDPR disclosed 2009 provisional data	6.18
5	17/Feb	EDPR signs a Power Purchase Agreement (PPA) with Tennessee Valley Authority in the United States	5.76
6	25/Feb	EDPR announced 2009 results	5.97
7	12/Apr	EDPR was awarded a REC contract by NYSERDA	5.96
8	13/Apr	EDPR Annual Shareholder Meeting	5.90
9	22/Apr	EDPR disclosed 1Q2010 provisional data	5.37
10	26/Apr	EDPR awarded Vestas a procurement contract to deliver up to 2.1 GW of wind capacity	5.12
11	5/May	EDPR announced 1Q2010 results	5.10
12	19/May	EDPR holds its first Investor Day in Lisbon	4.65
13	28/Jun	EDPR fully closed Vento III institutional partnership structure through the sale of the remaining stake amounting to $141 million	4.98
14	2/Jul	Spanish Government and Spanish wind association reach a long term agreement	4.80
15	6/Jul	Government of Cantabria awards 220 MW To EDPR	5.09
16	8/Jul	Romania approves new wind regulation	5.13
17	13/Jul	EDPR discloses relevant short position	5.02
18	14/Jul	EDPR disclosed its 1H2010 provisional data	5.05
19	28/Jul	EDPR disclosed its 1H2010 financial results	4.70
20	27/Sep	EDPR establishes new institutional partnership structure incorporating the cash grant in lieu of PTC for 99 mw in the US	4.10
21	30/Sep	EDPR executes 535 million Zlotys project finance for 120 MW in Poland	4.15
22	14/Oct	EDPR disclosed its 9M2010 provisional data	4.06
23	3/Nov	EDPR disclosed its 9M2010 financial results	4.12
24	15/Nov	EDPR signs new PPA for 99 MW in the US	3.97
25	30/Nov	EDPR signs new PPA for 83 MW in the Us	3.72
26	8/Dec	Spanish Government publishes new Royal Decree providing regulatory stability to the wind energy sector	4.24
27	9/Dec	EDPR establishes new institutional partnership structure incorporating the cash grant in lieu of PTC for 101 MW in the US	4.25
28	13/Dec	EDPR signs new PPA for 198 MW in the US	4.44
29	16-Dec	EDPR secures new PPA for 175 MW in the US	4.39
30	20-Dec	US approves the extension of the ITC cash reimbursement	4.43

6.1.3. DIVIDEND POLICY

The distribution of dividends must be proposed by EDPR's Board of Directors and authorized by a resolution approved in the Company's Shareholders Meeting.

In keeping with the legal provisions in force, namely the Spanish Companies Law, the EDPR Articles of Association require that profits for a business year consider:

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

The expected dividend policy of EDPR, as announced in the IPO, is to propose dividends' distribution each year representing at least 20% of EDPR's distributable profit. Also as announced in the IPO, EDPR Board of Directors can adjust this dividend policy as required to reflect, among other things, changes to our business plan and our capital requirements, and there can be no assurance that in any given year a dividend will be proposed or declared.

In view of the current economic and regulatory environment in the countries in which EDPR holds investments, of the net results obtained in fiscal year 2010 and of the revised business plan and capital requirements associated to it in a harder financial environment, the Board of Directors will propose at the Shareholder's Meeting, to be held in 2011, to retain the 2010 results as voluntary reserves.

6.2. COMMUNICATION WITH CAPITAL MARKETS

6.2.1. COMMUNICATION POLICY

The Communication Policy of EDPR seeks to provide to shareholders, potential investors and stakeholders all the relevant information about the Company and its business environment. The promotion of transparent, consistent, rigorous, easily accessible and high-quality information is of fundamental importance to an accurate perception of the company's strategy, financial situation, accounts, assets, prospects, risks and significant events.

EDPR therefore look for to provide investors with information that can support them make informed, clear, concrete investment decisions.

An Investor Relations Office was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

EDPR make use of its corporate website as a major channel to publish all the material information and ensures that all the relevant information on its activities and results is always up-to-date and available.

6.2.2. INVESTOR RELATIONS DEPARTMENT

The EDPR Investor Relations Department (IRD) acts as an intermediary between the EDPR 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 EDPR 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 Olmo – 7th Floor
28033 Madrid, Espanha
Telefone: +34 902 830 700
Fax: +34 914 238 410
E-mail: ir@edprenovaveis.com

6.2.3. ACTIVITY IN 2010

In 2010, EDPR has promoted and participated in several events, namely roadshows, presentations, conferences, meetings and conference calls, where apart from reinforcing its relationship with investors had the opportunity to introduce the Company and to answer queries about its strategy, performance and business environment. More than 400 meetings were held with institutional investors in the main financial cities of Europe and of the US as well as in the Company's Offices, being it a strong evidence of investor's high interest in the company and its business environment.

It is also worth highlight the completion of the company's first Investor Day, which was held on May 21st 2010 in Cascais, Portugal, where the company Management Team took the opportunity to update investors and analysts about its strategy, outlook and follow-up of its business areas.

EDPR usually publishes its price sensitive information before the opening of the NYSE Euronext Lisbon stock exchange through CMVM's information system, makes it available on the website investors' section and sends it by e-mail for the department mailing list.

On each earnings announcement, a conference call with webcast access was promoted, at which the Company's management updated on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well the company's outlook.

The Department remained in permanent contact with the financial analysts who evaluate the company and with all shareholders and investors by e-mail, phone or face-to-face meetings. In 2010, as far as the company is aware of, were issued by sell-side analysts more than 200 reports evaluating its performance.

6.2.4. ANALYSTS

As a world leader in renewable energy and being one of the biggest listed companies in the sector, EDPR is permanently under analysis and valuation.

At the end of the 2010, as far as the company is aware of, there were 29 institutions elaborating research reports and following actively the Company's activity. As of December 31st 2010, the average price target of those analysts was of € 6.03 per share with most of them reporting positive recommendations on EDPR's share: 21 Buys, 7 Neutrals and only 1 Sell.

Analysts' recommendation on EDPR's share at 31-Dec-2010.

Company	Analyst	Price Target	Recommendation	Date
Goldman Sachs	Mariano Alarco	5.80	Buy	16/Dec/10
Morgan Stanley	Allen Wells	6.10	Overweight	15/Dec/10
Caixa BI	Helena Barbosa	6.65	Buy	14/Dec/10
Société Générale	Didier Laurens	5.80	Buy	13/Dec/10
Fidentiis	Daniel Rodríguez	6.00	Buy	10/Dec/10
UBS	Alberto Gandolfi	5.00	Buy	7/Dec/10
Deutsche Bank	Virginia Sanz de Madrid	6.50	Hold	26/Nov/10
BPI	Bruno Almeida da Silva	6.35	Buy	19/Nov/10
Citigroup	Manuel Palomo	5.40	Buy	18/Nov/10
BCP	Vanda Mesquita	6.75	Buy	16/Nov/10
RBS	Chris Rogers	5.90	Buy	11/Nov/10
Redburn Partners	Archie Fraser	7.46	Buy	10/Nov/10
Arkeon Finance	Alexandre Koller	4.20	Sell	9/Nov/10
JP Morgan	Sarah Laitung	5.90	Overweight	5/Nov/10
BES	Fernando Garcia	6.30	Buy	5/Nov/10
BNP Paribas	José Fernandez	4.90	Neutral	4/Nov/10
Berenberg	Benita Barretto	5.50	Buy	4/Nov/10
Barclays Capital	Rupesh Madlani	6.50	Equalweight	4/Nov/10
BoAML	Matthew Yates	6.40	Buy	3/Nov/10
Natixis	Céline Chérubin	4.00	Neutral	29/Oct/10
Credit Suisse	Maria Eulália Izquierdo	5.30	Outperform	29/Oct/10
HSBC	James Magness	7.25	Overweight	18/Oct/10
Santander	Joaquin Ferrer	7.00	Buy	24/Sep/10
Nomura	Raimundo Fernandez-Cuesta	5.75	Neutral	6/Sep/10
Sabadell	Jorge Gonzalez	6.77	Buy	30/Jul/10
Unicredit	Javier Suárez	5.50	Hold	28/Jul/10
Banesto	José Brito Correia	6.61	Overweight	22/Jun/10
BBVA	Daniel Ortea	7.90	Outperform	10/Jun/10
Macquarie	Shai Hill	5.40	Neutral	7/May/10

6.2.5. ONLINE INFORMATION: WEBSITE AND E-MAIL

EDPR considers online information a powerful tool in the dissemination of material information updating its website with all the relevant documents. Apart from all the required information by CMVM regulations, the Company website also carries financial and operational updates of EDPR's activities ensuring all an easy access to information.

	Portuguese	English	Spanish
Identification of the company	√	√	√
Financial statements	√	√	√
Regulations of the management and supervisory bodies	√	√	√
Audit and Control 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 Meeting of Shareholders	√	√	√

annex I

MAIN POSITIONS HELD BY MEMBERS OF BOARD OF DIRECTORS IN LAST FIVE YEARS

Name	Position
ANTÓNIO MEXIA	CEO of EDP - Energias de Portugal, S.A.
ANA MARIA FERNANDES	Director 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 Director of EDP - Energias de Portugal, SA
JOÃO MANSO NETO	Chairperson of the Executive Committee of EDP Produção CEO and Vice-Chairperson of Hidroeléctrica del Cantábrico, SA Member of the Executive Board of Directors of EDP - Energias de Portugal, SA
NUNO ALVES	Executive Director of Millennium BCP Investimento, responsible for BCP Group treasury and capital markets. Member of the Executive Board of Directors of EDP - Energias de Portugal, SA (CFO)
ANTÓNIO NOGUEIRA LEITE	Director 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 Herdade do Vale da Fonte - Sociedade Agrícola, 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 of Banif Banco de Investimentos Chairperson of the General Supervisory Board of Opex, SA Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade Director of José de Mello Investimentos, SGPS, SA Director of Fundação de Aljubarrota Chairperson of Associação Oceano XXI (cluster do Mar)
DANIEL M. KAMMEN	Founding Director of Renewable and Appropriate Energy Laboratory (RAEL) at University of 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 Co-Director of the Berkeley Institute of the Environment Member of the Executive Committee of Energy Biosciences Institute
FRANCISCO JOSÉ QUEIROZ DE BARROS DE LACERDA	Director of Banco Comercial Português, SA and several subsidiaries Director of Mague - SPGS, SA
GILLES AUGUST	Co-founder of August & Debouzy. He now manages the firm's corporate department.
JOÃO LOPES RAIMUNDO	Chairperson of the Board of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Director of Banque Orive BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millenniun Angola Director of Banco Millennium BCP de Investimento Vice-Chairperson of the Board of Millennium Bank, NA (USA)
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 Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, SA
JORGE SANTOS	Full Professor of Economics at Instituto Superior de Economia e Gestão, da Universidade Técnica de Lisboa Member of the Assembly of Representatives of Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
JOSÉ ARAÚJO E SILVA	Director of Corticeira Amorim, SGPS, SA Member of the Executive Committee of Corticeira, SGPS, SA Director of Caixa Geral de Depósitos
JOSÉ SILVA LOPES	Chairperson of the Board of Directors Montepio Geral
MANUEL MENÉNDEZ MENÉNDEZ	Director of EDP - Energias de Portugal, SA Chairperson of Cajastur Chairperson of Hidroeléctrica del Cantábrico, SA Chairperson of Naturgas Energía, SA Director of EDP Renewables Europe, 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
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

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	Position
ANTÓNIO MEXIA	N/A
ANA MARIA FERNANDES	N/A
ANTÓNIO MARTINS DA COSTA	N/A
JOÃO MANSO NETO	N/A
NUNO ALVES	N/A
ANTÓNIO NOGUEIRA LEITE	Director 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 Imoboiliária, SA Director of Expocomitur - Promoções e Gestão Imobiliária, SA Director of Herdade do Vale da Fonte - Sociedade Agrícola, 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 of Banif-Banco de Investimentos Chairperson of the General and Supervisory Board General of Opex, SA Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade Director of José de Mello Investimentos, SGPS, SA Director of Fundação de Aljubarrota Chairperson of Associação Oceano XXI (cluster do Mar)
DANIEL M. KAMMEN	Founding Director of Renewable and Appropriate Energy Laboratory (RAEL) at University of 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 Co-Director of the Berkeley Institute of the Environment Member of the Executive Committee of Energy Biosciences Institute Chief Technical Specialist, Renewable Energy and Energy Efficiency, The World Bank
FRANCISCO JOSÉ QUEIROZ DE BARROS DE LACERDA	CEO of Cimpor - Cimentos de Portugal, SGPS, SA Chairperson of Cimpor Inversiones, SA Chairperson of Sociedade de Investimento Cimpor Macau, SA Manager of Deal Winds - Sociedade Unipessoal, Lda
GILLES AUGUST	Co-founder of August & Debouzy. He now manages the firm's corporate department.
JOÃO LOPES RAIMUNDO	Director of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of BCP Holdings USA, Inc Managing Director of Banco Comercial Português
JOÃO MANUEL DE MELLO FRANCO	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, SA Member of the Remunerations Committee of Portugal Telecom SGPS, SA Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, SA
JORGE SANTOS	Full Professor of Economics at Instituto Superior de Economia e Gestão, da Universidade Técnica de Lisboa Member of the Assembly of Representatives of Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
JOSÉ ARAÚJO E SILVA	Director of Corticeira Amorim, SGPS, SA Member of the Executive Committee of Corticeira, SGPS, SA Director of Caixa Geral de Depósitos
JOSÉ SILVA LOPES	Chairperson of the Board of Directors of Montepio Geral
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
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

annex III

CURRENT POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS IN COMPANIES BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS, S.A.

	António Mexia	Ana Maria Fernandes	António Martins da Costa	João Manso Neto	Nuno Alves	Manuel Menéndez 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 of the Board of Directors	Director	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		Chairperson of the Board of Directors				
EDP Renewables Europe, SL		Chairperson of the Board of Directors				Director
Balwerk – Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.					Manager	
EDP Ásia - Investimentos e Consultoria Lda.			Chairperson of the Board of Directors			
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 Soluções Energéticas Limitada			Chairperson of the Board of Directors			
Empresa Hidroeléctrica do Guadiana, S.A.				Chairperson of the Board of Directors		
EDP Projectos, SGPS, S.A.			Director	Director		
EDP Energia Ibérica S.A.				Director		
Enagás, S.A.						Permanent Representative

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BOARD OF DIRECTORS

António Luís Guerra Nunes Mexia (Chairperson)

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-Chairperson of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998 he was Director of Banco Espírito Santo de Investimentos and in 1998 he was appointed Chairperson of the Board of Directors of Gás de Portugal and Transgás. In 2000 he joined Galp Energia as Vice-Chairperson of the Board of Directors. From 2001 to 2004, he was the Executive Chairperson of Galp Energia and Chairperson of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, he was appointed Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairperson of the Portuguese Energy Association (APE) from 1999 to 2002, member of the Trilateral Commission from 1992 to 1998, Vice-Chairperson of the Portuguese Industrial Association (AIP) and Chairperson of the General Supervisory Board of Ambelis. He was also a Government representative to the EU working group for the trans-European network development. Since March 31st, 2006 Mr. Mexia is the Chief Executive Officer of EDP – Energias de Portugal, S.A.

Ana Maria Machado Fernandes (Vice-Chairperson and Chief Executive Officer)

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. In 2004 she was appointed a Director of the Board of Galp Energia. Since March 31st, 2006 Mrs. Fernandes is a Director of EDP – Energias de Portugal, S.A.

António Fernando Melo Martins da Costa

Holds a degree in Civil Engineering and an MBA from the University of Oporto, and has completed executive education studies at INSEAD (Fontainebleau), AESE (Lisbon) and the AMP of the Wharton School (University of Pennsylvania). Mr. António Martins da Costa was the Chairperson and CEO of Horizon Wind Energy and is a Director of EDP Renováveis. From 2003 to 2007, António Martins da Costa was the CEO and Vice-Chairperson of the Board of Directors of Energias do Brasil and Chairperson of the Board of Directors of the Company's subsidiaries in Brazil. He started his professional career in 1976 as a lecturer at the Superior Engineering Institute of Porto, joined EDP in 1981 and In 1989 he moved to the financial sector, assuming the positions of General Manager of banking and Executive Director on the insurance companies, pension funds and asset management operations of Millenium BCP and Director of Eureko BV (Netherlands). Since 1999 he was also Deputy CEO and Vice-President of the Executive Board of PZU (Poland), the biggest insurance company and asset manager in Central and Eastern Europe. Since March 31st, 2006 Mr. Martins da Costa is a Director of EDP – Energias de Portugal, S.A.

João Manuel Manso Neto

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, Director of BCP Banco de Investimento and Vice-Chairperson of BIG Bank Gdansk. From 2002 to 2003, in Banco Português de Negócios, he was the Chairperson of BPN Serviços ACE, Director of BPN SGPS, Director of Sociedade Lusa de Negócios and Director 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, Chairperson of Genesa and Director of Naturgas Energia and OMEL. Since March 31st, 2006 Mr. Manso Neto is a Director of EDP – Energias de Portugal, S.A.

Nuno Maria Pestana de Almeida Alves

Mr. Nuno Alves holds a degree in Naval Architecture and Marine Engineering (1980) and a Master in Business Administration (1985) by the University of Michigan. In 1988, he joins the Planning and Strategy Department of Millennium BCP and in 1990 becomes an associate Director of the bank's Financial Investments Division. In 1991, Mr. Nuno Alves is appointed as the Investor Relations Officer for the group and in 1994 he joins the Retail network as Coordinating Manager. In 1996, he becomes Head of the Capital Markets Division of Banco CISF, currently Millennium BCP Investimento, and, in 1997, Co Head of the bank's Investment Banking Division. In 1999, Mr. Nuno Alves is appointed as Chairperson and CEO of CISF Dealer, the brokerage arm of Banco CISF. Since 2000, before his appointment as EDP's Chief Financial Officer in March 2006, Mr. Nuno Alves acted as an Executive Director of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets.

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, was general secretary of APRITEL, and between 2000 and 2002 was a Director of APRITEL. From 1997 to 1999, was a Director of Soporcel, S.A., between 1998 and 1999, was a Director of Papercel, S.A., and in 1999, was a Director of MC Corretagem, S.A. Also in 1999, he was appointed Chairperson of the Board of Directors of Bolsa de Valores de Lisboa and became a member of the executive committee of Associação de Bolsas Ibero Americanas. Since 2000, Mr. Nogueira Leite has been a member of the consultative council of Associação Portuguesa para o Desenvolvimento das Comunicações. Between 2000 and 2002, was a consultant for Vodafone – Telecomunicações Pessoais,S.A., between 2001 and 2002, he was a consultant of GE Capital, and in 2002 was a member of the consultative council of IGCP. Since 2002, he has held various positions within the José de Mello group and has held Directorships with numerous other entities including Reditus, SGPS, S.A., Quimigal, S.A, Brisa, S.A., ADP, S.A., Comitur, SGPS, S.A., Comitur Imobiliária, S.A., Expocomitur – Promoções e Gestão Imobiliária, S.A., Herdade do Vale da Fonte–Sociedade Agrícola, Turística e Imobiliária, S.A., e SGPS, S.A., Efacec Capital, SGPS, S.A., and Cuf – Químicos Industriais, S.A. He held a further Directorship with Sociedade de Explosivos Civis, SEC, S.A. from 2007 to March 2008. Between October 1999 and August 2000, was Secretary of State for Treasury and Finance and Governor Substitute of the European Bank of Investments. Additionally held positions with the European Bank for Reconstruction and Development, the International Monetary Fund and was a member of the Financial and Economic Council of the European Union. He was vice-chairperson of the consultative council of Banif Banco de Investimento, S.A., and chairperson of the general and supervision council of OPEX, S.A. He is Chairperson of Associação Oceano XXI (cluster do Mar).
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.

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 and 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

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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. Since 2010 he is the Chief Technical Specialist, Renewable Energy and Energy Efficiency at The World Bank.
He has an undergraduate degree, a masters degree and a Ph.D. each in physics.

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-chairperson of the Board of Directors, and, over that period, Chairperson or Director of several banks and financial companies' part of the Banco Mello group. He was simultaneously member of the top management team of the José de Mello group 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 a Director 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.

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 lecturers at 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.

João José Belard da Fonseca Lopes Raimundo

Born in 1960. Between 1982 and 1985, he was senior auditor of BDO – Binder Dijker Otte Co. Between 1987 and 1990, he was Director of Banco Manufactures Hanover (Portugal), S.A. and between 1990 and 1993 was a Member of the Board of TOTTAFactor, S.A. (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS, S.A. In 1993, he held Directorships with Nacional Factoring, da CISF – Imóveis and CISF Equipamentos. Between 1995 and 1997 he was a Director of CISF – Banco de Investimento and a Director of Nacional Factoring. In 1998, he was appointed to the board of several companies, including Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring. From 1999 to 2000, he was a Director of BCP Leasing, BCP Factoring and Leasefactor SGPS. From 2000 to 2003, He was appointed Chairperson of the Board of Directors of Banque BCP (Luxemburg) and Chairperson of the Executive Committee of Banque BCP (France). Between 2003 and 2006 he was a member of management of Banque Prive BCP (Switzerland) and was General Director of private banking of BCP. Since 2006, he has been a Director of Banco Millennium BCP de Investimento, and General Director of Banco Comercial Português and Vice-Chairperson and CEO of Millenniumbcp bank, NA. Mr. Lopes Raimundo is presently Director of CIMPOR - Cimentos de Portugal SGPS, S.A., Chairperson of the Board of BCP Holdings USA, Inc. Has an undergraduate degree in company management and administration from Universidade Católica Portuguesa de Lisboa, and a master of business administration degree from INSEAD.

João Manuel de Mello Franco

Born in 1946. Between 1986 and 1989, he was a member of the management council of Tecnologia das Comunicações, Lda. Between 1989 and 1994, he was Chairperson of the board of Directors of Telefones de Lisboa e Porto, S.A., and between 1993 and 1995 he was chairperson of Associação Portuguesa para o Desenvolvimento das Comunicações. From 1994 to 1995, he was chairperson of the board of Directors of Companhia Portuguesa Rádio Marconi and additionally was chairperson of the board of Directors of Companhia Santomense de Telecomunicações e da

Guiné Telecom. From 1995 to 1997, he was vice-chairperson of the board of Directors and chairperson of the executive committee of Lisnave (Estaleiros Navais) S.A. Between 1997 and 2001, he was chairperson of the board of Directors of Soponata and was a Director and member of the audit committee of International Shipowners Reinsurance, Co S.A. Between 2001 and 2004, he was vice-chairperson of José de Mello Imobiliária SGPS, S.A., and was chairperson 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., chairperson of the audit committee since 2004, and member of the corporate governance committee since 2006.
Has an undergraduate degree in mechanical engineering from Instituto Superior Técnico. He additionally holds a certificate in strategic management and company boards and is the holder of a grant of Junta de Energia Nuclear.

Jorge Santos

Born in 1951. From 1997 to 1998, he coordinated the committee for evaluation of the EC Support Framework II and was a member of the committee for the elaboration of the ex-ante EC Support Framework III. From 1998 to 2000, he was chairperson of the Unidade de Estudos sobre a Complexidade na Economia and from 1998 to 2002 was chairperson of the scientific council of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa. From 2001 to 2002, he coordinated the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal. Since 2007, he has been 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).
Has an undergraduate degree in economics from Instituto Superior de Economia e Gestão, a master degree in economics from the University of Bristol and a Ph.D. in economics from the University of Kent. He additionally has a doctorate degree in economics from the Instituto Superior de Economia e Gestão of Universidade Técnica de Lisboa, and has consequently held the positions of Professor Auxiliar and Professor Associado with Universidade Técnica de Lisboa. He has been appointed as university professor (catedrático) of Universidade Técnica de Lisboa and is the President of the Department of Economics at ISEG.

José Fernando Maia de Araújo e Silva

Born in 1951. 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-Chairperson of Sonae Indústria, SGPS, S.A. He has additionally held Directorships with Tafisa, S.A., Spread SGPS, S.A. and Corticeira Amorim, SGPS. He presently serves on the Board of Directors of Caixa Geral de Depósitos, S.A. 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.

José Silva Lopes

Born in 1932. From 1969 to 1974, he was a Director 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 and 1975. Between 1975 and 1980, he held the position of Governor of the Bank of Portugal. From January 2004 till 2010, he was chairperson 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. Also has a degree in finance from the Instituto Superior de Ciências Económicas e Financeiras.

annex IV

Manuel Menéndez Menéndez

Born in 1960. He has been a Director and a member of the executive committee of each of Cajastur and Hidrocantábrico. He has been a member of the board of Directors, executive committee and audit and control committee of AIRTEL. He has also been a Director of LICO Corporación and ENCE, vice-chairperson of the board of SEDES, S.A. and executive chairperson of Sociedad de Garantía Recíproca de Asturias. Currently, he is chairperson of Cajastur, Hidrocantábrico and Naturgas Energia, a Director of EDP Renewables Europe S.L. and Confederación Española de Cajas de Ahorros, a member of the Junta Directiva de 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.
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.

Rafael Caldeira Valverde

Born in 1953. In 1987, he joined Banco Espírito Santo de Investimento, S.A. and was the Director responsible for financial services management, client management, structured financing management, capital markets management, and for the department for origination and information; between 1991 and 2005 he was also Director and Member of the Executive Committee. In March 2005, he was appointed as vice-chairperson of the board of Directors of Banco Espírito Santo de Investimento, S.A. and formed part of the executive committee of the company. He is Vice-Chairperson of the Board of Directors and Member of the Executive Committee of Banco Espírito Santo de Investimento, S.A. Director of BES Investimento do Brasil, S.A.; ESSI, SGPS, S.A.; ESSI Comunicações, SGPS, S.A.; ESSI Investimentos, S.A. and Espírito Santo Investment Holdings Limited.
Has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

SECRETARY OF THE BOARD

Emilio García-Conde Noriega

Born in 1955. In 1981, he joined Soto de Ribera Power Plant, which was owned by a consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico, as legal counsel. In 1995, he was appointed general counsel of Soto de Ribera Power Plant, and also chief of administration and human resources of the consortium. In 1999, he was appointed as legal counsel at Hidrocantábrico, and in 2003 was appointed general counsel of Hidrocantábrico and also a member of its management committee. Presently serves as General Counsel of the Company, as Secretary of the Board, and is also Director and/or secretary on Boards of Directors of a number the Company's subsidiaries in Europe.
Holds a master's degree in law from the University of Oviedo.

annex V

SHARES OF EDP RENOVÁVEIS OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AS AT 31.12.2010

Name	Direct	Indirect	Total
António Luis Guerra Nunes Mexia	3,880	320	4,200
Ana Maria Machado Fernandes	1,510	–	1,510
João Manuel Manso Neto	–	–	–
Nuno Maria Pestana de Almeida Alves	5,000	–	5,000
António Fernando Melo Martins da Costa	1,330	150	1,480
Francisco José Queiroz de Barros de Lacerda	310	310	620
João Manuel de Mello Franco	380	–	380
Jorge Manuel Azevedo Henriques dos Santos	200	–	200
José Silva Lopes	760	–	760
José Fernando Maia de Araújo e Silva	80	–	80
Rafael Caldeira de Castel-Branco Valverde	–	–	–
António do Pranto Nogueira Leite	–	–	–
João José Belard da Fonseca Lopes Raimundo	170	670	840
Daniel M. Kammen	–	–	–
Manuel Menéndez Menéndez	–	–	–
Gilles August	–	–	–

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EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2010 and 31 December 2009

	Notes	2010	2009
		(Thousands Euros)	(Thousands Euros)
Revenue	6	845,056	648,242
Cost of consumed electricity	6	-2,917	-1,522
Changes in inventories and cost of raw materials and consumables used	6	-1,497	-4,713
		840,642	642,007
Other operating income / (expenses)			
Other operating income	7	180,030	125,231
Supplies and services	8	-196,211	-148,304
Personnel costs and employee benefits expenses	9	-54,846	-42,547
Other operating expenses	10	-56,866	-33,838
		-127,893	-99,458
		712,749	542,549
Provisions		155	183
Depreciation and amortisation expense	11	-434,403	-314,350
Amortisation of deferred income / Government grants	11	11,406	2,403
		289,907	230,785
Gains / (losses) from the sale of financial assets	12	-	268
Other financial income	13	44,305	35,717
Other financial expenses	13	-218,451	-108,151
Share of profit of associates		5,036	3,922
Profit before tax		120,797	162,541
Income tax expense	14	-37,759	-44,754
Profit after tax		83,038	117,787
Profit for the period		83,038	117,787
Attributable to:			
Equity holders of EDP Renováveis	27	80,203	114,349
Non controlling interest	29	2,835	3,438
Profit for the period		83,038	117,787
Earnings per share basic and diluted - Euros	27	**0.09**	**0.13**

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Balance Sheet
as at 31 December 2010 and 31 December 2009

	Notes	2010 (Thousands Euros)	2009 (Thousands Euros)
Assets			
Property, plant and equipment	15	9,981,771	8,635,011
Intangible assets	16	22,727	17,340
Goodwill	17	1,344,006	1,318,356
Investments in associates	18	45,871	47,609
Available for sale financial assets	19	18,380	12,630
Deferred tax assets	20	38,519	28,066
Debtors and other assets	23	123,311	129,447
Total Non-Current Assets		11,574,585	10,188,459
Inventories	21	24,162	11,344
Trade receivables	22	143,650	106,148
Debtors and other assets	23	552,259	337,458
Tax receivable	24	81,050	169,670
Financial assets at fair value through profit or loss	25	35,744	37,103
Cash and cash equivalents	26	423,700	443,633
Total Current Assets		1,260,565	1,105,356
Total Assets		12,835,150	11,293,815
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-9,249	25,964
Other reserves and Retained earnings	28	283,440	166,173
Consolidated net profit attributable to equity holders of the parent		80,203	114,349
Total equity attributable to equity holders of the parent		5,267,970	5,220,062
Non controlling interest	29	125,541	107,493
Total Equity		5,393,511	5,327,555
Liabilities			
Medium / Long term financial debt	30	3,325,943	2,563,171
Employee benefits	31	95	59
Provisions	32	53,787	67,085
Deferred tax liabilities	20	371,600	342,924
Institutional partnerships in US wind farms	33	1,644,048	1,353,612
Trade and other payables	34	753,991	393,899
Total Non-Current Liabilities		6,149,464	4,720,750
Short term financial debt	30	207,647	110,268
Trade and other payables	34	1,035,782	1,098,105
Tax payable	35	48,746	37,137
Total Current Liabilities		1,292,175	1,245,510
Total Liabilities		7,441,639	5,966,260
Total Equity and Liabilities		12,835,150	11,293,815

The following notes form an integral part of these Consolidated Annual Accounts

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EDP Renováveis, S.A. and subsidiaries

Consolidated statement of comprehensive income for the years ended
at 31 December 2010 and 2009

(Thousand Euros)

	2010		2009	
	Equity holders of the parent	Non controlling Interests	Equity holders of the parent	Non controlling Interests
Profit for the period	80,203	2,835	114,349	3,438
Exchange differences arising on consolidation	-15,886	-506	-609	858
Fair value reserve (cash flow hedge)	-27,727	115	-2,433	-530
Tax effect from the fair value reserve (cash flow hedge)	6,079	-33	499	159
Fair value reserve (available for sale investments)	2,321	2,082	912	-
Actuarial gains / (losses)	-	-	-24	-
Other comprehensive income for the period, net of income tax	-35,213	1,658	-1,655	487
Total comprehensive income for the period	44,990	4,493	112,694	3,925

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Statement of Changes in Consolidated Equity for the year ended at 31 December 2010 and 2009

(Thousand Euros)

	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Minority Interests
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
Recognised income and expense for the period									
Fair value reserve (available for sale financial assets) net of taxes	912	-	-	-	-	-	912	912	-
Fair value reserve (cash flow hedge) net of taxes	-2,305	-	-	-	-	-1,934	-	-1,934	-371
Actuarial gains / (losses)	-24			-24	-			-24	-
Exchange differences arising on consolidation	249	-	-		-609	-	-	-609	858
Profit for the period	117,787	-	-	114,349	-	-	-	114,349	3,438
Total recognised income and expense for the period	116,619	-	-	114,325	-609	-1,934	912	112,694	3,925
Dividends attributable to minority interests	-3,491	-	-	-	-	-	-	-	-3,491
Share capital increase in EDP Renovaveis Brazil	7,997	-	-	-	-	-	-	-	7,997
Share capital increase in EDPR Europe 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
Recognised income and expense for the period									
Fair value reserve (available for sale financial assets) net of taxes	4,403	-	-	-	-	-	2,321	2,321	2,082
Fair value reserve (cash flow hedge) net of taxes	-21,566	-	-	-	-	-21,648	-	-21,648	82
Exchange differences arising on consolidation	-16,392	-	-	-	-15,886	-	-	-15,886	-506
Profit for the period	83,038	-	-	80,203	-	-	-	80,203	2,835
Total recognised income and expense for the period	49,483	-	-	80,203	-15,886	-21,648	2,321	44,990	4,493
Dividends attributable to minority interests	-1,363	-	-	-	-	-	-	-	-1,363
Share capital increase in EDP Renovaveis Brazil	2,463	-	-	-	-	-	-	-	2,463
Share capital increase in EDPR EU companies	2,749	-	-	-	-	-	-	-	2,749
Non controlling interests arising from Parque Eolico Altos del Voltoya business combination	9,706	-	-	-	-	-	-	-	9,706
Other	2,918	-	-	2,918	-	-	-	2,918	-
Balance as at 31 December 2010	5,393,511	4,361,541	552,035	363,643	-15,316	-4,913	10,980	5,267,970	125,541

The following notes form an integral part of these Consolidated Annual Accounts

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EDP Renováveis, S.A. and subsidiaries

Consolidated Cash Flow Statement
for the years ended 31 December 2010 and 2009

(Thousand Euros)

	Group	
	2010	**2009**
Cash flows from operating activities		
Cash receipts from customers	812,999	646,621
Cash paid to suppliers	-230,612	-154,183
Cash paid to employees	-59,203	-49,366
Concession rents paid	-979	-4,153
Other receipts / (payments) relating to operating activities	95,887	-20,812
	618,092	418,107
Income tax received / (paid)	-50,645	-25,682
Net cash flows from operating activities	567,447	392,425
Continuing activities	567,447	392,425
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of financial assets	21,671	1,795
Proceeds from sale of property, plant and equipment	1,996	2,047
Other proceeds related to fixed assets	128	-
Interest received	7,209	5,965
Dividends received	1,799	4,122
	32,803	13,929
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-59,575	-118,822
Acquisition of property, plant and equipment	-1,421,493	-1,729,837
	-1,481,068	-1,848,659
Net cash flows from investing activities	-1,448,265	-1,834,730
Continuing activities	-1,448,265	-1,834,730
Cash flows from financing activities		
Receipts/ (payments) of loans	537,136	1,199,634
Interest and similar costs	-111,560	-49,613
Governmental cash grants received	169,304	155,946
Increases in capital and share premium	4,977	20,743
Receipts/ (payments) from derivative financial instruments	487	-6,390
Dividends paid	-1,361	-3,197
Receipts / (Payments) from institutional partnership (Horizon)	228,359	333,528
Net cash flows from financing activities	827,342	1,650,651
Continuing activities	827,342	1,650,651
Net increase / (decrease) in cash and cash equivalents	-53,476	208,346
Effect of exchange rate fluctuations on cash held	33,543	5,607
Cash and cash equivalents at the beginning of the period (*)	443,633	229,680
Cash and cash equivalents at the end of the period (*)	423,700	443,633

(*) See Note 26 to the financial statements for a detailed breakdown of Cash and cash equivalents

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

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 2010 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 2010, EDP Renováveis holds a 100% stake in the share capital of EDP Renewables Europe, S.L. ("EDPR EU"), a 100% stake in the share capital of Horizon Wind Energy, LLC ("EDPR NA") and a 55% stake in the share capital of EDP Renováveis Brasil (EDPR BR).

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

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania and Italy. EDPR EU's main subsidiaries are: EDP Renovavéis Portugal, SA (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), EDP Renewables Polska, SPZOO (wind farms in Poland), EDP Renewables Romania, SRL (wind farms in Romania) and EDP Renewables Italy, SRL (wind farms in Italy).

EDPR NA'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 2010, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a fully consolidated installed capacity of 6,437 MW (5,491 MW as at 31 December 2009), operating in Spain 2,050 MW (1,861 MW as at 31 December 2009), in Portugal 599 MW (595 MW as at 31 December 2009), in France 284 MW (220 MW as at 31 December 2009), in Belgium 57 MW (57 MW as at 31 December 2009), in Poland 120 MW (120 MW as at 31 December 2009), in Romania 90 MW (no installed capacity at December 2009), in the United States 3,224 MW (2,624 MW as at 31 December 2009) and in Brazil 14 MW (14 MW as at 31 December 2009). Additionally, through its interest in Eólicas de Portugal consortium, is attributable to EDPR - equity consolidated - 239 MW (85 MW as at 31 December 2009)

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 (20,155 MW) and new remuneration scheme should be approved for following projects.

The decision on 19 November 2009 allowed in the register around 6 GW in wind projects and 2.4 GW in solar thermal generation capacity in one go .The entire 8.4 GW in projects registered will receive the remuneration set in RD 661/2007. Under this decision, around 1,700 MW in wind and 500 MW in solar thermal generation will be allowed each year until 2012. The 15th of December 2009 the Spanish Government released the list of wind facilities included in the administrative register. Out of the 6,389 MW of wind capacity assigned by the Spanish Government, EDPR obtained 840 gross MW corresponding to 31 wind farms which represents 13% of the total allocalted capacity.

On July 2010, the Industry Ministry established an agreement with two key renewable energy associations (the Spanish Wind Energy Association and Protermosolar) to amend the existing regulation. This agreement means the approval of the RD 1614/2010 of 7 December, that defines (i) a cut, for the years 2011 and 2012, of 35% of the renewable premium applicable to the wind capacity ruled by RD 661/2007, (II) an amendment to the article 44.3 of RD 661/2007 clarifying that future revisions to the premium value would only be applied to the capacity that comes on line after 2012 and (iii) the definition of a limit of 2,589 hours of installed capacity operation, from which the wind farm has no right to receive any premium.

The Decree-Law 14/2010, of 23 December, established several measures to reduce the tariff deficit, among other, a generation rate of 0.5 €/MWh applicable to ordinary and special regime generators.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

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. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year extension of the ITC, which allow the companies to receive 30% of the cash invested in projects with beggining of construction until December 2011 as long as placed in service until December 2012.

It was also approved a 100% depreciation bonus on new equipment placed in service after 8 September 2010, through 31 December 2011, allowing businesses to depreciate the entire cost of the project (less 50% of the ITC) in the year that it is placed in service.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

Regulatory framework for the activities in France

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000'), passed on 10 February 2000, which governs the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France. The operation of wind facilities in France is also subject to the provisions of the French environmental and construction code. Article 10 of Act 2000-108 requires non-nationalized electric power distributors to enter into purchase obligation contracts to buy electricity produced by: (i) installations that extract energy from household or similar waste or that use such sources to provide heat to a district heating system; and (ii) installations that use renewable energy sources (including mechanical energy from wind, for which special provisions apply).

Installations that use renewable energy sources, with the exception of those using mechanical wind energy that are located in areas connected to the continental metropolitan grid or that implement energy-efficient technology such as cogeneration, do not qualify for the power purchase obligation unless they comply with defined installed capacity limits. These limits are set by a decree of the Conseil d'Etat (Decree 2000-1196 of 6 December 2000) for each category of installation eligible to benefit from the power purchase obligation. With the new regulation, only wind farms operating within a ZDE (zone de développement éolien) can benefit the power purchase obligation and may exceed the former 12 MW cap. The power purchase contracts with non-nationalized distributors of electricity are premised on the rates set by ministerial order for each source of renewable energy and according to a model contract approved by the energy minister.

Act 2000 provides that, operator of wind facilities may enter into long-term agreements for the purchase and sale of energy with Electricité de France (EDF). The tariffs are set by Order of July 10, 2006 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, 2009 set the following wind target: 11,500 MW in 2012 and 25,000 MW in 2020. These targets include also wave and tidal energy.

Regulatory framework for the activities in 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.

The Energy law has been amended on January 2010. The main aim was to limit speculative action in the reservation of interconnection power for wind farms in the energy system. Pursuant to the new provisions, the obligation to prepare an assessment of the impact of the installations being interconnected on the grid lies with the grid company. Within this new regulation, the entity applying for the conditions of interconnection must pay in advance towards the grid interconnection fee of 30 PLN per KW of interconnection capacity.

Another measure aimed at reinforcing the credibility of the project is the obligation to attach to the application for interconnection conditions an excerpt from the local master plan or, if there is no such plan, the planning permit for the real property to which the application relates. The new legislation also introduces new obligations for wind generators, among which, the obligation to prepare a forecast for 15 years when the installed capacity is of at least 50 MW.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the 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.

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The GC system aims at creating a market for GC parallel to the market of sale of electricity. In March 2009 an exchange market for GCs has been launched. Besides the GC market, there is a minimum guaranteed price system at the federal level (obligations imposed on the transmission system operator) or at a regional level (the production aid regime in Flanders and Wallonia).

New quotas of renewable generation are in a late stage of approval in Wallonia. New quotas proposed by the Government are: 11.25% in 2011, 13.50% in 2012 and 15.75% in 2013. New quotas to be approved are considerably higher than previous ones (11%, 12% and 13% for 2011,2012 and 2013).

Regulatory frameworks for the activities in Romania

The promotion of electricity generated from renewable energy sources in Romania was set with the Electricity Law 318/2003. In 2005 a Green Certificate mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements. Romania must comply with its target of 33% of gross electricity consumption from renewable energy in 2010. The regulatory authority establishes a fixed quota of electricity produced from RES which suppliers are obliges to buy, and, annually reviews applications form green generators in order to be awarded green certificates. Law 220/2008 of November, 3 introduced some changes in the green certificates system. Today producers of wind energy receive 1 green certificates for each but law 220 that is likely to come into force in January 2010 (once the European Commission approves it) will allow wind generators to receive 2GC/MWh until 2015 . GC can be sold separately from the physically delivered electricity. From 2016 onwards generators receive 1 green certificate for each MWh . The price of electricity is determined in the electricity market and the price of green certificates is determined on a parallel market.

The trading value of green certificates has a floor of 27 € and a cap of 55€, both indexed to Romanian inflation. Law 220/2008 also guarantees the access to the National Grid for the electricity produced from renewable sources. In 2007 a new Energy Law was approved (Law 13/2007). This new regulation sets July 1st 2007 as deadline for the legal unbundling in Romania and defines the role of Implicit Supplier and of the Supplier of Last Resort.

The Romanian Parliament's proposal that regulates renewable energy was published on July 12, 2010. The proposal that has been signed into law and includes the following: (i) increases the mandatory quotas for electricity produced from renewable sources which benefit from the green certificate's promotion system. 2012 quota increases from 8,3% to 12% of the electricity production, escalating by 1%/year to reach 20% by 2020 (ii) extends until 2017 (previously until 2015 the right to collect two green certificates per MWh generated by wind farms (one certificate from 2018 onwards) and (iii) reaffirms the current green certificate's floor and cap prices at 27€/MWh and 55€/MWh and increases the penalty by non-compliance to 110€ for each missing green certificate. Current cap, floor and penalty prices are set in € and indexed to euro-inflation.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brasil is regulated by Federal Law n° 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law n° 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law n° 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 n° 10,762 of 11 November 2003 and Law n° 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power and; Subsequent amendments to the legislation.

The Decree n° 5,025 of 30 March 2004, regulates the Federal Law n° 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 n° 5,163 of 30 July 2004 regulates the Federal Law n° 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 n° 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 n° 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 2010 and 2009 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2010 and 2009, 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 2011. The annual accounts are presented in thousand 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.

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The preparation of the consolidated annual accounts in accordance with the EU-IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in Note 3 (Critical accounting estimates and judgments in applying accounting policies) .

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control along with another company, under a contractual agreement. The consolidated financial statements include the Group's proportionate share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins until it ceases.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

• The fair value of the consideration transferred; plus
• The recognised amount of any non-controlling interests in the acquiree; plus
• If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
• The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

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In business combinations achieved in stages, any excess of the consideration given, plus the fair value of the interest previously held in the acquiree, and the net assets acquired and net liabilities assumed is recognised as goodwill. Any shortfall, after measuring the consideration given to the previously held interest and identifying and measuring the net assets acquired, is recognised in profit and loss. The Group recognises the difference between the fair value of the interest previously held in the acquiree and its carrying amount in consolidated profit and loss, based on the classification of the interest. The Group also reclassifies amounts deferred in other comprehensive income in relation to the previously held interest to profit and loss or consolidated reserves, based on their nature.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the condensed consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated annual accounts using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non controlling interests

Until 31 December 2009 EU-IFRS did not establish specific accounting treatment for commitments related to written put options related with investments in subsidiaries held by non controlling interests at the date of acquisition of a business combination. Nevertheless, the EDP Renováveis Group records these written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non controlling interest and there subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

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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.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) 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.

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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.

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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.

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.

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Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

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

EDP Renováveis Portugal, one of the portuguese companies of EDP Renováveis Group attribute post-retirement plans to their employees under defined benefit plans and defined contribution plans, namely, pension plans that pay complementary old-age, disability and surviving-relative pension complements, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefits plan is financed through a restricted Pension Fund complemented by a specific provision. This Pension Fund covers liabilities for retirement pension complements as well as liabilities for early retirement.

The pension plans of the Group companies in Portugal are classified as defined benefit plans, since the criteria to determine the pension benefit to be received by employees on retirement is predefined and usually depend on factors such as age, years of service and level of salary at the age of retirement.

The liability of the Group with pensions is calculated annually, at the balance sheet date for each plan individually, by qualified actuaries using the projected unit credit method. The discount rate used in this calculation is determined by reference to interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

Actuarial gains and losses determined annually and resulting from (i) the differences between financial and actuarial assumptions used and real values obtained and (ii) changes in the actuarial assumptions are recognised against equity, in accordance with the alternative method defined by IAS 19, revised on 16 December 2004.

The increase in past service costs arising from early retirements (retirements before the normal age of retirement) is recognised in the income statement when incurred.

Annually the Group recognises as cost in the income statement the net amount of, (i) the current service cost, (ii) the interest cost, (iii) the estimated return of the fund assets and (iv) the cost arising from early retirements.

Defined contribution plans

In Spain, Portugal and U.S., some Group Companies have social benefit plans of defined contribution that complement those granted by the social welfare system to the companies employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each plan. The cost related to defined contribution plans is recognised in the results in the period in which the contribution is made.

Other benefits

Medical care and other plans

In Portugal some Group companies provide medical care during the period of retirement and early retirement, through complementary benefits to those provided by the Social Welfare System. These medical care plans are classified as defined benefit plans. The present value of the defined benefit obligation at the balance sheet date is recognised as a defined benefit liability. Measurement and recognition of the liability with healthcare benefits is similar to the measurement and recognition of the pension liability for the defined benefit plans, described above.

Variable remuneration to employees

In accordance with the by-laws of certain Group entities, annually the shareholders approve in the annual general meeting a percentage of profits to be paid to the employees (variable remuneration), following a proposal made by the Board of Directors. Payments to employees are recognised in the income statement in the period to which they relate.

o) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used are:

	EDPR EU	EDPR NA
Avercage cost per MW (Euros)	14,000	17,961
Salvage value per MW (Euros)	25,000	17,213
Discount rate	6.07%	6.73%
Inflation rate	2.00%	2.50%
Capitalization rate (number of years)	20	20

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

p) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from electricity sales is recognised in the period that electricity is generated and transferred to customers.

Engineering revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

Differences between estimated and actual amounts, which are normally not significant, are recorded during the subsequent periods.

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Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

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.

w) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

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

x) Institutional partnerships in US wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that aportions 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 minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these Annual Accounts.

The upfront cash payment received is recognised under "Liabilities arising from institutional partnerships" and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and PTC's / ITC's, is recorded as non-current deferred income and is recognized as Revenue on a pro rata basis over the 20 year useful life of the underlying projects (see note 6).Additionally this liability is increased by the estimated interest based on the liability outstanding and the expected return rate of the institutional investors.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

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.

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2010 and 2009, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the annual accounts are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the annual accounts and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available for sale investments

The Group determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost.

This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, valuations are generally obtained through listed market prices or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the income statement of the Group.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

Impairment of non financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review the EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However EDP Renováveis and those of its subsidiaries, are confident that there will be no material tax assessments within the context of the annual accounts.

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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.

Exchange-rate risk management

EDP Group's Financial Department is responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, raising foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the U.S. dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Polish Zloty and Romanian Leu).

Sensivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2010 and 2009, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity, as follows (amounts in thousand Euros):

	31 Dec 2010			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	9,527	-11,644	-	-
PLN / EUR	-	-	3,584	-4,381
	9,527	-11,644	3,584	-4,381

	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

This analysis assumes that all other variables, namely interest rates, remain unchangeable.

As at 31 December 2010 and 2009, EDP Renováveis Group has no significant exposure to exchange rate risks related essentially with the EDPR NA activity. To hedge these risks, EDP Renováveis Group entered into a CIRS in USD and EUR with EDP Branch (see note 36).

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.

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The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities between 1 and 15 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 91% of EDP Renováveis Group financial debt bear interest at fixed rates.

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 EDPR EU Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 100 basis points in the interest rates with reference to 31 December 2010 and 2009 would increase / (decrease) equity and results of EDP Renováveis Group in the following amounts (in thousand Euros):

	31 Dec 2010			
	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow hedge derivatives	-	-	28,154	-30,933
Unhedged debt (variable interest rates)	-2,168	2,168	-	-
	-2,168	2,168	28,154	-30,933

	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

This analysis assumes that all other variables, namely foreign exchange rates, remain unchangeable.

As at 31 December 2010 and 2009, EDPR NA 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 EDPR EU Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMEL and MEFF in the case of the Spanish market).

In the specific case of EDPR NA Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of Trade receivables and Other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

Liquidity-risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring 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.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder. as well as directly in the market with national and international financial institutions, with the best conditions, assuring the necessary funds to perform its activities.

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Market price risk

As at 31 December 2010, market price risk affecting the EDP Renovavéis Group is not significant. In the case of EDPR NA, prices are fixed and mainly determined by power purchase agreements. In the case of EDPR EU the electricity is sold in Spain directly on the daily market at spot prices plus a pre-defined premium (regulated). Nevertheless, EDPR EU has an option of selling the power through regulated tariffs, granting minimum prices. In the remaining countries, prices are mainly determined through regulated tariffs.

EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the year 2010 and 2009 (see note 36).The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

5. Changes in consolidation perimeter: Business combinations, Sale of affiliates and Merge of affiliates

During the year ended in 31 December 2010, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:
- EDP Renewables Europe acquired 85% of the share capital of Repano Wind S.r.l. and EDP Renewables Italia, S.r.l. (formerly named as Italian wind S.r.l.). The EDPR Group consolidates 100% of these subsidiaries because there is a put option over the remain 15% (see notes 17 and 37);
- EDP Renewables Europe acquired 100% of the share capital of the polish companies Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO, Farma Wiatrowa Wyszogrod SP ZOO and Karpacka Mala Energetyka SP ZOO, through its subsidiary EDP Renewables Polska SP ZOO (previously Neolica Polska SP ZOO) (see note 17);
- EDP Renewables Europe acquired 80% of the share capital of Re Plus - Societá a Responsabilitá Limitata (see note 17).

Companies sold and liquidated:
- Freeport Windpower I, LP;
- Murciasol-1 Solar Térmica, S.L..

Companies merged:
- Agrupación Eólica Francia S.L. was merged into EDP Renewables Europe;
- Eneraltius-Produção de Energia Electrica, S.A. into EDP Renováveis Portugal, S.A..

Companies incorporated:
- Headwaters Wind Farm L.L.C.*;
- 17th Star Wind Farm LLC*;
- Waverly Wind Farm L.L.C.*;
- EDP Renewables Canada;
- 2010 Vento VII, LLC*;
- 2010 Vento VIII, LLC*;
- 2010 Vento IX, LLC*;
- Horizon Wind Ventures VII, LLC*;
- Horizon Wind Ventures VIII, LLC*;
- Horizon Wind Ventures IX, LLC*;
- Rio Blanco Wind Farm L.L.C.*;
- Hidalgo Wind Farm L.L.C.*;
- MacColl Offshore Windfarm Limited;
- Stevenson Offshore Windfarm Limited;
- Telford Offshore Windfarm Limited;
- Stone Wind Power LLC*;
- Franklin Wind Farm LLC*.

* EDP Group holds, through EDP Renováveis and its subsidiary EDPR NA, a set of subsidiaries in the United States of America legally incorporated without share capital and that as at 31 December 2010 do not have any assets, liabilities, or any operating activity.

Other changes
- The Group EDPR increased its indirect holding from 19.6% to 35.96% in the share capital of ENEOP - Éolicas de Portugal, S.A. through the subsidiary EDP Renewables Europe, S.L. (see note 18);
- The Group EDPR increased its indirect holding from 49% to 61% in the share capital of Parque Eólico Altos del Voltoya, S.A. through the subsidiary Sinae Inversiones Eolicas, S.L. (see note 17 and 18).

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

During the year ended in 31 December 2009, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:
- 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 EDP Renewables Europe, 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 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;
- EDP Renewables Europe, S.L., dissolved the Hollywell Investments Limited, SARL;
- EDP Renewables Europe, S.L., dissolved and liquidated the subsidiary Ridgeside Investments Limited, SARL;

Companies merged:
- 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 incorporated:
- Agrupación Eólica Francia, S.L. was incorporated being 100% held by EDP Renewables Europe, S.L.;
- 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;
- Athena-Weston Wind Power Project II, LLC;
- Blue Canyon Wind Power VII, LLC;
- EDPR UK Limited was incoporated being 100% held by EDP Renewables Europe, 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 Ÿeu, SAS;
- C.E. NEO Prouville, S.A.S.;
- Recherches et Dével. Éoliennes, S.A.R.L.;

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

The following companies were merged in Neogália, S.A.S.(cont.):
- 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..

6. Revenue

Revenue is analysed by sector as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Revenue by sector of activity/business:		
Electricity	838,573	632,726
Other	1,841	10,791
	840,414	643,517
Services rendered by sector of activity:		
Other	4,642	4,725
	845,056	648,242
Total Revenue:		
Electricity	838,573	632,726
Other	6,483	15,516
	845,056	648,242

Cost of consumed electricity and **Changes in inventories and cost of raw material and consumables used** is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Cost of consumed electricity	2,917	1,522
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	12,684	2,803
Changes in inventories	-11,187	1,910
	4,414	6,235

7. Other operating income

Other operating income is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Supplementary income	1,468	1,303
Gains on fixed assets	283	51
Turbine availability income	962	12,692
Income from sale of interests in institutional partnerships - EDPR NA	107,005	82,671
Amortization of deferred income related to power purchase agreements	25,776	17,654
Operating indemnities	2,515	3,319
Gain related with business combination de Parque Eólico Altos del Voltoya, S.A.	3,170	-
Contract termination indemnity	15,840	-
EDPR Polska	15,000	-
Other income	8,011	7,541
	180,030	125,231

Income from institutional partnerships - EDPR NA, includes revenue recognition related to production tax credits (PTC) and tax depreciations, related to projects Vento I, II, III, IV, V, VI, VII and VIII (see note 33).

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

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.

The power purchase agreements between EDPR NA and its customers were valued, at the acquisition date, using discounted cash flow techniques. At that date, these agreements were valued based on market assumptions by approximately 120 million Euros (USD 190.4 million) and recorded as a non-current liability (note 34). This liability is amortised over the period of the agreements against other operating income. As at 31 December 2010, the amortization for the period amounts to 25,776 thousand Euros (31 December 2009: 17,654 thousand Euros).

Operating indemnities refer to amounts received from insurance companies related with claims for tangible fixed assets and/or losses on the operational activity.

During 2010, the EDP Renováveis Group acquired an additional interest of 12% in the share capital of Parque Eólico Altos del Voltoya, S.A., obtaining the control of this company. Based on the final purchase price allocation this acquisition has originated a gain of 3,170 thousand Euros (see note 5 and 17).

Contract termination indemnity in the amount of 15,840 thousand Euros, relates to an agreement between the subsidiary Poast Oak Wind LLC (EDPR NA subgroup) and its client J Aron to an early release from the last seven years of the power purchase agreement.

The amount included in EDPR Polska caption results from the business combinations of Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO, Farma Wiatrowa Wyszogrod SP ZOO and related purchase price allocation, that led to a revaluation of the operating assets and liabilities and the recognition of other operating income amounting to 15,000 thousand Euros (see note 5 and 17). This income is related with a purchase opportunity that results from the Group financial capacity.

8. Supplies and services

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Supplies and services:		
Water, electricity and fuel	2,751	1,876
Tools and office material	2,132	1,692
Leases and rents	29,728	22,310
Communications	3,168	2,679
Insurance	11,346	8,244
Transportation, travelling and representation	7,651	7,499
Commissions and fees	1,045	813
Maintenance and repairs	101,677	70,823
Advertising	2,230	1,848
Specialised works		
- IT services	3,487	3,457
- Legal fees	4,371	3,411
- Advisory fees	7,964	8,707
- Shared services	6,495	5,931
- Other services	5,198	4,319
Royalties	1,500	1,500
Other supplies and services	5,468	3,195
	196,211	148,304

9. Personnel costs and employee benefits expense

Personnel costs is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Management remuneration	1,158	722
Remunerations	49,052	40,413
Social charges on remunerations	6,874	5,718
Employee's variable remuneration	14,241	11,563
Employee's benefits	2,292	1,773
Pension, medical care and other plans expenses	2,240	633
Indemnities	793	555
Other costs	2,314	5,025
Own work capitalised	-24,118	-23,855
	54,846	42,547

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2010 and 2009 is as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Board members	16	16
Senior management / Senior officers	60	52
Middle management	442	381
Highly-skilled and skilled employees	220	180
Semi-skilled workers	100	108
	838	737

The companies of EDPR Group consolidated under the proportional consolidation method have contributed with 15 employees included in the semi-skilled line.

The number of employees includes Management and all the employees of all the subsidiaries and associates.

10. Other operating expenses

Other operating expenses are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Direct operating taxes	15,984	11,958
Indirect taxes	7,668	6,466
Losses on fixed assets	1,845	1,970
Lease costs related to the electricity generating centres	7,770	4,995
Donations	451	285
Amortizations of deferred O&M cost	1,222	872
Turbine availability bonus	1,229	661
Other costs and losses	20,697	6,631
	56,866	33,838

Other costs and losses includes other administrative expenses of 13,766 thousand Euros . The amount recognised is the best estimate of the expenditure required to settle the present obligation at the end of 2010.

11. Depreciation and amortisation expense

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Property, plant and equipment:		
Buildings and other constructions	1,473	594
Plant and machinery:		
Hydroelectric generation	86	83
Thermoelectric generation	-	192
Wind generation	422,140	306,733
Other	15	349
Transport equipment	234	142
Office equipment	6,451	3,180
Other	1,764	860
	432,163	312,133
Other intangible assets:		
Industrial property, other rights and other intangibles	2,240	2,217
	2,240	2,217
	434,403	314,350
Amortisation of deferred income (Government grants):		
Investment grants	-11,406	-2,403
	-11,406	-2,403
	422,997	311,947

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Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

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 2010		31 Dec 2009	
	Disposal %	Value Euro'000	Disposal %	Value Euro'000
Investments in subsidiaries and associates				
Ibersol Solar Ibérica, S.A.	-	-	50%	268
		-		268

In 2009 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 2010 Euro'000	31 Dec 2009 Euro'000
Other financial income:		
Interest income	7,355	7,865
Derivative financial instruments		
Interest	2,576	9,108
Fair value	8,376	5,983
Foreign exchange gains	25,984	12,747
Other financial Income	14	14
	44,305	35,717
Other financial expenses:		
Interest expense	176,792	103,745
Derivative financial instruments		
Fair value	5,356	4,579
Banking services	3,874	732
Foreign exchange losses	26,142	5,629
Own work capitalised (financial interests)	-68,401	-74,691
Unwinding	71,317	65,901
Other financial expenses	3,371	2,256
	218,451	108,151
Financial income / (expenses)	-174,146	-72,434

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 34 and 36).

In accordance with the accounting policy described on note 2g), of the 31 December 2010 consolidated financial statements the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2010 amounted to 68,401 thousand Euros (74,691 thousand Euros as at 31 December 2009) 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 1.725% and 13.09% (31 December 2009: 1.839% and 10.250%).

Interest expense refers to interest on loans bearing interest at market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms 2,872 thousand Euros (31 December 2009 : 3,134 thousand Euros) (see note 32), to the financial update of the liability related with put option of EDPR Italia 1,889 thousand Euros (31 December 2009: 8,620 thousand Euros related with put option of Genesa Group) (see note 34) and the implied return in institutional partnerships in US wind farms 64,830 thousand Euros (31 December 2009: 54,147 thousand 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 in Brazil it is five years, being 2006 is the last year considered to be definitively reviewed by the tax authorities. In the United States of America, generally, the statute to the issuance by tax authorities (IRS) of a tax additional liquidation is three years from the date of settlement of the annual tax declaration of a company.

Tax losses generated in each year, also subject to inspection and adjustment, may be deductible from taxable profits during subsequent years (4 years in Portugal since 2010, 15 years in Spain, 20 years in the USA, without an expiry date in Belgium, France and Brazil, but limited to 30% of the taxable income of each period). The breakdown of tax losses carried forward and the respective expiration date are presented in Note 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.

EDP Renewables Europe, S.L. and its subsidiary companies file individual tax declarations in accordance with prevailing tax legislation. Nevertheless, the main Group companies pay income tax following the specific principles of the Special Tax Consolidation Regime, contained in articles 64 and 82 of Royal Legislative Decree 4/2004 whereby the revised corporate income tax law was approved. The companies of EDPR Group in spain are included in the Tax consolidation perimeter of Genesa Group and EDP, S.A. - Sucursal en España (EDP Branch).

EDP Renováveis, S.A. and subsidiaries

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This balance is analysed as follows:

	Group 31 Dec 2010 Euro'000	Group 31 Dec 2009 Euro'000
Current tax	-28,763	-34,112
Deferred tax	-8,996	-10,642
	-37,759	-44,754

The effective income tax rate as at 31 December 2010 and 2009 is analysed as follows:

	Group 31 Dec 2010 Euro'000	Group 31 Dec 2009 Euro'000
Profit before tax	120,797	162,541
Income tax	-37,759	-44,754
Effective Income Tax Rate	31.26%	27.53%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2010 and 2009 is analysed as follows:

	Group 31 Dec 2010 Euro'000	Group 31 Dec 2009 Euro'000
Profit before taxes	120,797	162,541
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-36,239	-48,762
Income taxes for the period	-37,759	-44,754
Difference	-1,520	4,008
Tax effect of operations with institutional partnerships	-1,812	22,013
Depreciation, amortization and provisions	-3,727	-4,656
Unrecognised deferred tax assets related to tax losses generated in the period	3,206	-31,447
Production tax credits	-5,330	14,702
Fair value of financial instruments and financial investments	87	-2,587
Financial investments in associates	1,426	1,263
Difference between gains and accounting gains and losses	5,114	727
Tax differencial	-558	-
Tax benefits	-	2,666
Effect of tax rates in foreign jurisdictions	-	1,674
Other	74	-347
	-1,520	4,008

The income tax rates in the countries in which the EDP Renováveis Group operates are as follows:

		Tax rate	
Country	Subgroup	2010 and 2009	Subsequent years
Spain	EDPR EU	30.00%	30.00%
Portugal	EDPR EU	26.50%	26.50%
France	EDPR EU	33.33%	33.33%
Poland	EDPR EU	19.00%	19.00%
Belgium	EDPR EU	33.99%	33.99%
Romania	EDPR EU	16.00%	16.00%
United States	EDPR NA	37.63%	37.63%
Brazil	EDPR BR	34.00%	34.00%

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

15. **Property, plant and equipment**

This balance is analysed as follows:

	Group 31 Dec 2010 Euro'000	Group 31 Dec 2009 Euro'000
Cost:		
Land and natural resources	18,867	13,119
Buildings and other constructions	13,896	11,041
Plant and machinery:		
Hydroelectric generation	2,619	2,619
Thermoelectric cogeneration	6,008	6,008
Wind generation	9,536,702	7,354,463
Other plant and machinery	290	255
Transport equipment	1,641	1,063
Office equipment and tools	29,186	21,492
Other tangible fixed assets	12,205	8,829
Assets under construction	1,666,957	2,038,064
	11,288,371	9,456,953
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-432,163	-312,133
Accumulated depreciation	-874,437	-509,809
	-1,306,600	-821,942
Carrying amount	9,981,771	8,635,011

The movement in **Property, plant and equipment** from 31 December 2009 to 31 December 2010, 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 at 31 December Euro'000
Cost:							
Land and natural resources	13,119	5,610	-39	74	103	-	18,867
Buildings and other constructions	11,041	2,558	-	-	297	-	13,896
Plant and machinery:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	7,354,463	21,928	-1,869	1,820,606	297,451	44,123	9,536,702
Other plant and machinery	255	21	-1	-	-	15	290
Transport equipment	1,063	468	-	34	76	-	1,641
Office equipment and tools	21,492	5,018	-98	1,621	741	412	29,186
Other	8,829	2,376	-113	994	118	1	12,205
Assets under construction	2,038,064	1,432,658	-1,703	-1,823,329	24,718	-3,451	1,666,957
	9,456,953	1,470,637	-3,823	-	323,504	41,100	11,288,371

	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 at 31 December Euro'000
Accumulated depreciation and impairment losses							
Buildings and other constructions	2,287	1,473	-	-	27	-	3,787
Plant and machinery:							
Hydroelectric generation	1,526	86	-	-	-	-	1,612
Thermoelectric cogeneration	6,009	-	-	-	-	-	6,009
Wind generation	799,376	422,140	-	-961	20,040	33,529	1,274,124
Other plant and machinery	227	15	-	-	-	7	249
Transport equipment	367	234	-	-	20	-	621
Office equipment and tools	7,050	6,451	-	-12	-119	84	13,454
Other	5,100	1,764	-	-100	-20	-	6,744
	821,942	432,163	-	-1,073	19,948	33,620	1,306,600

Plant and Machinery includes the cost of the wind farms under operation.

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The caption Perimeter Variations / Regularisation includes the effect of the acquisitions made by EDPR EU, during the period ended at 31 December 2010, namely EDP Renewables Italy, S.r.l. and Repano Wind, S.r.l. and also the integration of the assets (and liabilities) of the subsidiary Parque Eólico Altos de Voltoya, following the acquisition of an additional 12% interest (see note 5).

In 2009, 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 64,168 thousand Euros related to the purchase price allocation performed in 2010 for the companies acquired during the year (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 Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 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 at 31 December Euro'000
Accumulated depreciation and impairment losses:							
	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
	266	142	-	-34	-9	2	367
	4,256	3,180	-	-25	-90	-271	7,050
	4,026	860	-	-28	-28	270	5,100
	517,683	312,133	-	-267	-9,036	1,429	821,942

Assets under construction as at 31 December 2010 and 31 December 2009 are analysed as follows:

	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Electricity business:		
EDPR NA Group	288,285	438,274
EDPR EU Group	1,293,304	1,595,787
EDP Renováveis	7,909	1,861
EDPR BR	77,459	2,142
	1,666,957	2,038,064

Assets under construction as at 31 December 2010 and 2009 for EDPR EU and EDPR NA Group are essentially related to wind farms under construction and development.

Financial interests capitalised amount to 68,401 thousand Euros as at 31 December 2010 and 74,691 thousand Euros as at 31 December 2009 (see note 13).

Personnel costs capitalised amount to 24,118 thousand Euros as at 31 December 2010 (31 December 2009: 23,855 thousand Euros) (see note 9).

The EDP Renováveis Group has lease and purchase obligations as disclosed in Note 37 - Commitments.

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

16. Intangible assets

This balance is analysed as follows:

	Group 31 Dec 2010 Euro'000	Group 31 Dec 2009 Euro'000
Cost:		
Industrial property, other rights and other intangible assets	41,069	30,378
Intangible assets under development	-	2,844
	41,069	33,222
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-2,240	-2,217
Accumulated depreciation	-16,102	-13,665
	-18,342	-15,882
Carrying amount	22,727	17,340

Industrial property, other rights and other intangible assets include 14,035 thousand Euros and 24,693 thousand Euros related to wind generation licenses of Portuguese companies (31 December 2009: 14,035 thousand Euros) and EDPR NA Group (31 December 2009: 13,920 thousand 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 2009 to 31 December 2010, 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	30,378	2,186	-	2	1,062	7,441	41,069
Intangible assets under development	2,844	314	-2	-2	-	-3,154	-
	33,222	2,500	-2	-	1,062	4,287	41,069

	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	15,882	2,240	-	-	220	-	18,342
	15,882	2,240	-	-	220	-	18,342

The Perimeter Variations / Regularisations of the caption Industrial property, other rights and other intangible assets mainly includes 7,577 thousand Euros related with a contractual right of EDPR NA to move power through the interconnection point. In 2009, prior to the signature of this new contract, EDPR NA was supposed to be refunded for the amount of the interconnection upgrades in cash, and has classified this amount as Other debtors.

The Perimeter Variations / Regularisations of the caption Intangible assets under development mainly includes 2,840 thousand Euros related with the annulment of the advanced payments from intangible assets suppliers of EDPR EU subgroup.

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

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

	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	13,953	2,217	-	-	-105	-183	15,882
	13,953	2,217	-	-	-105	-183	15,882

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 2010 Euro'000	31 Dec 2009 Euro'000
Electricity business:		
Goodwill booked in EDPR EU Group	749 392	765,987
Goodwill booked in EDPR NA Group	592 915	550,868
Goodwill booked in EDPR BR Group	1 699	1,501
	1,344,006	1,318,356

EDP Renewables Group goodwill as at 31 December 2010 and 31 December 2009 is analysed as follows:

		Group	
	Functional Currency	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
EDPR NA group	US Dollar	592,915	550,868
Genesa group	Euro	408,554	477,522
Ceasa group	Euro	117,637	117,513
EDPR Polska	Zloty	23,266	26,410
EDPR Portugal group	Euro	42,588	42,588
NEO Galia SAS group	Euro	79,958	83,160
Romania group	Lei	9,421	10,931
NEO Catalunya	Euro	7,013	4,689
EDPR BR Group	Brasilian Real	1,699	1,501
EDPR Italia Group	Euro	57,781	-
Other	Euro	3,174	3,174
		1,344,006	1,318,356

During the year 2010, 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							
EDPR NA group	550,868	-	-	-	42,047	-	592,915
Genesa group	477,522	-	-68,968	-	-	-	408,554
Ceasa group	117,513	124	-	-	-	-	117,637
EDPR Polska	26,410	-	-	-	-3,144	-	23,266
EDP Renováveis Portugal group	42,588	-	-	-		-	42,588
NEO Galia SAS group	83,160	-	-3,202	-	-	-	79,958
Romania group	10,931	-	-	-	-1,510	-	9,421
Neo Catalunya	4,689	2,324	-	-	-	-	7,013
EDPR BR Group	1,501	-	-	-	198	-	1,699
EDPR Italia Group	-	57,781	-	-	-	-	57,781
Other	3,174	-	-	-	-	-	3,174
	1,318,356	60,229	-72,170	-	37,591	-	1,344,006

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

The movements in Goodwill, by subgroup, from 31 December 2008 to 31 December 2009, 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 30 June Euro'000
Electricity Business							
EDPR NA 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
EDPR Polska	25,424	736	-	-	250	-	26,410
EDP Renováveis Portugal 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 Catalunya	4,187	502	-	-	-	-	4,689
EDPR BR Group	-	1,246	-	-	255	-	1,501
Other	3,263	-	-	-	-	-89	3,174
	1,305,718	39,055	-8,013	-	-18,404	-	1,318,356

EDPR NA Group

Goodwill arising from the acquisition of the EDPR NA Group was determined in USD as at 31 December 2010 and amounts to 775,251 thousands of USD, corresponding to 592,915 thousand Euros (31 December 2009: 550,868 thousand Euros), including the related transaction costs in the amount of 12,723 thousand Euros. The increase in EDPR NA Group goodwill is related with the effect from exchange differences of EUR/USD of 42,047 thousand Euros (decrease of 18,909 thousand Euros as at 31 December 2009).

Genesa Group

The variation in Genesa Group goodwill is related with the revaluation (in proportion of 20% of full equity valuation) of the put options of Caja Madrid over Genesa amounting aproximately negative 68,968 thousand Euros (31 December 2009: positive 36,139 thousand Euros) (see note 37).

During 2010 the EDPR Group increased its indirect holding from 49% to 61% in the share capital of Parque Eólico Altos del Voltoya, S.A. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 3,170 thousand Euros (see note 7).

	Book value Euro'000	Provisory PPA Euro'000	Assets and at fair value Euro'000
Property, plant and equipment	32,257	21,671	53,928
Other assets (including licenses)	7,138	-	7,138
Total assets	39,395	21,671	61,066
Non controlling interest	10,507	1,459	11,966
Deferred tax liabilities	-	3,966	3,966
Financial debt	27,344	-	27,344
Current liabilities	3,040	-	3,040
Total liabilities	30,384	3,966	34,350
Net assets acquired	9,011	17,705	14,750
Consideration transferred	11,580		11,580
Goodwill	2,569		-3,170

Ceasa Group

In 2009 the increase in Ceasa Group goodwill (76 thousand Euros) 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.

In 2009 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).

In 2010 the increase in Ceasa Group is related with an adjustment to the contingent price (124 thousand Euros) of Aprofitement D'Energies Renovables de la Terra Alta, S.A.

EDPR Polska Group

In 2010, the increase in EDPR Polska goodwill (329 thousand Euros) is related with the acquisition of 100% of the share capital of subsidiary Karpacka Mala Energetyka SP ZOO. Additionally the goodwill has decreased 3,144 thousand Euros related with exchange differences.

EDP Renováveis, S.A. and subsidiaries

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In 2010 EDPR Ploska Group acquired 100% of the share capital of the companies Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO and Farma Wiatrowa Wyszogrod SP ZOO and carried out the final PPA, that led to a recognition of an operating income of 15,000 thousand Euros, analysed as follows:

	Bodzanow Euro'000	Starozreby Euro'000	Wyszogrod Euro'000	Book value Euro'000	Final PPA Euro'000	Assets and liabilities at fair value Euro'000
Property, plant and equipment	39	54	134	227	38,533	38,760
Non current assets	39	54	134	227	38,533	38,760
Current assets	445	442	375	1,262	-	1,262
Total assets	484	496	509	1,489	38,533	40,022
Deferred tax liabilities	421	383	332	1,136	7,348	8,484
Current liabilities	1	-1	14	14	-	14
Total liabilities	422	382	346	1,150	7,348	8,498
Net assets acquired	62	114	163	339	31,185	31,524
Consideration transferred	6,132	5,513	4,879	16,524		16,524
Goodwill	6,070	5,399	4,716	16,185		-15,000

Neo Galia SAS Group

In 2009, the increase in Neo Galia SAS Group of 113 thousand Euros results from the acquisition of 100% of the share capital of subsidiaries Mardelle, SARL and Vallée du Moulin, SARL and 49% of Quinze Mines, SARL and from the restructuring process that originated the transfer of French subsidiaries from Ceasa, Hollywell, Ridgeside and Other subgroups to Neo Galia group (37,943 thousand Euros).

In 2010 the decrease in Neo Galia Group (3,202 thousand Euros) is related with a reduction of the success fees payable for the acquisition of Eole 76.

Romania Group

In 2009, the increase in Romania Group goodwill is related with an increase in acquisition contingent price (216 thousand Euros) of the company Renovatio Power. The decrease of Romania group goodwill (4,088 thousand Euros) results from the reduction of payable success fees as pre-established contractual assumptions were not achieved.

In 2010 the decrease of 1,510 thousand Euros is related with the effect from exchange differences of EUR/LEI.

Neo Catalunya

In 2009, the increase in Neo Catalunia Group goodwill (2,826 thousand Euros) is related with the acquisition of 100% of the share capital of subsidiary Bon Vent de L'Ébre, including the effect of the final PPA carried out in 2010, analysed as follows:

	2009			2010	
	Book Value Euro'000	Provisory PPA Euro'000	Assets and Liabilities at fair value Euro'000	Final PPA Euro'000	Assets and Liabilities at fair value Euro'000
Property, plant and equipment	4,113	8,993	13,106	4,042	17,148
Other assets (including licenses)	1,012	-	1,012	-	1,012
Total assets	5,125	8,993	14,118	4,042	18,160
Deferred tax liabilities	-	1,864	1,864	2,045	3,909
Current liabilities	5,070	-	5,070	-	5,070
Total liabilities	5,070	1,864	6,934	2,045	8,979
Net assets acquired	55	7,129	7,184	1,997	9,181
Consideration transferred	7,686		7,686		12,007
Goodwill	7,631		502		2,826

During the year 2010 the final purchase price allocation for the acquisition of subsidiary Bon Vent de L'Ébre was carried out and the goodwill of Neo Catalunya subgroup has increased by 2,324 thousand Euros .

EDPR BR Group

In 2009, 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.

In 2010, the increase in EDPR BR Group goodwill is related with the effect from exchange differences of EUR/BRL of 198 thousand Euros.

EDP Renováveis, S.A. and subsidiaries

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Italia subgroup

In 2010, EDPR Group through its subsidiary EDPR EU acquired 85% of the share capital of EDP Renewables Italia,S.r.l. Additionally, EDPR EU has a call option and Energia in Natura, S.r.l. has a put option over the remain 15% of the company's share capital (see note 37); as a consequence, as at 31 December 2010, the EDPR Group has consolidated 100% of EDP Renewables Italia,S.r.l. , taking considering the put option as an anticipated acquisition of non controlling interests.

The Italia subgroup goodwill results from the acquisition of Italian Wind, S.r.l., Repano, S.r.l. and Re Plus, S.r.l. During 2010, the final PPA for the Italian Wind, S.r.l., Repano, S.r.l. acquisitions was carried out and the final goodwill generated is analysed as follows:

	Book value Euro'000	PPA Euro'000	Assets and at fair value Euro'000
Property, plant and equipment	4,841	3,964	8,805
Other non current assets	123		123
Goodwill	15,149		15,149
Non current assets	20,113	3,964	24,077
Current assets	-	-	-
Total assets	20,113	3,964	24,077
Non current liabilities	-	1,090	1,090
Current liabilities	405	-	405
Total liabilities	405	1,090	1,495
Net assets acquired	19,708	2,874	22,582
Consideration transferred	65,072		65,072
Goodwill	45,364		42,490

The Italia subgroup goodwill (57,781 thousand Euros) results from the acquisition of Italian Wind, S.r.l., which includes the goodwill generated from the acquisition (42,444 thousand Euros), the amount of the goodwill already included in the financial statements of Italian Wind, S.r.l. (15,149 thousand Euros) and from the goodwill generated in the acquisition of Repano, S.r.l. (46 thousand Euros with an acquisition price of 200 thousand Euros) and Re Plus, S.r.l. (142 thousand Euros with an acquisition price of 1.080 thousand Euros).

During 2010 the EDPR Group has paid an amount of 56,123 thousand Euros (31 December 2009: 74,342 thousand Euros) for business combinations and success fees,which includes an amount of 5,220 thousands of Euros of cash and cash equivalents acquired (31 December 2009: 6,250 thousand Euros).

Other information for business combinations and purchase price allocation included in 2009

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

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EDPR Polska Group

In 2009, EDPR Polska Group has acquired 100% of the share capital of subsdiary Elektrownia Wiatrowa Kresy I, S.P. ("Kresy") (736 thousands of Euros) and has carried out the provisory PPA 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

Romania Group

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.

During 2009 Romania Group has carried out the final PPA 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

EDPR Portugal Group

The decrease in EDPR Portugal Group goodwill is related with an adjustment to the contingent price of the subsidiary Bolores - Energia eólica, S.A..

EDPR Brazil Group

The increase in EDPR Brazil Group goodwill is related with the acquisition of 100% of share capital of CENAEEL. The effects of the final PPA carried out in 2009 are analysed as follows:

	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	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 liabilities	10,458	5,742	16,200
Net assets at fair value			22,138
Acquisition cost			23,384
Goodwill			1,246

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment anually. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use of the different cash generating units (CGUs) comprising in each of the countries where EDPR Group performs its activity. Each country coincide with subgroups disclosed above with the exception of Spain with three different subgroups (Genesa Group, Ceasa Group and Neo Catalunya Group). Goodwill of these three Spanish subgroups is tested at country level.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at the Weighted Average Cost of Capital (WACC) rate, that reflects the risk associated to such free cash flows, and subtracting the net debt associated with such asset's operation.

The cash flow projections reflect current portfolio of installed capacity and power purchase agreements as well as managemet perspective on business growth, market and regulatory evolutions.

The cash flows period is the useful life of the assets (20 years) with inflation growth until year 20 and discounted to present day.

The discount rates (after tax) used range between 5.25% and 9.1%, depending on specific risk factors of the different countries.

18. Investments in associates

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Investments in associates:		
Equity holdings in associates	45,871	47,609
Carrying amount	45,871	47,609

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 2010**, is analysed as follows:

	Group 31 Dec 2010	
	Investment Euro'000	Impairment Euro'000
Associated companies:		
ENEOP - Éolicas de Portugal, S.A.	12,869	-
Desarrollos Eólicos de Canárias, S.A.	11,566	-
Parque Eólico Sierra del Madero S.A.	6,788	-
Veinco Energia Limpia S.L. subgroup	4,790	-
Parque Eólico Belmonte, S.A.	3,033	-
Associates of Valle del Ebro Ingeniería y Consultoría, S.L.	1,756	-
Hidroastur S.A.	1,725	-
Blue Canyon Windpower, LLC	1,817	-
Other	1,527	-
	45,871	-

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 subgroup	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	-
Blue Canyon Windpower, LLC	1,686	-
Other	1,525	-
	47,609	-

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The movement in **Investments in associates**, is analysed as follows:

	Group 31 Dec 2010 Euro'000	Group 31 Dec 2009 Euro'000
Balance as at 1 January	47,609	40,782
Acquisitions	3,834	7,207
Disposals	-	-137
Share of profits of associates	5,036	3,939
Dividends received	-1,784	-4,107
Exchange differences	131	-75
Changes in consolidation method	-8,955	-
Balance as at 31 December	45,871	47,609

Acquisitions of investments in associates are mainly related to increase of ENEOP - Eólicas de Portugal, S.A. additional paid in capital (see note 5).

Changes in consolidation method are related with the acquisition of an additional interest of 12% in the share capital of Parque Eólico Altos del Voltoya, S.A., obtaining the control of this company and starting to consolidate under the full consolidation method (see note 5 and 17).

19. Available for sale financial assets

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Sociedad Eólica de Andalucia, S.A.	10,832	11,766
Parque Eólico Montes de las Navas, S.L.	6,684	-
Wind Expert	500	500
Other	364	364
	18,380	12,630

During 2010 EDP Renováveis Group has started to consolidate Parque Eólico del Voltoya, S.A. under the full consolidation method. As a consequence, has recognised as an available for sale financial asset the shareholding of its subsidiary in Parque Eólico Montes de las Navas, S.L.

The assumptions used in the valuation models of available for sale financial assets are as the same used to the impairment test.

The interest in share capital, voting rights, net assets and net income of the last approved financial statements of the investments classified as available for sale financial assets are analysed as follows:

	Head office	% of share capital	Voting rights	Net assets	Net income
Sociedad Eólica de Andalucia, S.A.	Sevilla	16.67%	16.67%	11,320	1,650
Parque Eólico Montes de las Navas, S.L.	Madrid	17.00%	17.00%	9,976	2,128

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 2010 Euro'000	31 Dec 2009 Euro'000	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Tax losses brought forward	4,487	3,593	-	-	4,487	3,593
Provisions	6,591	2,136	-	-	6,591	2,136
Derivative financial instruments	8,401	5,543	52	2,743	8,349	2,800
Property, plant and equipment	18,563	16,082	13,038	8,052	5,525	8,030
Allocation of fair value to assets and liabilities	-	-	357,200	330,911	-357,200	-330,911
Accounting revaluations	-	-	146	21	-146	-21
Other	477	712	1,164	1,197	-687	-485
	38,519	28,066	371,600	342,924	-333,081	-314,858

Allocation of fair value to assets and liabilities in 2009 includes the effect of the final purchase price allocation of Bom Vent de L'Ébre (2,045 thousand Euros) and Kresy (-541 thousand Euros), perfomed during 2010.

The movements in deferred tax assets and liabilities during the year are analysed as follows:

	31 Dec 2010 Euro'000		31 Dec 2009 Euro'000	
	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
Opening balance	28,066	-342,924	21,834	-316,920
Increases charged to the profit and loss account	9,741	-31,582	7,548	-24,886
Decreases charged to the profit and loss account	-2,622	14,841	-3,489	10,106
Increases charged to reserves	3,221	-1,457	1,969	-1,692
Decreases charged to reserves	-514	4,002	-	-63
Change in the applicable tax rate	-	-	-	-
Other movements	627	-14,480	204	-9,469
	38,519	-371,600	28,066	-342,924

As referred above, the opening balance of Tax liabilities as at 1 January 2010 includes the effect of the final purchase price allocation of Bon Vent de L'Ébre (2,045 thousand Euros) and Kresy (-541 thousand Euros), perfomed during 2010.

Other movements of deferred tax liabilities relates mainly to the effect of purchase price allocations ocurring in 2010 related to Neo Catalunia, Italy, Parque Eólico Altos del Voltoya (12,404 thounsand Euros).

In 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 31 Dec 2010 Euro'000	Tax Liabilities 31 Dec 2010 Euro'000
Tax losses brought forward	3,567	-
Provisions	3,182	-
Derivative financial instruments	8,401	52
Allocation of acquired assets and liabilities fair values	-	345,001
Property, plant and equipement	17,228	254
Accounting revaluations	-	-
Others	455	232
	32,833	345,539

The Group tax losses and tax credits carried forward are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Expiration date:		
2010	-	11
2011	229	232
2012	197	224
2013	164	214
2014	193	151
2015	7,633	4,509
2016	2,822	2,822
2017 to 2029	985,906	640,833
Without expiration date	155,987	149,304
	1,153,131	798,300

The Group has not recorded deferred tax assets for tax losses carried forward of 1,153,131 thousand Euros (2009: 798,300 thousand Euros) due to uncertainty regarding the future realization of the net deferred tax asset. Most of these losses relate to EDPR NA (963,360 thousand Euros and 31 December 2009: 622,113 thousand Euros)

21. Inventories

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Advances on account of purchases	3,549	2,795
Finished and intermediate products	18,669	8,163
Raw and subsidiary materials and consumables:		
Other consumables	1,944	386
	24,162	11,344

The Finished and intermediate products are essentially related with wind farms construction in progress.

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Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

22. Trade receivables

Trade receivables are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Short term trade receivables - Current:		
Spain	81,619	47,914
United States of America	27,945	27,434
Portugal	13,664	17,918
France	6,262	7,072
Belgium	3,693	5,301
Brazil	349	452
Romania	1,148	57
Poland	8,967	-
United Kingdom	3	-
	143,650	106,148
Doubtful debts	2,339	2,345
Impairment losses	-2,339	-2,345
	143,650	106,148

23. Debtors and other assets

Debtors and other assets are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Debtors - Current:		
Loans to related parties	358,795	178,028
Derivative financial instruments	5,402	13,765
Guarantee deposits	12,496	11,962
Tied deposits	80,121	90,505
Other debtors:		
- Amounts related to staff	48	32
- Insurance	2,440	1,979
- Production tax credits (PTC)	864	213
- EDPR NA warranty claim	682	2,678
- Prepaid turbine maintenance	3,651	1,450
- Turbine Availability	1,376	6,680
- Services rendered	8,103	9,110
- Advances to suppliers	55,917	100
- Sundry debtors and other operations	22,364	20,956
	552,259	337,458
Debtors - Non-current:		
Loans to related parties	6,955	8,408
Notes receivable (EDPR NA)	908	9,397
Guarantees and tied deposits	35,957	34,961
Derivative financial instruments	4,068	5,443
Other debtors:		
- Deferred costs (EDP Renováveis Portugal Group)	46,588	46,770
- Deferred PPA costs (High Trail)	5,275	5,388
- O&M contract valuation - Mapple Ridge I (EDPR NA)	6,317	7,405
- Deferred Tax Equity Costs	11,631	6,384
- Sundry debtors and other operations	5,612	5,291
	123,311	129,447
	675,570	466,905

Loans to related parties - Current mainly includes mainly 171,081 thousand Euros of loans granted by EDP Renováveis, S.A. to EDP, S.A. - Sucursal en España (31 December 2009: 37,678 thousand Euros) related to the net investment derivative interests liquidation, 129,648 thousand Euros of loans granted by EDP Renováveis Portugal, S.A. to ENEOP Group (31 December 2009: 106,800 thousand Euros) and 55,399 thousand Euros related to loans granted by EDPR EU to EDP, S.A. - Sucursal en España (31 December 2009: 21,554 thousand Euros).

Tied deposits - Current mainly includes financing agreements required to be held in the amount sufficient to pay remaining construction related costs.

Guarantees and tied deposits - Non Current are related to project finance agreements, which of EDPR EU Group companies are obliged to hold these amounts in bank accounts in order to ensure its capacity of comply with responsabilities.

Deferred costs (EDP Renováveis Portugal group) - non current relates to up-front rents and surface rights paid to land owners and up-front network rents paid to EDP Distribuição. These costs are deferred on the balance sheet and are recognised on a straight line basis over the estimated useful life of the assets.

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24. Tax receivable

Tax receivable is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
State and other public entities:		
- Income tax	19,131	19,132
- Value added tax (VAT)	53,109	146,464
- Other taxes	8,810	4,074
	81,050	169,670

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 2010 Euro'000	31 Dec 2009 Euro'000
Equity securities:		
Investment funds	35,335	33,012
Debt securities:		
Bonds	409	4,091
	35,744	37,103

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 674 thousand Euros (31 December 2009: 1,416 thousand Euros).

26. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Cash:		
- Cash in hand	4	57
Bank deposits:		
- Current deposits	234,231	158,411
- Other deposits	189,465	285,165
	423,696	443,576
Cash and cash equivalents	423,700	443,633

The other includes 182,633 thousand Euros (31 December 2009: 257,396 thousand Euros) of deposits made in EDP Finance BV in USD, with a maturity until one month, which earn interests from 5% to 5.5%.

27. Capital

At 31 December 2010 and 2009, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights. These shares are freely transferable.

Companies which hold a direct or indirect interest of at least 10% in the share capital of the Company at 31 December 2010 and 2009 are as follows:

Main shareholders and shares held by company officers:

EDP Renováveis, S.A..'s shareholder structure as at 31 December 2010 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(*)	196,024,306	22.47%	22.47%
	872,308,162	**100.00%**	**100.00%**

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008 the Company carried out various share capital increases, which were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDPR EU.

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

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Earning per share attributable to the shareholders of EDPR are analysed as follows:

	Group	
	31 Dec 2010	31 Dec 2009
Profit attributable to the equity holders of the parent in thousand Euros	80,203	114,349
Profit from continuing operations attributable to the equity holders of the parent in thousand Euros	80,203	114,349
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent in Euros	0.09	0.13
Earnings per share (diluted) attributable to equity holders of the parent in Euros	0.09	0.13
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent in Euros	0.09	0.13
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent in Euros	0.09	0.13

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2010.

The average number of shares was determined as follows:

	Group	
	31 Dec 2010	31 Dec 2009
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the six monts period	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

28. Reserves and retained earnings

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Reserves		
Fair value reserve (cash flow hedge)	-4,913	16,735
Fair value reserve (available for sale financial assets)	10,980	8,659
Exchange differences arising on consolidation	-15,316	570
	-9,249	25,964
Other reserves and retained earnings:		
Retained earnings	208,493	98,028
Additional paid in capital	60,666	60,666
Legal reserve	14,281	7,479
	283,440	166,173
	274,191	192,137

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available or to increase the share capital.

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Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2010 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	44,091,046.97
Distribution	
Legal reserve	4,409,104.70
Free reserve	39,681,942.27
	44,091,046.97

The EDP Renováveis, S.A. 2009 profits distribution approved in the Annual General Meeting on 15 April 2010 was 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

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the accumulated net change in the fair value of available-for-sale financial assets as at the balance sheet date.

	Group Euro'000
Balance as at 1 January 2009	7,747
Sociedad Eólica de Andalucia	912
Balance as at 31 December 2009	8,659
Sociedad Eólica de Andalucia	-934
Parque Eólico Montes de las Navas, S.L.	3,255
Balance as at 31 December 2010	10,980

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 2010		Exchange rates as at 31 December 2009	
Currency		Closing Rate	Average Rate	Closing Rate	Average Rate
Dollar	USD	1.336	1.326	1.441	1.390
Zloty	PLN	3.975	3.995	4.105	4.362
Real	BRL	2.218	2.331	2.511	2.783
Lei	RON	4.262	4.212	4.236	4.245
Pound Sterling	GBP	0.861	0.858	0.888	0.890
Canadian Dollar	CAD	1.332	1.365	-	-

29. Non controlling interest

This balance is analysed as follows:

	Group 31 Dec 2010 Euro'000	Group 31 Dec 2009 Euro'000
Non controlling interest in income statement	2,835	3,438
Non controlling interest in share capital and reserves	122,706	104,055
	125,541	107,493

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Non controlling interest, by subgroup, are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
EDPR EU Group	114,216	98,759
EDPR BR	11,325	8,734
	125,541	107,493

The movement in non-controlling interest of EDP Renováveis Group is mainly related to profits attributable to non-controlling interest of 2,835 thousand Euros, to variations resulting from share capital increases attributable to non-controlling interest (EDPR BR and EDPR EU subsidiaries) totalling 5,212 thousand Euros and the acquisition of an additional interest in the share capital of Parque Eólico Altos del Voltoya, S.A. (9,706 thousand Euros) (see note 5).

30. Financial debt

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Financial debt - Current		
Bank loans:		
- EDPR EU Group	125,408	102,500
- EDPR BR Group	72,485	539
Other loans:		
- EDPR EU Group	3,634	2,982
- EDPR NA Group	935	1,114
Interest payable	5,185	3,133
	207,647	110,268
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	491,588	394,895
- EDPR BR Group	8,052	7,704
Loans from shareholders of group entities:		
- EDP Renováveis , S.A.	2,799,548	2,131,042
Other loans:		
- EDPR EU Group	23,423	25,823
- EDPR NA Group	3,332	3,707
	3,325,943	2,563,171
	3,533,590	2,673,439

Financial debt Non - Current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2,799,548 thousand Euros). These loans have an average maturity of 8.8 years and bear interest at fixed market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects, and the compliance with some ratios. As at 31 December 2010, these financings amount to 624,878 thousand Euros (444,212 thousand Euros as at 31 December 2009), which are already included in the total debt of the Group.

The breakdown of **Financial debt** by maturity, is as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Bank loans:		
Up to 1 year	202,184	106,172
1 to 5 years	215,135	186,423
Over 5 years	284,505	216,176
	701,824	508,771
Loans from shareholders of group entities:		
Up to 1 year	894	-
1 to 5 years	-	-
Over 5 years	2,799,548	2,131,042
	2,800,442	2,131,042
Other loans:		
Up to 1 year	4,569	4,096
1 to 5 years	16,545	17,558
Over 5 years	10,210	11,972
	31,324	33,626
	3,533,590	2,673,439

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The fair value of EDP Renováveis Group's debt is analysed as follows:

	31 Dec 2010		31 Dec 2009	
	Carrying Value Euro'000	Market Value Euro'000	Carrying Value Euro'000	Market Value Euro'000
Short term financial debt - Current	207,647	207,647	110,268	110,268
Medium/Long financial debt - Non current	3,325,943	3,178,811	2,563,171	2,532,998
	3,533,590	3,386,458	2,673,439	2,643,266

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 2010, the scheduled repayments of Group's debt are as follows:

	Total Euro'000	2011 Euro'000	2012 Euro'000	2013 Euro'000	2014 Euro'000	2015 Euro'000	Subsequent years Euro'000
Short term debt and borrowings	207,647	207,647	-	-	-	-	-
Medium/long-term debt and borrowings	3,325,943	-	57,755	60,025	67,003	46,897	3,094,263
	3,533,590	207,647	57,755	60,025	67,003	46,897	3,094,263

The breakdown of guarantees is presented in Note 37 to the condensed consolidated financial statements.

The breakdown of Finance debt, by currency, is as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Loans denominated in Euros	1,844,113	1,352,252
Loans denominated in USD	1,452,120	1,312,944
Loans denominated in other currencies	237,357	8,243
	3,533,590	2,673,439

31. Employee benefits

Employee benefits balance are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Provisions for social liabilities and benefits	36	6
Provisions for healthcare liabilities	59	53
	95	59

As at 31 December 2010 and 2009, Provisions for liabilities and social benefits refers exclusively to defined benefit plans.

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.

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The following financial and actuarial assumptions were used to calculate the liability of the EDP Renováveis Group pension plans:

	Group	
	31 Dec 2010	31 Dec 2009
Assumptions		
Expected return of plan assets	6.00%	6.34%
Discount rate	5.00%	5.20%
Salary increase rate	3.70%	3.70%
Pension increase rate	2.70%	2.70%
Social Security salary appreciation	1.90%	1.90%
Inflation rate	2.00%	2.00%
Mortality table	Age >60 - TV88/90 / Age<=60 years -TV99/01	Age >60 - TV88/90 / Age<=60 years -TV99/01
Disability table	50%EKV 80	50%EKV 80
Expected % of eligible employees accepting early retirement	40	40

II. Pension Plans - Defined Contribution Type

EDPR EU in Spain, has social benefit plans of defined contribution that complement those granted by the Social Welfare System to the companies' employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each case.

III. Liability for Medical Care and Other Benefits Plans - Defined Benefit Type

The Group companies in Portugal resulting from the spin-off of EDP in 1994 have a Medical Care Plan which is fully covered by a provision.

The actuarial assumptions used to calculate the liability for Medical Care Plans are as follows:

	Group	
	31 Dec 2010	31 Dec 2009
Assumptions		
Discount rate	5.00%	5.20%
Annual increase rate of medical service costs	4.00%	4.00%
Estimated administrative expenses per beneficiary per year (Euros)	175	150
Mortality table	Age >60 - TV88/90 / Age<=60 years -TV99/01	Age >60 - TV88/90 / Age<=60 years -TV99/01
Disability table	50%EKV 80	50%EKV 80
Expected % of subscription of early retirement by employees eligible	40	40

The Medical Plan liability is recognised in the Group's accounts through provisions that totally cover the liability.

32. Provisions

Provisions are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Dismantling and decommission provisions	53,156	63,956
Provision for other liabilities and charges	631	3,129
	53,787	67,085

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 28,813 thousand Euros for wind farms in the United States of America (31 December 2009: 41,609 thousand Euros), 15,904 thousand Euros for wind farms in Spain (31 December 2009: 15,053 thousand Euros), 4,610 thousand Euros for wind farms in Portugal (31 December 2009: 5,348 thousand Euros), 2,010 thousand Euros for wind farms in France (31 December 2009: 1,738 thousand Euros), 639 thousand Euros for wind farms in Brazil (31 December 2009: 183 thousand Euros), 399 thousand Euros for wind farms in Belgium (31 December 2009: 25 thousand Euros) and 781 thousand Euros for wind farms in Poland.

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 2010 and 2009, 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 2010 Euro'000	31 Dec 2009 Euro'000
Balance at the beginning of the year	63,956	47,311
Capitalised amount for the year and other	3,771	14,951
Unwinding	2,872	3,134
Other and exchange differences	-17,443	-1,440
Balance at the end of the year	53,156	63,956

Capitalised amount for the year and other includes the impact of the update of dismantling provisions assumptions.

The movements in Provision for other liabilities and charges are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Balance at the beginning of the year	3,129	2,387
Charge for the year	-	1,140
Write back for the year	-155	-420
Other and exchange differences	-2,343	22
Balance at the end of the year	631	3,129

33. Institutional partnerships in US wind farms

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Deferred income related to benefits provided	635,271	433,763
Liabilities arising from institutional partnerships in US wind farms	1,008,777	919,849
	1,644,048	1,353,612

The movements in Institutional partnerships in US wind farms are analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Balance at the beginning of the year	1,353,612	1,096,668
Proceeds received from institutional investors	245,252	334,007
Cash paid to institutional investors	-16,893	-479
Other operating income	-107,005	-82,728
Uniwinding	64,830	54,147
Exchange differences	104,252	-48,003
Balance at the end of the year	1,644,048	1,353,612

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that aportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

During 2010 EDPR Group, through its subsidiary Horizon Wind Energy LLC, has secured 141 million of USD (approximately 106 million Euros) institutional equity financing from Wells Fargo Wind Holdings LLC ("Wells Fargo") in exchange for an interest in the Vento III portfolio, 99 million of USD (approximately 75 million Euros) for an interest in Vento VIII portfolioand 85 million USD (approximately 64 million Euros) for an interest in Vento VII portfolio.

During 2009 EDPR Group, through its subsidiary Horizon Wind Energy LLC, has secured 154 million of USD (approximately 111 million Euros) institutional equity financing from in exchange for an interest in the Vento III portfolio, 102 million of USD (approximately 73 million Euros) for an interest in Vento IV, 117 million of USD (approximately 84 million Euros) for an interest in Vento V portfolio and 91 million USD (approximately 66 million Euros) for an interest in Vento VI portfolio.

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34. Trade and other payables

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Trade and other payables - Current:		
Derivative financial instruments	10,673	854
Liabilities arising from options with non controlling interests	234,754	303,722
Amounts payable for the acquisition of subsidiaries	-	10,356
Success fees payable for the acquisition of subsidiaries	3,630	7,327
Other payables		
- Suppliers	40,453	42,765
- Other operations with related parties	16,257	15,425
- Property and equipment suppliers	612,668	652,236
- Advances from customers	83	55
- Variable remuneration to employees	16,881	11,128
- Other supplies and services	52,775	22,841
- Other creditors and sundry operations	47,608	31,396
	1,035,782	1,098,105

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Trade and other payables — Non-current:		
Payables - Group companies	61,806	40,009
Derivative financial instruments	162,042	18,848
Liabilities arising from options with non controlling interests	36,584	61
Amounts payable for the acquisition of subsidiaries	-	21,230
Success fees payable for the acquisition of subsidiaries	76,621	53,034
Government grants / subsidies for investments in fixed assets	341,842	162,486
Other payables		
- Property and equipment suppliers	1,673	-
- Electricity sale contracts - EDPR NA	71,991	97,951
- Other creditors and sundry operations	1,432	280
	753,991	393,899

As at 31 December 2010 the Liabilities arising from written put options with non controlling interests - Current includes the liability for the put option contracted with Caja Madrid for a 20% interest in the Genesa Group in the amount of 234,754 thousand Euros equivalent to 20% of Genesa's full equity valuation (31 December 2009: 303,722 thousand Euros). - see note 37. The option was exercised by Caja Madrid within the exercise period.

- 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.
- The strike price will be reflected to the market value determined according to the shareholders agreement.

As at 31 December 2010 the Liabilities arising from written put options with non controlling interests - Non current includes essentially the liability for the put option contracted in 2010 with Energia in Natura for a 15% interest in the EDPR Italia group in the amount of 36,494 thousand Euros (see note 5 and 37).

According to Spanish law 15/2010 of 5 July the Group disclose that the balance of Spanish suppliers with a maturity date at 31 December 2010 over 85 days is 15,616 thousand Euros, from which 1,024 thousand Euros are related with group companies.

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 EDPR Italy, Relax Wind Group , EDPR Rumania, Greenwind, Bodzanow, Starozreby, Wyszorod, Elektrownia Wiatrowa Kresy and Elebrás.

Derivative financial instruments (Hedging) - Non Current mainly includes 144,049 thousand Euros (31 December 2009: 1,268 thousand Euros) related to a hedge instrument of USD and Euros with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see Note 36). In the Group accounts, EDP Renováveis Group has applied the net investment hedge model to state this transaction.

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 (see note 1). The increase is mainly related with the receipt of 169,304 thousand Euros of Government grants during 2010 (31 December 2009: 148,901 thousand Euros).

Electricity sales contracts - EDPR NA relates to the fair value of the contracts entered into by EDPR NA with its customers, determined under the Power purchase agreement (see note 7).

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35. Tax payable

This balance is analysed as follows:

	Group	
	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
State and other public entities:		
- Income tax	10,122	15,930
- Withholding tax	22,474	15,743
- Value added tax (VAT)	14,169	4,021
- Other taxes	1,981	1,443
	48,746	37,137

36. Derivative financial instruments

In accordance with IAS 39, the Group classifies the derivative financial instruments as a fair value hedge of an asset or liability recognised, as a cash flow hedge of recorded liabilities and forecast transactions considered highly probable or net investment hedged in foreign operations.

As of 31 December 2010, 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	-	-145,123	-	59,627	1,826,174	1,885,801
	-	-145,123	-	59,627	1,826,174	1,885,801
Cash flow hedge						
Power price swaps	7,438	-7,725	74,039	3,940	-	77,979
Interest rate swaps	268	-17,994	106,101	159,221	179,075	444,397
Currency forwards	-	-1,368	38,803	-	-	38,803
	7,706	-27,087	218,943	163,161	179,075	561,179
Trading						
Power price swaps	1,764	-407	2,032	269	-	2,301
Interest rate swaps	-	-98	-	17,381	-	17,381
	1,764	-505	2,032	17,650	-	19,682
	9,470	-172,715	220,975	240,438	2,005,249	2,466,662

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

The fair value of derivative financial instruments is recorded under Debtors and other assets (note 23) or Trade and other payables (note 34), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 38 and 39. The fair value is based on internal valuation models, as described in note 39.

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.

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Cash flow hedge power price swaps are related to the hedging of the sales price, congestion and line loss. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project and EDPR EU for the production of some of its wind farms. In certain US power markets, EDPR NA is exposed to congestion and line loss risks which typically have a negative impact on the price received for power generated in these markets. To hedge these risk exposures, EDPR NA 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 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:

			2010		2009	
			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	Currency swaps	Subsidiary accounts denominated in USD and PLN	-143,855	143,855	64,211	-64,211
- Cashflow hedge	Interest rate swap	Interest rate	-233	-	-7,013	-
- Cashflow hedge	Interest rate caps and floors	Interest rate	-	-	961	-
- Cashflow hedge	Power price swaps	Power price	-17,778	-	9,684	-
- Cashflow hedge	Currency forward	Exchange rate	-756	-	-2,139	-
			-162,622	143,855	65,704	-64,211

The movements in cash flow hedge reserve have been as follows:

	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Balance at the beginning of the year	14,094	16,526
Fair value changes		
Interest rate swaps	-5,186	-7,013
Interest rate caps and floors	-	961
Power price swaps	-18,448	9,985
Currency forward	-756	-2,139
Transfers to results	-3,222	-4,562
Inefectiveness	-32	-35
Non controlling interests included in fair value changes	-82	371
Balance at the end of the year	-13,632	14,094

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

	31 Dec 2010 Euro'000	31 Dec 2009 Euro'000
Cash-flow hedge		
Transfers to results	3,222	4,562
Inefectiveness	32	35
Non elegible for hedge accounting derivatives	-234	-3,193
	3,020	1,404

The effective interest rates for derivative financial instruments associated with financing operations during 2010, were as follows:

	Group		
	Currency	EDP Renováveis Pays	EDP Renováveis Receives
Interest rate contracts:			
Interest rate swaps	EUR	[2,52% - 5,01%]	[0,72% - 1,11%]
Interest rate swaps	PLN	5.41%	1.00%

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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%]

37. Commitments

As at 31 December 2010 and 2009, 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 2010 Euro'000	31 Dec 2009 Euro'000
Guarantees of a financial nature		
- EDP Renováveis	19,453	-
- EDPR EU Group	2,178	6,341
- EDPR NA Group	3,368	3,124
	24,999	9,465
Guarantees of an operational nature		
- EDP Renováveis	538,122	330,227
- EDPR EU Group	50,998	190,322
- EDPR NA Group	1,304,742	1,093,336
	1,893,862	1,613,885
Total	1,918,861	1,623,350
Real guarantees	12,718	6,284

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

	31 Dec 2010				
		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)	4,896,942	377,159	442,334	437,899	3,639,550
Operating lease rents not yet due	769,109	42,363	85,458	84,370	556,918
Purchase obligations	2,676,437	1,063,288	1,180,820	429,303	3,026
	8,342,488	1,482,810	1,708,612	951,572	4,199,494

	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

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.

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The Group has purchase commitments for the acquisition of property, plant and equipment and for maintenance contracts obligations amounting to 3,055,587 thousand 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:

	EDPR EU	EDPR NA	Group	EDPR EU	EDPR NA	Group
	31 Dec 2010	31 Dec 2010	31 Dec 2010	31 Dec 2009	31 Dec 2009	31 Dec 2009
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Up to 1 year	746,606	321,694	1,068,300	694,776	405,790	1,100,566
1 to 5 years	820,678	846,680	1,667,358	228,602	180,133	408,735
Over 5 years	3,026	316,903	319,929	-	156,732	156,732
	1,570,310	1,485,277	3,055,587	923,378	742,655	1,666,033

As at 31 December 2010 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Caja Madrid for all the shares held by Caja Madrid on companies of the EDPR EU sub-group (20% of Genesa). Caja Madrid holds an equivalent put option on these shares over EDPR EU. The strike price will be referenced to market value determined according to the shareholders agreement. The option was exercised by Caja Madrid within the exercise period (see note 34).

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Cajastur for all the shares held by Cajastur on company "Quinze Mines" (51% of share capital). Cajastur holds an equivalent put option on these shares over EDPR EU. The price of exercising these options will be determined under an investment bank valuation process. The options can be exercised between 1 January 2012 and 1 January 2013, inclusively.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Cajastur for 51% of interest held by Cajastur in the companies Sauvageons, Le Mee and Petite Pièce. Cajastur holds an equivalent put option on these shares over EDPR EU. The price of exercising these options will be determined under an investment bank valuation process. The options can be exercised between 1 January 2014 and 31 December 2014.

- EDP Renováveis, through its subsidiary 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 thousand Euros. The option can be exercised when Jorge, S.L. obtain the licenses to amplify the windfarms "Dehesa del Coscojar" and "El Águila", until 30 days after the notification of the suspensive condition with a limit date of 18 April 2014.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Copcisa for all the shares held by Copcisa on companies Corbera and Vilalba" (49% of share capital).

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of remaining 15% of the share capital of EDPR Itália, with an exercise price based on an independent process evaluation conducted by an independent expert. Energia in Natura, S.r.l. holds a put option for 15% of the share capital of EDPR Itália, whose exercise price over 85% of market value of participation (see note 34). The exercise period of the options is 2 years after occurence of one of the following events:
- Fifth anniversary of the execution of the shareholders agreement (27 January 2015);
- When EDP Renováveis Italy able to build, develop and operate 350 MW in Italy.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remain shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousand Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remain shareholders of Re Plus and (ii) always before the last project starts in operation.

- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousand Euros. The exercise period is the earlier of (i) two years following the beggining of construction date or (ii) 31 December 2019.

38. Related parties

The number of shares held by company officers as at 31 December 2010 are as follows:

	31 Dec 2010	31 Dec 2009
	N.º of shares	N.º of shares
Executive Board of Directors		
António Luis Guerra Nunes Mexía	4,200	4,200
Ana Maria Machado Fernandes	1,510	1,510
Nuno Maria Pestana de Almeida Alves	5,000	5,000
António Fernando Melo Martins da Costa	1,480	1,480
Francisco José Queiroz de Barros de Lacerda	620	620
João Manuel de Mello Franco	380	380
Jorge Manuel Azevedo Henriques dos Santos	200	200
José Silva Lopes	760	760
José Fernando Maia de Araújo e Silva	80	80
João José Belard da Fonseca Lopes Raimundo	840	840
	15,070	15,070

The members of Board of Directors of EDP Renováveis have not comunicated or the parent company has knowledge of any conflict of interests included in the article 229º of "Ley de Sociedades Anónimas" (Spanish Public Companies' Law).

The board members of the parent company, complying with the article 229º of the Spanish Companies Act, declared that they and related parties to them have not exercised positions of responsability in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, and they do not have exercised by their own or through third entities any activity in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, with the following exceptions:

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Name of Board member	Company	Position
António Luis Guerra Nunes Mexia	EDP - Energias de Portugal, S.A.	Chairperson of the Executive Board of Directors
	EDP - Energias do Brasil, S.A.	Chairperson of the Board of Directors
	EDP Energías de Portugal, S.A. Sucursal en España	Permanent Representative
	EDP Finance BV	Representative
Ana Maria Machado Fernandes	EDP - Energias de Portugal, S.A.	Director
	Energias do Brasil, S.A.	Director
	EDP Renewables Europe, S.L.	Chairperson of the Board of Directors
	Horizon Wind Energy, LLC	Chairperson of the Board of Directors
	EDP Energías de Portugal, S.A. Sucursal en España	Permanent Representative
	EDP Finance BV	Representative
	Hidroeléctrica del Cantábrico, S.A.	Director
	ENEOP - Eólicas de Portugal, S.A.	Chairperson of the Board of Directors
	EDP Renováveis Brasil, S.A.	Chairperson of the Board of Directors
António Fernando Melo Martins da Costa	EDP - Energias de Portugal, S.A.	Director
	EDP - Soluções Comerciais, S.A.	Chairperson of the Board of Directors
	EDP Internacional, S.A.	Chairperson of the Board of Directors
	Hidroeléctrica del Cantábrico, S.A.	Director
	EDP Energías de Portugal, S.A. Sucursal en España	Permanent Representative
	EDP Finance BV	Representative
	EDP Ásia - Investimentos e Consultoria, S.A.	Chairperson of the Board of Directors
	EDP- Ásia Soluções Energéticas Limitada	Chairperson of the Board of Directors
	EDP Projectos, SGPS, S.A.	Director
João Manuel Manso Neto	Naturgás Energia, S.A.	Vive-Chairperson of the Board of
	EDP - Energias de Portugal, S.A.	Director
	EDP - Gestão da Produção de Energia, S.A.	Chairperson of the Board of
	EDP Gás, S.G.P.S., S.A.	Chairperson of the Board of
	EDP Gás II, S.G.P.S., S.A.	Chairperson of the Board of
	EDP Gás III, S.G.P.S., S.A.	Chairperson of the Board of
	EDP Investimentos S.G.P.S., S.A.	Chairperson of the Board of
	EDP Gás GPL - Comércio de Petróleo Liquefeito, S.A.	Chairman of Board of Directors
	EDP Gás.com - Comércio de Gás Natural, S.A.	Director

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Name of Board member	Company	Position
	EDP Finance, B.V.	Representative
	Hidroeléctrica del Cantábrico, S.A.	Vive-Chairperson of the Board of
	Hidrocantábrico Energia , S.A.U.	Chairman of Board of Directors
	Eléctrica de la Ribera de Ebro, S.L. (Elebro)	Chairperson of the Board of
	Hidrocantábrico Gestión de Energia , S.A.U.	Sole Director
	Enagás SGPS, S.A.	Chairman of Board of Directors
	EDP Internacional, S.A.	Chairman of Board of Directors
	Empresa Hidroeléctrica do Guadiana, S.A.	Chairperson of the Board of
	EDP Energia Ibérica S.A.	Director
	EDP - Energías de Portugal, S.A. Sucursal en España	Permanent Representative
	EDP Projectos,SGPS,S.A.	Director
Nuno Maria Pestana de Almeida Alves	Balwerk - Consultadoria Económica e Participações, S.U., Lda.	Manager
	Electricidade de Portugal Finance Company Ireland, Lt.	Director
	EDP - Energias de Portugal, S.A.	Director
	Energias do Brasil, S.A.	Director
	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
	Energia RE, S.A.	Chairperson of the Board of Directors
	EDP Finance BV	Representative
	Sãvida - Medicina Apoiada, S.A.	Chairperson of the Board of Directors
	SCS–Serviços Complementares de Saúde,S.A.	Chairperson of the Board of Directors
	Hidroeléctrica del Cantábrico, S.A.	Director

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Name of Board member	Company	Position
Manuel Menéndez Menéndez	EDP Estudos e Consultoria, S.A.	Chairperson of the Board of Directors
	EDP Energías de Portugal, S.A. Sucursal en España	Permanent Representative
	Naturgás Energía, S.A.	Chairperson of the Board of Directors
	Enagas, S.A.	Permanent Representative
	EDP Renewables Europe, S.L.	Director
	Hidroeléctrica del Cantábrico, S.A.	Chairperson of the Board of Directors

Additionally the board members have comunicated that they do not own any interest in the share capital of any other company with the same, similar or complementary activity of EDP Renováveis Group, with the following exceptions:

Name of Board member	Company	Number of shares
António Luis Guerra Nunes Mexia	EDP - Energias de Portugal, S.A.	31,000
	EDP - Energias do Brasil, S.A.	1
Ana Maria Machado Fernandes	EDP - Energias do Brasil, S.A.	1
António Fernando Melo Martins da Costa	EDP - Energias de Portugal, S.A.	13,299
João Manuel Manso Neto	EDP - Energias de Portugal, S.A.	1,268
Nuno Maria Pestana de Almeida Alves	EDP - Energias de Portugal, S.A.	80,000
	EDP - Energias do Brasil, S.A.	1
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
	REN - Redes Energéticas Nacionais, SGPS, S.A.	980
Jorge Manuel Azevedo Henriques dos Santos	EDP - Energias de Portugal, S.A.	2,379

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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 in 2010 and 2009 were as follows:

	31 Dec 2010 Euros	31 Dec 2009 Euros
CEO*	592,939	246,857 *
Board members	565,000	508,750
	1,157,939	755,607

(*) From May to December (only fixed component)

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 April 30th of 2009 the CEO remuneration was also covered by this contract.

Under this contract, EDP Renováveis is due to pay an amount of 836 thousand Euros for management services rendered by EDP through 2010 (1,453 thousand Euros in 2009).

Additionally, the remuneration of the members of the Management Team, defined as Key Management and excluding the Chief Executive Officer, was in 2010 1,252 thousand Euros (2009: 1,642 thousand Euros).

As at 31 December 2010 and 2009 there are no outstanding loans and advances with company officers and key management.

Balances and transactions with related parties

As at 31 December 2010, 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.	4	15,079	-15,075
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	226,106	156,902	69,204
EDP Group companies	45,169	2,803,263	-2,758,094
Hidrocantábrico Group companies	48,498	2,017	46,481
Associated companies	132,535	2,266	130,269
Jointly controlled entities	7,239	840	6,399
Other	757	2,733	-1,976
	460,308	2,983,100	-2,522,792

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,799,548 thousand Euros.

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
Group EDP 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

Transactions with related parties for the year ended 31 December 2010 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.	11,664	2,332	-2,929	-3,053
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	3,015	-6,969	-1,438
EDP Group companies	138,124	756	-3,217	-140,074
Hidrocantábrico Group companies	249,062	-	-4,336	-
Associated companies	1,226	2,971	-	-
Jointly controlled entities	644	4,710	-	-
Other	5,702	663	-99	-
	406,422	14,447	-17,550	-144,565

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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

With the purpose of hedging the foreign exchange risk existing in the company and Group accounts of EDP Renováveis and in the company accounts of EDP Branch, the EDP Group settled a CIRS in USD and Euros between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the USD external financing). As at 31 December 2010, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 144,049 thousand Euros (31 December 2009: 1,268 thousand Euros) (see note 34 and 36).

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2010, EDP, S.A. and Hidrocantábrico granted financial (57,951 thousand Euros, 31 December 2009: 31,114 thousand Euros) and operational (439,195 thousand Euros, 31 December 2009: 588,860 thousand Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (Power purchase agreements) (see note 37).

In the normal course of its activity, EDP Renováveis performs business transactions and operations based on normal market conditions with related parties.

The Company has no pension or life insurance obligations with its former or current directors in 2010 or 2009.

39. Fair value of financial assets and liabilities

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2010 and 2009, 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 2010 Currencies			31 Dec 2009 Currencies		
	EUR	USD	BRL	EUR	USD	BRL
3 months	1.01%	0.30%	10.90%	0.70%	0.25%	8.74%
6 months	1.23%	0.46%	11.61%	0.99%	0.43%	9.22%
9 months	1.37%	0.61%	11.90%	1.13%	0.71%	9.87%
1 year	1.51%	0.78%	12.04%	1.25%	0.98%	10.50%
2 years	1.56%	0.79%	12.27%	1.88%	1.35%	11.86%
3 years	1.89%	1.26%	12.15%	2.28%	2.00%	12.43%
5 years	2.49%	2.17%	11.95%	2.81%	2.92%	12.79%
7 years	2.93%	2.83%	11.85%	3.22%	3.48%	13.10%
10 years	3.32%	3.41%	11.90%	3.59%	3.93%	13.31%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available for sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the balance sheet at their fair value (note 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.

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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 EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented on the balance sheet at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 28. See also notes 13, 23 and 27.

The fair values of assets and liabilities as at 31 December 2010 and 2009 are analysed as follows:

	31 December 2010			31 December 2009		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Financial assets						
Available for sale investments	18,380	18,380	-	12,630	12,630	-
Trade receivables	143,650	143,650	-	106,148	106,148	-
Debtor and other assets	666,100	666,100	-	447,697	447,697	-
Derivative financial instruments	9,470	9,470	-	19,208	19,208	-
Financial assets at fair value through profit or loss	35,744	35,744	-	37,103	37,103	-
Cash and cash equivalents (assets)	423,700	423,700	-	443,633	443,633	-
	1,297,044	1,297,044	-	1,066,419	1,066,419	-
Financial liabilities						
Financial debt	3,533,590	3,386,458	-147,132	2,673,439	2,643,266	-30,173
Suppliers	654,794	654,794	-	695,001	695,001	-
Institutional partnerships in US wind farms	1,644,048	1,644,048	-	1,353,612	1,353,612	-
Trade and other payables	962,264	962,264	-	1,032,808	1,032,808	-
Derivative financial instruments	172,715	172,715	-	19,702	19,702	-
	6,967,411	6,820,279	-147,132	5,774,562	5,744,389	-30,173

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 2010			31 December 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	-	18,380	-	-	12,630
Trade receivables	-	143,650	-	-	106,148	-
Debtor and other assets	-	666,100	-	-	447,697	-
Derivative financial instruments	-	9,470	-	-	19,208	-
Financial assets at fair value through profit or loss	35,335	409	-	33,012	4,091	-
Cash and cash equivalents (assets)	-	423,700	-	-	443,633	-
	35,335	1,243,329	18,380	33,012	1,020,777	12,630
Financial liabilities						
Financial debt	-	3,386,458	-	-	2,643,266	-
Institutional partnerships in US wind farms	-	1,644,048	-	-	1,353,612	-
Trade and other payables	-	690,926	271,338	-	729,025	303,783
Suppliers	-	654,794	-	-	695,001	-
Derivative financial instruments	-	172,715	-	-	19,702	-
	-	6,548,941	271,338	-	5,440,606	303,783

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The movement in 2010 and 2009 of the financial assets and liabilities within Level 3 are analyzed was as follows:

	Available for sale investments		Trade and other payables	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Balance at the beggining of the year	12,630	12,501	303,783	258,925
Gains / (Losses) in other comprehensive income	-934	912	-	-
Purchases	6,684	-	36,584	-
Fair value changes	-	-	-69,029	44,858
Transfers into / (out of) Level 3	-	-783	-	-
Balance at the end of the year	18,380	12,630	271,338	303,783

The trade and other payables within level 3 are related with Liabilities arising from options with non controlling interests (see note 34).

40. Relevant subsequent events

No relevant subsequent events occurred until 24 February 2011.

41. 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 39 (amendment) -"Recognition and Measurement: Eligible Hedged Items"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRS 1 (amendment) - "First time adoption of the International Financial Reporting Standards" and IAS 27 (amendment) - "Consolidated and Separate Financial Statements"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRS 2 (amendment) - "Share-based Payments"

The Group does not have any share based payments.

IFRS 3 (revised) - "Business combinations" and IAS 27 (amendment) - "Consolidated and Separate Financial Statements"

The International Accounting Standards Board (IASB) issued, in January 2008, the revised IFRS 3 - "Business combinations", with an effective date of mandatory application for the exercises beggining on or after 1 July 2009, being its early adoption allowed.

The main impacts of the changes to these standards correspond: (i) the partial acquisitions, in which the non controlling interests (previously denominated by minority interest) could be measured at fair value (which also implies the recognition of the goodwill attributable to the non controlling interests) or as a portion attributable to the non controlling interests at acquired equity fair value (as presently required); (ii) the step acquisitions, the new rules oblige, when the goodwill is calculated, to the revaluation, against results, of the fair value of any non controlling interest held previously to the acquisition that led to obtaining control.; (iii) book the costs directly related to the acquisition of a subsidiary in the income statement; (iv) the changes of the shareholdings in subsidiaries that do not result in loss of control, that begans to be recognised as equity movements.

Additionally, from the amendment to IAS 27 results that even if the accumulated losses on a subsidiary began to be attributable to the non controlling interests (recognition of negative non controlling interests) and in a subsidiary disposal with loss of control, any non controlling interest is measured at fair value determined in the date of the disposal.

The Group has adopted the revised IFRS 3 and the amended IAS 27 for the acquisitions made from 1 January 2010 onwards.

IFRIC 12 - "Service Concession Arrangements"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRIC 15 - "Agreements for the Construction of Real Estate"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRIC 16 - "Hedges of a Net Investment in a Foreign Operation"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRIC 17 - "Distributions of Non-Cash Assets to Owners"

The Group did not obtain any significant impact from the adoption of this amendment.

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IFRIC 18 - "Transfers of Assets from Customers"

The Group did not obtain any significant impact from the adoption of this amendment.

Annual Improvement Project

The IASB publicated the Annual Improvement Project that changed the following standards:

• Changes to IAS 1 - "Presentation of Financial Statements ";
• Changes to IAS 7 - "Statement of Cash Flows ";
• Changes to IAS 17 - "Leases";
• Changes to IAS 36 - "Impairment of Assets" ;
• Changes to IAS 38 - "Intangible Assets";
• Changes to IAS 39 - "Financial Instruments: Recognition and Measurement" ;
• Changes to IFRS 2 - "Share based payment";
• Changes to IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations" ;
• Changes to IFRS 8 - "Operating segments";
• Changes to IFRIC 9 - "Reassessment of Embedded Derivatives";
• Changes to IFRIC 16 - "Hedges of a Net Investment in a Foreign Operation".

The Group has also decided against the early application of the following standards and interpretations:

• IAS 24 (Revised) - "Related Party Disclosures"; (For exercises beggining after 1 January 2010)
• IAS 32 (Revised) - "Financial Instruments - Presentation"; (For exercises beggining after 1 January 2011)
• IFRS 1 (Amended) - "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"; (For exercises beggining after 30 June 2010)
• IFRS 8 (Revised) - "Operating Segments"; (For exercises beggining after 1 January 2011)
• IFRIC 14 (Amended) - "Prepayments of a Minimun Funding Requirement"; (For exercises beggining after 1 January 2011)
• IFRIC 19 (Amended) - "Extinguishing Financial Liabilities With Equity Instruments". (For exercises beggining after 1 July 2010)

The following standards and interpretations has been yet endorsed by the EU. The Group is evaluating the impact of the adoption of these standards and interpretations and did not expect any significant impact.

• IFRS 9 - "Financial Instruments"; (For exercises beggining after 1 January 2013)
• IFRS 7 (Amended) - "Financial Instruments: Disclosures"; (For exercises beggining after 1 July 2011)
• Annual Improvement Project (issued in May 2010);
• IAS 12 (Amended) - "Deferred tax: Recovery of Underlying Assets"; (For exercises beggining after 1 January 2012)
• IFRS 1 (Amended) - "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters". (For exercises beggining after 1 July 2011)

The Group is evaluating the impact from the adoption of these standards and interpretations.

42. Environment issues

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, as according to IAS 16.

During the period, the environmental expenses recognised in the income statement refer to costs with the environmental management plan are analysed as follows:

	Group 31 Dec 2010 Euro'000	Group 31 Dec 2009 Euro'000
Environmental Investment	1,802	4,500
	1,802	4,500

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

In Europe, EDP Renováveis renewed certification obtained for thirty three of its wind farms (958 MW) in operation under the ISO 14001.

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lifes. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 53,156 thousands of Euros as at 31 December 2010 (63,956 thousands of Euros on 31 December 2009) (see note 32).

43. Segmental reporting

The Group generates energy from renewable resources and has four reportable segments which are the Group's strategic business units, Portugal, Spain, Rest of Europe and USA. The strategic business units have operations in different geographic zones, and are managed separately because their characteristics are quite different mainly as a consequence of different regulations in each zone. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Other operations include the EDPR BR subgroup companies, the financial investments and 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 2010 or 2009.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 2. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

A geographical segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, within a specific economic environment, and it is subject to risks and returns that can be differentiated from those that operate in other economic environments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Portugal - Includes essentially the EDP Renováveis Portugal Group companies;
- Spain - Includes the EDPR EU Group companies that operate in Spain;
- Rest of Europe - Includes the EDPR EU Group companies that operate in France, Poland, Belgium, Romania and Italia;
- United States of America includes the EDPR NA Group companies.
- Other - Includes the EDPR BR Group 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 amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of the intra-segment transactions.

The statement of financial position of each subsidiary and business unit is determined based in the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment 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.

44. Audit and non audit fees

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2010 and 2009. This company and the other related entities and persons in accordance with Law 19/1988 of 12 July, have invoiced for the year ended in 31 December 2010 and 2009, fees and expenses for professional services, acording to the following detail (amounts in thousand Euros):

	31 December 2010					
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	193	690	69	728	221	1,901
Assurance and reliability services	210	52	-	174	13	449
	403	742	69	902	234	2,350
Tax consultancy services	-	17	-	481	-	498
Other services unrelated to statutory auditing	1	-	-	-	-	1
	1	17	-	481	-	499
Total	404	759	69	1,383	234	2,849

	31 December 2009					
	Portugal	Spain	Brasil	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

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ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2010, are as follows:

Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Group's parent holding company:				
EDP Renováveis, S.A.	Oviedo	100.00%	100.00%	KPMG
Parent Company:				
EDP Renewables Europe, S.L.	Oviedo	100.00%	100.00%	KPMG
Electricity business Portugal				
EDP Renováveis Portugal, S.A.	Porto	100.00%	100.00%	KPMG
Eólica da Alagoa, S.A.	Arcos Valdevez	59.99%	59.99%	KPMG
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	50.10%	50.10%	KPMG
Eólica da Serra das Alturas, S.A.	Boticas	50.10%	50.10%	KPMG
Malhadizes - Energia Eólica, S.A.	Porto	100.00%	100.00%	KPMG
Electricity business Spain				
Acampo Arias,S.L.	Zaragoza	98.19%	98.19%	KPMG
Agrupación Eólica SLU	Zaragoza	100.00%	100.00%	KPMG
Parque Eólico Plana de Artajona, SLU	Zaragoza	100.00%	100.00%	Not audited
Compañía Eólica Campo de Borja, S.A.	Zaragoza	75.83%	75.83%	KPMG
Cía. Eléctrica de Energías Renovables Alternativas, SAL	Zaragoza	100.00%	100.00%	Deloitte
Ceprastur AIE *	Oviedo	56.76%	56.76%	Not audited
Corporación Empresarial de Renovables Alternativas, SLU	Zaragoza	100.00%	100.00%	Not audited
Parc Eòlic de Coll de Moro, S.L.	Barcelona	60.00%	100.00%	KPMG
D.E. Almarchal, SAL *	Cádiz	100.00%	100.00%	KPMG
D.E. Buenavista, SAL *	Cádiz	100.00%	100.00%	KPMG
Desarrollos Catalanes Del Viento,S.L.	Barcelona	60.00%	60.00%	KPMG
D.E. de Corme, S.A. *	La Coruña	100.00%	100.00%	KPMG
D.E. Dumbria, SAL *	La Coruña	100.00%	100.00%	KPMG
Desarrollos Eólicos de Galicia, S.A. *	La Coruña	100.00%	100.00%	KPMG
D.E. de Lugo, SAL *	Lugo	100.00%	100.00%	KPMG
Desarrollos Eólicos Promoción S.A.U. *	Sevilla	100.00%	100.00%	KPMG
D.E. Rabosera, S.A. *	Huesca	95.00%	95.00%	KPMG
Desarrollos Eólicos, S.A. *	Sevilla	100.00%	100.00%	KPMG
D.E. de Tarifa, SAL *	Cádiz	100.00%	100.00%	KPMG
Eólica Don Quijote, S.L. *	Albacete	100.00%	100.00%	KPMG
Eólica Dulcinea, S.L. *	Albacete	100.00%	100.00%	KPMG
Eolica Alfoz, S.L. *	Madrid	84.98%	84.98%	KPMG
Eólica Arlanzón, S.A. *	Madrid	77.50%	77.50%	KPMG
Eólica Campollano, S.A. *	Madrid	75.00%	75.00%	KPMG
Eneroliva, S.A. *	Sevilla	100.00%	100.00%	Not audited
Eolica Fontesilva, S.L. *	Coruña	100.00%	100.00%	KPMG
Hidroeléctrica Fuentermosa S.L. *	Oviedo	100.00%	100.00%	Not audited
Parques de Generación Eólica, S.L.	Burgos	60.00%	60.00%	KPMG
Generaciones Especiales I, S.L.	Madrid	100.00%	80.00%	KPMG
Ceasa Promociones Eólicas, SLU	Zaragoza	100.00%	100.00%	KPMG
Subgrupo Veinco	Zaragoza	100.00%	100.00%	Not audited
Eolica Guadalteba, S.L.	Sevilla	100.00%	100.00%	KPMG
Hidroeléctrica Gormaz S.A. *	Salamanca	75.00%	75.00%	Not audited
Iberia Aprovechamientos Eólicos, SAL	Zaragoza	100.00%	100.00%	KPMG
Investigación y Desarrollo de Energías Renovables, S. L.	León	59.59%	59.59%	KPMG
Industrias Medioambientales Río Carrión, S.A. *	Madrid	90.00%	90.00%	Not audited
Eolica La Janda, S.L. *	Madrid	100.00%	100.00%	KPMG
Eolica La Navica, S.L.	Madrid	100.00%	100.00%	KPMG
Parque Eólico Los Cantales, SLU	Zaragoza	100.00%	100.00%	KPMG
Parc Eolic Molinars S.L.	Girona	54.00%	90.00%	Not audited
Molino de Caragüeyes,S.L.	Zaragoza	80.00%	80.00%	KPMG
Parque Eólico Montes de Castejón, S.L.	Zaragoza	100.00%	100.00%	Not audited
Muxia I e II *	Coruña	100.00%	100.00%	Not audited
NEO Energia Aragón S.L.	Madrid	100.00%	100.00%	KPMG
NEO Catalunya, S.L.	Barcelona	100.00%	100.00%	KPMG
Neomai Inversiones SICAV, S.A.	Madrid	100.00%	100.00%	PWC
Parque Eólico Santa Quiteria, S.L. *	Huesca	58.33%	58.33%	KPMG
Parque Eólico Belchite, S.L. *	Zaragoza	100.00%	100.00%	KPMG
Parques Eólicos del Cantábrico, S.A. *	Oviedo	100.00%	100.00%	KPMG
Parque Eólico La Sotonera, S.L. *	Zaragoza	64.84%	64.84%	KPMG
Parque Eólico Altos del Voltoya, S.A.	Madrid	61.00%	61.00%	KPMG

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Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Electricity business Spain				
Eolica de Radona S.L. *	Madrid	100.00%	100.00%	KPMG
Rasacal Cogeneración S.A. *	Madrid	60.00%	60.00%	Not audited
Siesa Renovables Canarias, S.L. *	Gran Canaria	100.00%	100.00%	Not audited
Renovables Castilla La Mancha S.A. *	Albacete	90.00%	90.00%	KPMG
Hidroeléctrica del Rumblar S.L. *	Madrid	80.00%	80.00%	Not audited
Eolica Sierra Avila, S.L. *	Madrid	89.99%	89.99%	KPMG
Sinae Inversiones Eólicas S.A. *	Madrid	100.00%	100.00%	KPMG
Sotromal, S.A. *	Soria	90.00%	90.00%	Not audited
Parc Eòlic de Torre Madrina, S.L.	Barcelona	60.00%	100.00%	KPMG
Tratamientos Medioambientales del Norte, S.A.	Madrid	80.00%	80.00%	Not audited
Santa Quiteria Energia, S.L.U. *	Zaragoza	100.00%	100.00%	Not audited
Bon Vent de Corbera, S.L.	Barcelona	100.00%	100.00%	KPMG
Bon Vent de Vilalba, S.L.	Barcelona	100.00%	100.00%	KPMG
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	60.00%	100.00%	KPMG
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	48.70%	60.63%	KPMG
Parc Eolic Coll de la Garganta, S.L.	Barcelona	100.00%	100.00%	KPMG
Eólica Curiscao Pumar, S.A.	Madrid	100.00%	100.00%	KPMG
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	51.00%	51.00%	Not audited
Eólica Garcimuñoz, S.L.	Madrid	100.00%	100.00%	Not audited
Energías Eólicas La Manchuela, S.L.U. *	Madrid	100.00%	100.00%	KPMG
Sierra de la Peña, S.A.	Madrid	84.90%	84.90%	KPMG
Bon Vent de L'Ebre, S.L.	Barcelona	100.00%	100.00%	KPMG
Parc Eolic Serra Voltorera, S.L.	Barcelona	100.00%	100.00%	KPMG
Electricity business France				
Parc Eolien D'Ardennes, SARL	Elbeuf	100.00%	100.00%	Not audited
Parc Eolien du Clos Bataille, SAS	Elbeuf	100.00%	100.00%	Not audited
Eolienne des Bocages, SARL	Elbeuf	100.00%	100.00%	Not audited
Eolienne de Callengeville, SAS	Elbeuf	100.00%	100.00%	EXCO
CE Canet-Pont de Salars, SAS	Paris	100.00%	100.00%	KPMG
Parc Eolien des Longs Champs, SARL	Elbeuf	100.00%	100.00%	Not audited
Eolienne D'Etalondes, SARL	Elbeuf	100.00%	100.00%	Not audited
CE Gueltas Noyal-Pontivy, SAS	Paris	100.00%	100.00%	KPMG
Parc Eolien de La Hetroye, SAS	Elbeuf	100.00%	100.00%	EXCO
SOCPE Le Mee, SARL	Toulouse	100.00%	49.00%	KPMG
Parc Eolien de Mancheville, SARL	Elbeuf	100.00%	100.00%	Not audited
EDP Renewables France, SAS	Paris	100.00%	100.00%	KPMG
C.E. Patay, SAS	Paris	100.00%	100.00%	KPMG
Parc Eolien des Bocages, SARL	Elbeuf	100.00%	100.00%	Not audited
SOCPE Petite Piece, SARL	Toulouse	100.00%	49.00%	KPMG
Plouvien Breiz, SAS	Carhaix	100.00%	100.00%	Deloitte
Parc Eolien de Roman, SARL	Elbeuf	100.00%	100.00%	Not audited
C.E. Saint Barnabe, SAS	Paris	100.00%	100.00%	KPMG
Eolienne de Saugueuse, SARL	Elbeuf	100.00%	100.00%	Not audited
SOCPE Sauvageons, SARL	Toulouse	100.00%	49.00%	KPMG
C.E. Segur, SAS	Paris	100.00%	100.00%	KPMG
Centrale Eolienne Neo Truc L'Homme, SAS	Paris	100.00%	100.00%	KPMG
Parc Eolien de Varimpre, SAS	Elbeuf	100.00%	100.00%	EXCO
Parc Eolien des Vatines, SAS	Elbeuf	100.00%	100.00%	EXCO
Mardelle, SARL	Toulouse	100.00%	100.00%	Not audited
Quinze Mines, SARL	Toulouse	100.00%	49.00%	Not audited
Vallée du Moulin, SARL	Toulouse	100.00%	100.00%	Not audited
Electricity business Poland				
Elektrownia Wiatrowa Kresy I SP ZOO	Warsaw	100.00%	100.00%	Not audited
EDP Renewables Polska SP ZOO	Warsaw	100.00%	100.00%	KPMG
Relax Wind Park I SP ZOO	Warsaw	96.43%	96.43%	KPMG
Relax Wind Park II SP ZOO	Warsaw	51.00%	51.00%	Not audited
Relax Wind Park III SP ZOO	Warsaw	100.00%	100.00%	KPMG
Relax Wind Park IV SP ZOO	Warsaw	51.00%	51.00%	Not audited
Farma Wiatrowa Bodzanow SP ZOO	Warsaw	100.00%	100.00%	Not audited
Karpacka Mala Energetyka SP ZOO	Warsaw	100.00%	100.00%	Not audited
Farma Wiatrowa Starozreby SP ZOO	Warsaw	100.00%	100.00%	Not audited
Farma Wiatrowa Wyszogrod SP ZOO	Warsaw	100.00%	100.00%	Not audited
Electricity business Belgium				
Greenwind S.A.	Louvain-la-Neuve	70.00%	70.00%	KPMG

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EDP Renováveis, S.A. and subsidiaries

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Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
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%	100.00%	KPMG
Elebrás Projectos, Ltda	São Paulo	55.00%	100.00%	Not audited
Electricity business Romania				
Cernavoda Power SRL	Bucharest	85.00%	85.00%	KPMG
EDP Renewables Romania, S.R.L.	Bucharest	85.00%	85.00%	KPMG
Electricity business - Holland				
Tarcan. B.V.	Amsterdam	100.00%	100.00%	KPMG
Electricity business - Great Britain				
EDPR UK Limited	Cardiff	100.00%	100.00%	KPMG
Moray Offshore Renewables Limited	Cardiff	75.00%	75.00%	KPMG
MacColl Offshore Windfarm Limited	Cardiff	75.00%	100.00%	KPMG
Stevenson Offshore Windfarm Limited	Cardiff	75.00%	100.00%	KPMG
Telford Offshore Windfarm Limited	Cardiff	75.00%	100.00%	KPMG
Electricity business - Italy				
EDP Renewables Italia, S.R.L.	Varese	100.00%	100.00%	KPMG
Repano Wind S.R.L.	Varese	100.00%	100.00%	KPMG
Re Plus - S.R.L.	Varese	80.00%	80.00%	KPMG
Electricity business - Canada				
EDP Renewables Canada, Ltd	Ontario	100.00%	100.00%	Not audited
Parent Company:				
Horizon Wind Energy LLC	Texas	100.00%	100.00%	KPMG
Electricity business USA				
Wind Turbine Prometheus, LP	California	100.00%	100.00%	Not audited
Cloud County Wind Farm, LLC	Kansas	100.00%	100.00%	KPMG
Whitestone Wind Purchasing, LLC	Texas	100.00%	100.00%	Not audited
Blue Canyon Windpower II, LLC	Oklahoma	100.00%	100.00%	KPMG
Blue Canyon Windpower V, LLC	Oklahoma	100.00%	100.00%	KPMG
Horizon Wind Energy International, LLC	Texas	100.00%	100.00%	Not audited
Pioneer Prairie Wind Farm I, LLC	Iowa	100.00%	100.00%	KPMG
Sagebrush Power Partners, LLC	Washington	100.00%	100.00%	KPMG
Telocaset Wind Power Partners, LLC	Oregon	100.00%	100.00%	KPMG
High Trail Wind Farm, LLC	Illionois	100.00%	100.00%	KPMG
Marble River, LLC	New York	100.00%	100.00%	Not audited
Rail Splitter, LLC	Illionois	100.00%	100.00%	KPMG
Blackstone Wind Farm, LLC	Illionois	100.00%	100.00%	Not audited
Aroostook Wind Energy LLC	Maine	100.00%	100.00%	Not audited
Jericho Rise Wind Farm, LLC	New York	100.00%	100.00%	Not audited
Madison Windpower, LLC	New York	100.00%	100.00%	KPMG
Mesquite Wind, LLC	Texas	100.00%	100.00%	KPMG
Martinsdale Wind Farm, LLC	Colorado	100.00%	100.00%	Not audited
Post Oak Wind, LLC	Texas	100.00%	100.00%	KPMG
BC Maple Ridge Wind, LLC	Texas	100.00%	100.00%	KPMG
High Prairie Wind Farm II, LLC	Minnesota	100.00%	100.00%	KPMG
Arlington Wind Power Project, LLC	Oregon	100.00%	100.00%	KPMG
Signal Hill Wind Power Project, LLC	Colorado	100.00%	100.00%	Not audited
Tumbleweed Wind Power Project, LLC	Colorado	100.00%	100.00%	Not audited
Old Trail Wind Farm, LLC	Illionois	100.00%	100.00%	KPMG
OPQ Property, LLC	Illionois	100.00%	100.00%	Not audited
Meadow Lake Wind Farm, LLC	Indiana	100.00%	100.00%	Not audited
Wheatfield Wind Power Project, LLC	Oregon	100.00%	100.00%	Not audited
2007 Vento I, LLC	Texas	100.00%	100.00%	KPMG
2007 Vento II, LLC	Texas	100.00%	100.00%	KPMG
2008 Vento III, LLC	Texas	100.00%	100.00%	KPMG
2009 Vento IV, LLC	Texas	100.00%	100.00%	KPMG
2009 Vento V, LLC	Texas	100.00%	100.00%	KPMG

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Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Electricity business USA				
2009 Vento VI, LLC	Texas	100.00%	100.00%	KPMG
2010 Vento VII, LLC	Texas	100.00%	100.00%	KPMG
2010 Vento VIII, LLC	Texas	100.00%	100.00%	KPMG
2010 Vento IX, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures I, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures II, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures III, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures VI, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures VII, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures VIII, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures IX, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures IB, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Ventures IC, LLC	Texas	100.00%	100.00%	Not audited
Clinton County Wind Farm, LLC	New York	100.00%	100.00%	Not audited
BC2 Maple Ridge Holdings, LLC	Texas	100.00%	100.00%	Not audited
Cloud West Wind Project, LLC	Texas	100.00%	100.00%	Not audited
Five-Spot, LLC	Texas	100.00%	100.00%	Not audited
Alabama Ledge Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Antelope Ridge Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Arkwright Summit Wind Farm LLC	Texas	100.00%	100.00%	Not audited
Ashford Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Athena-Weston Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Black Prairie Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Blackstone Wind Farm II, LLC	Texas	100.00%	100.00%	Not audited
Blackstone Wind Farm III, LLC	Texas	100.00%	100.00%	Not audited
Blackstone Wind Farm IV, LLC	Texas	100.00%	100.00%	Not audited
Blackstone Wind Farm V, LLC	Texas	100.00%	100.00%	Not audited
Blue Canyon Windpower III, LLC	Texas	100.00%	100.00%	Not audited
Blue Canyon Windpower IV, LLC	Texas	100.00%	100.00%	Not audited
Blue Canyon Windpower VI, LLC	Texas	100.00%	100.00%	Not audited
Broadlands Wind Farm II, LLC	Texas	100.00%	100.00%	Not audited
Broadlands Wind Farm III, LLC	Texas	100.00%	100.00%	Not audited
Broadlands Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Chateaugay River Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Cropsey Ridge Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Crossing Trails Wind, Power Project, LLC	Texas	100.00%	100.00%	Not audited
Dairy Hills Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Diamond Power Partners, LLC	Texas	100.00%	100.00%	Not audited
Ford Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Gulf Coast Windpower Management Company, LLC	Texas	100.00%	100.00%	Not audited
Rising Tree Wind Farm, LLC	California	100.00%	100.00%	Not audited
Horizon Wind Energy Northwest VII, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Northwest X, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Northwest XI, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Panhandle I, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Southwest I, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Southwest II, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Southwest III, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Southwest IV, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Valley I, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind MREC Iowa Partners, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind, Freeport Windpower I, LLC	Texas	100.00%	100.00%	Not audited
Juniper Wind Power Partners, LLC	Texas	100.00%	100.00%	Not audited
Lexington Chenoa Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Machias Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Meadow Lake Wind Farm II, LLC	Texas	100.00%	100.00%	KPMG
New Trail Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
North Slope Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Number Nine Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Pacific Southwest Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Pioneer Prairie Wind Farm II, LLC	Texas	100.00%	100.00%	Not audited
Buffalo Bluff Wind Farm, LLC	Wyoming	100.00%	100.00%	Not audited
Saddleback Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Sardinia Windpower, LLC	Texas	100.00%	100.00%	Not audited
Turtle Creek Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Western Trail Wind Project I, LLC	Texas	100.00%	100.00%	Not audited
Whistling Wind WI Energy Center, LLC	Texas	100.00%	100.00%	Not audited
Simpson Ridge Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Coos Curry Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Midwest IX, LLC	Texas	100.00%	100.00%	Not audited

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Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Electricity business USA				
Horizon Wind Energy Northwest I, LLC	Texas	100.00%	100.00%	Not audited
Peterson Power Partners, LLC	Texas	100.00%	100.00%	Not audited
Pioneer Prairie Interconnection, LLC	Texas	100.00%	100.00%	Not audited
The Nook Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Tug Hill Windpower, LLC	Texas	100.00%	100.00%	Not audited
Whiskey Ridge Power Partners, LLC	Texas	100.00%	100.00%	Not audited
Wilson Creek Power Partners, LLC	Texas	100.00%	100.00%	Not audited
WTP Management Company, LLC	Texas	100.00%	100.00%	Not audited
Meadow Lake Wind Farm, IV LLC	Indiana	100.00%	100.00%	Not audited
Meadow Lake Windfarm III, LLC	Indiana	100.00%	100.00%	Not audited
Lexington Chenoa Wind Farm II, LLC	Illinois	100.00%	100.00%	Not audited
Lexington Chenoa Wind Farm III, LLC	Illinois	100.00%	100.00%	Not audited
East Klickitat Wind Power Project, LLC	Washington	100.00%	100.00%	Not audited
Horizon Wind Energy Northwest IV, LLC	Oregon	100.00%	100.00%	Not audited
Blue Canyon Wind Power VII, LLC	Oklahoma	100.00%	100.00%	Not audited
Horizon Wyoming Transmission, LLC	Wyoming	100.00%	100.00%	Not audited
AZ Solar, LLC	Arizona	100.00%	100.00%	Not audited
Black Prairie Wind Farm II, LLC	Illinois	100.00%	100.00%	Not audited
Black Prairie Wind Farm III, LLC	Illinois	100.00%	100.00%	Not audited
Paulding Wind Farm, LLC	Ohio	100.00%	100.00%	Not audited
Paulding Wind Farm II, LLC	Ohio	100.00%	100.00%	Not audited
Paulding Wind Farm III, LLC	Ohio	100.00%	100.00%	Not audited
Simpson Ridge Wind Farm II, LLC	Wyoming	100.00%	100.00%	Not audited
Simpson Ridge Wind Farm III, LLC	Wyoming	100.00%	100.00%	Not audited
Simpson Ridge Wind Farm IV, LLC	Wyoming	100.00%	100.00%	Not audited
Simpson Ridge Wind Farm V, LLC	Wyoming	100.00%	100.00%	Not audited
Athena-Weston Wind Power Project II, LLC	Oregon	100.00%	100.00%	Not audited
Meadow Lake Wind Farm V, LLC	Indiana	100.00%	100.00%	Not audited
Headwaters Wind Farm, LLC	Indiana	100.00%	100.00%	Not audited
17th Star Wind Farm, LLC	Ohio	100.00%	100.00%	Not audited
Rio Blanco Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Hidalgo Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Stone Wind Power, LLC	New York	100.00%	100.00%	Not audited
Franklin Wind Farm, LLC	New York	100.00%	100.00%	Not audited
Waverly Wind Farm, LLC	Kansas	100.00%	100.00%	Not audited
Lost Lakes Wind Farm, LLC	Iowa	100.00%	100.00%	KPMG
Quilt Block Wind Farm, LLC	Wisconsin	100.00%	100.00%	Not audited
Stinson Mills Wind Farm, LLC	Colorado	100.00%	100.00%	Not audited

The main financial indicators of the jointly controlled companies included in the consolidation under the **proportionate consolidation method** as at 31 December 2010, are as follows:

Jointly Controlled Companies	Head Office	Share Capital / Currency		Non Current Assets 31-Dec-10 Euro'000	Current Assets 31-Dec-10 Euro'000	Non Current Liabilities 31-Dec-10 Euro'000	Current Liabilities 31-Dec-10 Euro'000	Total Equity 31-Dec-10 Euro'000	Total Incomes 31-Dec-10 Euro'000	Total Costs 31-Dec-10 Euro'000	Net Results 31-Dec-10 Euro'000	% Contributed	% Voting rigths	Auditor
Electricity business														
Flat Rock Windpower LLC	New York	522.819	USD	162.186	3.686	1.146	43	164.682	11.813	-15.578	-3.765	50,00%	50,00%	E&Y
Flat Rock Windpower II LLC	New York	207.447	USD	64.868	1.026	437	55	65.402	2.908	-5.132	-2.224	50,00%	50,00%	E&Y
Compañía Eólica Aragonesa, S.A.	Zaragosa	6.701	EUR	49.736	8.604	26.168	6.993	25.180	16.808	-10.103	6.705	50,00%	50,00%	Deloitte
Desarrollos Energeticos Canarios S.A.	Las Palmas	15	EUR	0	0	0	0	0	0	0	0	49,90%	49,90%	KPMG
Evolución 2000, S.L.	Albacete	118	EUR	24.435	7.102	20.293	4.073	7.172	4.988	-3.490	1.498	49,15%	49,15%	KPMG
Tebar Eólica, S.A.	Cuenca	4.720	EUR	16.135	5.398	14.611	1.900	5.022	4.044	-3.433	611	50,00%	50,00%	Abante Audit Auditores, S.L.

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The **Associated Companies** included in the consolidation under the equity method as at 31 December 2010, are as follows:

Associates	Head Office	% Contributed	% Voting rigths	Auditor
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	48.70%	60.63%	Not audited
Biomasas del Pirineo S.A.	Huesca	30.00%	30.00%	PWC
Cultivos Energéticos de Castilla S.A.	Burgos	30.00%	30.00%	Not audited
D.E. DE CANARIAS, S.A.	Gran Canaria	44.75%	44.75%	Not audited
Hidroastur S.A.	Oviedo	25.00%	25.00%	KPMG
Naturneo Energía, S.L.	Bilbau	49.01%	49.01%	Mazars
Parque Eólico Belmonte, S.A.	Asturias	29.90%	29.90%	KPMG
Parque Eólico Sierra del Madero S.A.	Soria	42.00%	42.00%	Not audited
Sodecoan, S.L.	Sevilla	50.00%	50.00%	Ernst & Young
Solar Siglo XXI, S.A.	Ciudad Real	25.00%	25.00%	KPMG
ENEOP - Éolicas de Portugal, S.A.	Lisboa	35.96%	35.96%	Mazars

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2009, are as follows:

Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Group's parent holding company:				
EDP Renováveis, S.A.	Oviedo	100.00%	100.00%	KPMG
Parent Company:				
EDP Renewables Europe, S.L.	Oviedo	100.00%	100.00%	KPMG
Electricity business Portugal				
Eneraltius- Produção de Energia Eléctrica, S.A.	Lisboa	100.00%	100.00%	KPMG
EDP Renováveis Portugal, S.A.	Lisboa	100.00%	100.00%	KPMG
Eólica da Alagoa, S.A.	Arcos Valdevez	59.99%	59.99%	KPMG
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	50.10%	50.10%	KPMG
Eólica da Serra das Alturas, S.A.	Boticas	50.10%	50.10%	KPMG
Malhadizes - Energia Eólica, S.A.	Porto	100.00%	100.00%	KPMG
Electricity business Spain				
Acampo Arias,S.L.	Zaragoza	98.19%	98.19%	KPMG
Agrupación Eólica SLU	Zaragoza	100.00%	100.00%	KPMG
Parque Eólico Plana de Artajona, SLU	Zaragoza	100.00%	100.00%	Not audited
Compañía Eólica Campo de Borja, S.A.	Zaragoza	75.83%	75.83%	KPMG
Cía. Eléctrica de Energías Renovables Alternativas, SAL	Zaragoza	100.00%	100.00%	Deloitte
Ceprastur AIE *	Oviedo	56.76%	56.76%	Not audited
Corporación Empresarial de Renovables Alternativas, SLU	Zaragoza	100.00%	100.00%	Not audited
Parc Eòlic de Coll de Moro, S.L.	Barcelona	60.00%	100.00%	KPMG
D.E. Almarchal, SAL *	Cádiz	100.00%	100.00%	KPMG
D.E. Buenavista, SAL *	Cádiz	100.00%	100.00%	KPMG
Desarrollos Catalanes Del Viento,S.L.	Barcelona	60.00%	60.00%	KPMG
D.E. de Corme, S.A. *	La Coruña	100.00%	100.00%	KPMG
D.E. Dumbria, SAL *	La Coruña	100.00%	100.00%	KPMG
Desarrollos Eólicos de Galicia, S.A. *	La Coruña	100.00%	100.00%	KPMG
D.E. de Lugo, SAL *	Lugo	100.00%	100.00%	KPMG
Desarrollos Eólicos Promoción S.A.U. *	Sevilla	100.00%	100.00%	KPMG
D.E. Rabosera, S.A. *	Huesca	95.00%	95.00%	KPMG
Desarrollos Eólicos, S.A. *	Sevilla	100.00%	100.00%	KPMG
D.E. de Tarifa, SAL *	Cádiz	100.00%	100.00%	KPMG
Eólica Don Quijote, S.L. *	Albacete	100.00%	100.00%	KPMG
Eólica Dulcinea, S.L. *	Albacete	100.00%	100.00%	KPMG
Eolica Alfoz, S.L. *	Madrid	84.98%	84.98%	KPMG
Eólica Arlanzón, S.A. *	Madrid	77.50%	77.50%	KPMG
Eólica Campollano, S.A. *	Madrid	75.00%	75.00%	KPMG
Eneroliva, S.A. *	Sevilla	100.00%	100.00%	Not audited
Eolica Fontesilva, S.L. *	Coruña	100.00%	100.00%	KPMG
Hidroeléctrica Fuentermosa S.L. *	Oviedo	100.00%	100.00%	Not audited
Parques de Generación Eólica, S.L.	Burgos	60.00%	60.00%	KPMG
Generaciones Especiales I, S.L.	Madrid	100.00%	80.00%	KPMG
Ceasa Promociones Eólicas, SLU	Zaragoza	100.00%	100.00%	KPMG
Subgrupo Veinco	Zaragoza	100.00%	100.00%	Not audited
Eolica Guadalteba, S.L.	Sevilla	100.00%	100.00%	KPMG
Hidroeléctrica Gormaz S.A. *	Salamanca	75.00%	75.00%	Not audited
Iberia Aprovechamientos Eólicos, SAL	Zaragoza	100.00%	100.00%	KPMG

EDP Renováveis, S.A. and subsidiaries

Notes to the Consolidated Annual Accounts for the years ended 31 December 2010 and 31 December 2009

Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Electricity business Spain				
Investigación y Desarrollo de Energías Renovables, S. L.	León	59.59%	59.59%	KPMG
Industrias Medioambientales Río Carrión, S.A. *	Madrid	90.00%	90.00%	Not audited
Eolica La Janda, S.L. *	Madrid	100.00%	100.00%	KPMG
Eolica La Navica, S.L.	Madrid	100.00%	100.00%	KPMG
Parque Eólico Los Cantales, SLU	Zaragoza	100.00%	100.00%	KPMG
Parc Eolic Molinars, S.L.	Girona	54.00%	90.00%	Not audited
Molino de Caragüeyes,S.L.	Zaragoza	80.00%	80.00%	KPMG
Parque Eólico Montes de Castejón, S.L.	Zaragoza	100.00%	100.00%	Not audited
Muxia I e II *	Coruña	100.00%	100.00%	Not audited
NEO Energia Aragón S.L.	Madrid	100.00%	100.00%	KPMG
NEO Catalunya, S.L.	Barcelona	100.00%	100.00%	KPMG
Neomai Inversiones SICAV, S.A.	Madrid	100.00%	100.00%	PwC
Parque Eólico Santa Quiteria, S.L. *	Huesca	58.33%	58.33%	KPMG
Parque Eólico Belchite, S.L. *	Zaragoza	100.00%	100.00%	KPMG
Parques Eólicos del Cantábrico, S.A. *	Oviedo	100.00%	100.00%	KPMG
Parque Eólico La Sotonera, S.L. *	Zaragoza	64.84%	64.84%	KPMG
Eolica de Radona S.L. *	Madrid	100.00%	100.00%	KPMG
Rasacal Cogeneración S.A. *	Madrid	60.00%	60.00%	Not audited
Siesa Renovables Canarias, S.L. *	Gran Canaria	100.00%	100.00%	Not audited
Renovables Castilla La Mancha S.A. *	Albacete	90.00%	90.00%	KPMG
Hidroeléctrica del Rumblar S.L. *	Madrid	80.00%	80.00%	Not audited
Eolica Sierra Avila, S.L. *	Madrid	89.99%	89.99%	KPMG
Sinae Inversiones Eólicas S.A. *	Madrid	100.00%	100.00%	KPMG
Sotromal, S.A. *	Soria	90.00%	90.00%	Not audited
Parc Eòlic de Torre Madrina, S.L.	Barcelona	60.00%	100.00%	KPMG
Tratamientos Medioambientales del Norte, S.A.	Madrid	80.00%	80.00%	Not audited
Santa Quiteria Energia, S.L.U.	Zaragoza	80.00%	100.00%	Not audited
Bon Vent de Corbera, S.L.	Barcelona	100.00%	100.00%	KPMG
Bon Vent de Vilalba, S.L.	Barcelona	100.00%	100.00%	KPMG
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	60.00%	100.00%	KPMG
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	48.70%	60.63%	KPMG
Agrupación Eólica Francia, S.L.	Madrid	100.00%	100.00%	KPMG
Parc Eolic Coll de la Garganta, S.L.	Barcelona	100.00%	100.00%	KPMG
Eólica Curiscao Pumar, S.A.	Madrid	100.00%	100.00%	KPMG
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	51.00%	51.00%	Not audited
Eólica Garcimuñoz, S.L.	Madrid	100.00%	100.00%	Not audited
Energías Eólicas La Manchuela, S.L.U. *	Madrid	100.00%	100.00%	KPMG
Sierra de la Peña, S.A.	Madrid	84.90%	84.90%	KPMG
Bon Vent de L'Ebre, S.L.	Barcelona	100.00%	100.00%	KPMG
Parc Eolic Serra Voltorera, S.L.	Barcelona	100.00%	100.00%	KPMG
Electricity business France				
Parc Eolien D'Ardennes, SARL	Elbeuf	100.00%	100.00%	Not audited
Parc Eolien du Clos Bataille, SAS	Elbeuf	100.00%	100.00%	Not audited
Eolienne des Bocages, SARL	Elbeuf	100.00%	100.00%	Not audited
Eolienne de Callengeville, SAS	Elbeuf	100.00%	100.00%	Not audited
CE Canet-Pont de Salars, SAS	Paris	100.00%	100.00%	KPMG
Parc Eolien des Longs Champs, SARL	Elbeuf	100.00%	100.00%	Not audited
Eolienne D'Etalondes, SARL	Elbeuf	100.00%	100.00%	Not audited
CE Gueltas Noyal-Pontivy, SAS	Paris	100.00%	100.00%	KPMG
Parc Eolien de La Hetroye, SAS	Elbeuf	100.00%	100.00%	Not audited
SOCPE Le Mee, SARL	Toulouse	49.00%	49.00%	KPMG
Parc Eolien de Mancheville, SARL	Elbeuf	100.00%	100.00%	Not audited
EDP Renewables France, SAS	Paris	100.00%	100.00%	KPMG
C.E. Patay, SAS	Paris	100.00%	100.00%	KPMG
Parc Eolien des Bocages, SARL	Elbeuf	100.00%	100.00%	Not audited
SOCPE Petite Piece, SARL	Toulouse	49.00%	49.00%	KPMG
Plouvien Breiz, SAS	Carhaix	100.00%	100.00%	Jean-Yves Morisset
Parc Eolien de Roman, SARL	Elbeuf	100.00%	100.00%	Not audited
C.E. Saint Barnabe, SAS	Paris	100.00%	100.00%	KPMG
Eolienne de Saugueuse, SARL	Elbeuf	100.00%	100.00%	Not audited
SOCPE Sauvageons SARL	Toulouse	49.00%	49.00%	KPMG
C.E. Segur, SAS	Paris	100.00%	100.00%	KPMG
Centrale Eolienne Neo Truc L'Homme, SAS	Paris	100.00%	100.00%	KPMG
Parc Eolien de Varimpre, SAS	Elbeuf	100.00%	100.00%	Not audited
Parc Eolien des Vatines, SAS	Elbeuf	100.00%	100.00%	Not audited
Mardelle, SARL	Toulouse	100.00%	100.00%	Not audited
Quinze Mines, SARL	Toulouse	49.00%	49.00%	Not audited
Vallée du Moulin, SARL	Toulouse	100.00%	100.00%	Not audited

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Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Electricity business Poland				
Elektrownia Wiatrowa Kresy I SP ZOO	Warsaw	100.00%	100.00%	Not audited
EDP Renewables Polska SP ZOO	Warsaw	100.00%	100.00%	KPMG
Relax Wind Park I SP ZOO	Warsaw	96.43%	96.43%	KPMG
Relax Wind Park II SP ZOO	Warsaw	51.00%	51.00%	Not audited
Relax Wind Park III SP ZOO	Warsaw	100.00%	100.00%	Not audited
Relax Wind Park IV SP ZOO	Warsaw	51.00%	51.00%	Not audited
Electricity business Belgium				
Greenwind S.A.	Louvain-la-Neuve	70.00%	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%	100.00%	KPMG
Elebrás Projectos, Ltda	São Paulo	55.00%	100.00%	Not audited
Electricity business Romania				
Cernavoda Power SRL	Bucharest	85.00%	85.00%	KPMG
EDP Renewables Romania, S.R.L.	Bucharest	85.00%	85.00%	KPMG
Electricity business - Holland:				
Tarcan. B.V.	Amsterdam	100.00%	100.00%	Not audited
Electricity business - Great Britain:				
EDPR UK Limited	Cardiff	100.00%	100.00%	Not audited
Moray Offshore Renewables Limited	Cardiff	75.00%	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%	100.00%	KPMG
Dickinson County Wind Farm, LLC	Minnesota	100.00%	100.00%	KPMG
Darlington Wind Farm, LLC	Minnesota	100.00%	100.00%	KPMG
Cloud County Wind Farm, LLC	Kansas	100.00%	100.00%	KPMG
Whitestone Wind Purchasing, LLC	Texas	100.00%	100.00%	KPMG
Blue Canyon Windpower II, LLC	Oklahoma	100.00%	100.00%	KPMG
Blue Canyon Windpower V, LLC	Oklahoma	100.00%	100.00%	KPMG
Horizon Wind Energy International, LLC	Texas	100.00%	100.00%	KPMG
Pioneer Prairie Wind Farm I, LLC	Iowa	100.00%	100.00%	KPMG
Sagebrush Power Partners, LLC	Washington	100.00%	100.00%	KPMG
Telocaset Wind Power Partners, LLC	Oregon	100.00%	100.00%	KPMG
High Trail Wind Farm, LLC	Illionois	100.00%	100.00%	KPMG
Marble River, LLC	New York	100.00%	100.00%	KPMG
Rail Splitter, LLC	Illionois	100.00%	100.00%	KPMG
Blackstone Wind Farm, LLC	Illionois	100.00%	100.00%	KPMG
Aroostook Wind Energy LLC	Maine	100.00%	100.00%	KPMG
Jericho Rise Wind Farm, LLC	New York	100.00%	100.00%	KPMG
Madison Windpower, LLC	New York	100.00%	100.00%	KPMG
Mesquite Wind, LLC	Texas	100.00%	100.00%	KPMG
Martinsdale Wind Farm, LLC	Colorado	100.00%	100.00%	KPMG
Post Oak Wind, LLC	Texas	100.00%	100.00%	KPMG
BC Maple Ridge Wind, LLC	Texas	100.00%	100.00%	KPMG
High Prairie Wind Farm II, LLC	Minnesota	100.00%	100.00%	KPMG
Arlington Wind Power Project, LLC	Oregon	100.00%	100.00%	KPMG
Signal Hill Wind Power Project, LLC	Colorado	100.00%	100.00%	KPMG
Tumbleweed Wind Power Project, LLC	Colorado	100.00%	100.00%	KPMG
Old Trail Wind Farm, LLC	Illionois	100.00%	100.00%	KPMG
Viento Grande Wind Power Project LLC	Colorado	100.00%	100.00%	KPMG
OPQ Property LLC	Illionois	100.00%	100.00%	KPMG
Meadow Lake Wind Farm, LLC	Indiana	100.00%	100.00%	KPMG
Wheatfield Wind Power Project, LLC	Oregon	100.00%	100.00%	KPMG
2007 Vento I, LLC	Texas	100.00%	100.00%	KPMG
2007 Vento II, LLC	Texas	100.00%	100.00%	KPMG
2008 Vento III, LLC	Texas	100.00%	100.00%	KPMG
2009 Vento IV, LLC	Texas	100.00%	100.00%	KPMG

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Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Electricity business USA				
2009 Vento V, LLC	Texas	100.00%	100.00%	KPMG
2009 Vento VI, LLC	Texas	100.00%	100.00%	KPMG
Horizon Wind Ventures I, LLC	Texas	100.00%	100.00%	KPMG
Horizon Wind Ventures II, LLC	Texas	100.00%	100.00%	KPMG
Horizon Wind Ventures III, LLC	Texas	100.00%	100.00%	KPMG
Horizon Wind Ventures VI, LLC	Texas	100.00%	100.00%	KPMG
Horizon Wind Ventures IB, LLC	Texas	100.00%	100.00%	KPMG
Horizon Wind Ventures IC, LLC	Texas	100.00%	100.00%	KPMG
Clinton County Wind Farm, LLC	New York	100.00%	100.00%	KPMG
BC2 Maple Ridge Holdings LLC	Texas	100.00%	100.00%	Not audited
Cloud West Wind Project, LLC	Texas	100.00%	100.00%	Not audited
Five-Spot, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Chocolate Bayou I, LLC	Texas	100.00%	100.00%	Not audited
Alabama Ledge Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Antelope Ridge Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Arkwright Summit Wind Farm LLC	Texas	100.00%	100.00%	Not audited
Ashford Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Athena-Weston Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Black Prairie Wind Farm, LLC	Texas	100.00%	100.00%	KPMG
Blackstone Wind Farm II, LLC	Texas	100.00%	100.00%	KPMG
Blackstone Wind Farm III, LLC	Texas	100.00%	100.00%	Not audited
Blackstone Wind Farm IV, LLC	Texas	100.00%	100.00%	Not audited
Blackstone Wind Farm V, LLC	Texas	100.00%	100.00%	Not audited
Blue Canyon Windpower III, LLC	Texas	100.00%	100.00%	Not audited
Blue Canyon Windpower IV, LLC	Texas	100.00%	100.00%	Not audited
Blue Canyon Windpower VI, LLC	Texas	100.00%	100.00%	Not audited
Broadlands Wind Farm II, LLC	Texas	100.00%	100.00%	Not audited
Broadlands Wind Farm III, LLC	Texas	100.00%	100.00%	Not audited
Broadlands Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Chateaugay River Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Cropsey Ridge Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Crossing Trails Wind, Power Project, LLC	Texas	100.00%	100.00%	Not audited
Dairy Hills Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Diamond Power Partners, LLC	Texas	100.00%	100.00%	Not audited
Ford Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Freeport Windpower I, LP	Texas	100.00%	100.00%	Not audited
Gulf Coast Windpower Management Company, LLC	Texas	100.00%	100.00%	Not audited
Homestead Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Northwest VII, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Northwest X, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Northwest XI, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Panhandle I, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Southwest I, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Southwest II, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Southwest III, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Southwest IV, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Valley I, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind MREC Iowa Partners, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind, Freeport Windpower I, LLC	Texas	100.00%	100.00%	Not audited
Juniper Wind Power Partners, LLC	Texas	100.00%	100.00%	Not audited
Lexington Chenoa Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Machias Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Meadow Lake Wind Farm II, LLC	Texas	100.00%	100.00%	KPMG
New Trail Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
North Slope Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Number Nine Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Pacific Southwest Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Pioneer Prairie Wind Farm II, LLC	Texas	100.00%	100.00%	Not audited
Buffalo Bluff Wind Farm, LLC	Wyoming	100.00%	100.00%	Not audited
Saddleback Wind Power Project, LLC	Texas	100.00%	100.00%	KPMG
Sardinia Windpower, LLC	Texas	100.00%	100.00%	Not audited
Turtle Creek Wind Farm, LLC	Texas	100.00%	100.00%	Not audited
Western Trail Wind Project I, LLC	Texas	100.00%	100.00%	Not audited
Whistling Wind WI Energy Center, LLC	Texas	100.00%	100.00%	Not audited
Simpson Ridge Wind Farm,LLC	Texas	100.00%	100.00%	Not audited
Coos Curry Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Midwest IX, LLC	Texas	100.00%	100.00%	Not audited
Horizon Wind Energy Northwest I, LLC	Texas	100.00%	100.00%	Not audited
Peterson Power Partners, LLC	Texas	100.00%	100.00%	Not audited
Pioneer Prairie Interconnection, LLC	Texas	100.00%	100.00%	Not audited

EDP Renováveis, S.A. and subsidiaries

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Subsidiaries Companies	Head Office	% Contributed	% Voting rigths	Auditor
Electricity business USA				
The Nook Wind Power Project, LLC	Texas	100.00%	100.00%	Not audited
Tug Hill Windpower, LLC	Texas	100.00%	100.00%	Not audited
Whiskey Ridge Power Partners, LLC	Texas	100.00%	100.00%	Not audited
Wilson Creek Power Partners, LLC	Texas	100.00%	100.00%	Not audited
WTP Management Company, LLC	Texas	100.00%	100.00%	Not audited
Meadow Lake Wind Farm, IV LLC	Indiana	100.00%	100.00%	KPMG
Meadow Lake Windfarm III, LLC	Indiana	100.00%	100.00%	KPMG
Lexington Chenoa Wind Farm II, LLC	Illinois	100.00%	100.00%	KPMG
Lexington Chenoa Wind Farm III, LLC	Illinois	100.00%	100.00%	KPMG
East Klickitat Wind Power Project, LLC	Washington	100.00%	100.00%	KPMG
Horizon Wind Energy Northwest IV, LLC	Oregon	100.00%	100.00%	KPMG
Blue Canyon Wind Power VII, LLC	Oklahoma	100.00%	100.00%	KPMG
Horizon Wyoming Transmission, LLC	Wyoming	100.00%	100.00%	KPMG
AZ Solar, LLC	Arizona	100.00%	100.00%	KPMG
Black Prairie Wind Farm II, LLC	Illinois	100.00%	100.00%	KPMG
Black Prairie Wind Farm III, LLC	Illinois	100.00%	100.00%	KPMG
Paulding Wind Farm, LLC	Ohio	100.00%	100.00%	KPMG
Paulding Wind Farm II, LLC	Ohio	100.00%	100.00%	KPMG
Paulding Wind Farm III, LLC	Ohio	100.00%	100.00%	KPMG
Simpson Ridge Wind Farm II, LLC	Wyoming	100.00%	100.00%	KPMG
Simpson Ridge Wind Farm III, LLC	Wyoming	100.00%	100.00%	KPMG
Simpson Ridge Wind Farm IV, LLC	Wyoming	100.00%	100.00%	KPMG
Simpson Ridge Wind Farm V, LLC	Wyoming	100.00%	100.00%	KPMG
Athena-Weston Wind Power Project II, LLC	Oregon	100.00%	100.00%	KPMG
Meadow Lake Wind Farm V, LLC	Indiana	100.00%	100.00%	KPMG
Lost Lakes Wind Farm, LLC	Iowa	100.00%	100.00%	KPMG
Quilt Block Wind Farm, LLC	Wisconsin	100.00%	100.00%	Not audited
Stinson Mills Wind Farm, LLC	Colorado	100.00%	100.00%	Not audited

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		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	% Contributed	% Voting rigths	Auditor
Electricity business														
Flat Rock Windpower LLC	New York	525.480	USD	158.964	3.694	1.049	66	161.542	11.353	-13.386	-2.033	50,00%	50,00%	E&Y
Flat Rock Windpower II LLC	New York	207.447	USD	63.394	849	387	43	63.814	2.743	-4.387	-1.644	50,00%	50,00%	E&Y
Compañía Eólica Aragonesa, S.A.	Zaragosa	6.701	EUR	50.492	9.088	31.094	7.787	50.492	14.805	-10.340	4.465	50,00%	50,00%	Deloitte
Desarrollos Energeticos Canarios S.A.	Las Palmas	15	EUR	0	0	0	0	0	0	0	0	49,90%	49,90%	KPMG
Evolución 2000, S.L.	Albacete	118	EUR	25.840	5.694	21.921	3.895	5.718	5.273	-3.765	1.508	49,15%	49,15%	KPMG
Murciasol-1 Solar Térmica, S.L.	Madrid	3	EUR	85	16	41	58	2	0	0	0	50,00%	50,00%	Not audited
Tebar Eólica, S.A.	Cuenca	4.720	EUR	17.796	4.992	16.082	1.744	4.961	4.054	-3.449	606	50,00%	50,00%	Abante Audit Auditores, S.L.

The **Associated Companies** included in the consolidation under the equity method as at 31 December 2009, are as follows:

Associates	Head Office	% Contributed	% Voting rigths	Auditor
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	48.70%	60.63%	Not audited
Biomasas del Pirineo S.A.	Huesca	30.00%	30.00%	PwC
Cultivos Energéticos de Castilla S.A.	Burgos	30.00%	30.00%	Not audited
D.E. DE CANARIAS, S.A.	Gran Canaria	44.75%	44.75%	Not audited
Hidroastur S.A.	Oviedo	25.00%	25.00%	KPMG
Naturneo Energía, S.L.	Bilbau	49.01%	49.01%	Mazars
Parque Eólico Belmonte, S.A.	Asturias	29.90%	29.90%	KPMG
Parque Eólico Sierra del Madero S.A.	Soria	42.00%	42.00%	Not audited
Parque Eólico Altos del Voltoya, S.A.	Madrid	42.00%	42.00%	KPMG
Sodecoan, S.L.	Sevilla	50.00%	50.00%	Ernst & Young
Solar Siglo XXI, S.A.	Ciudad Real	25.00%	25.00%	KPMG
ENEOP - Éolicas de Portugal, S.A.	Lisboa	19.60%	19.60%	Mazars

* These companies have been consolidated considering that EDP Renováveis, through its subsidiary EDPR EU, hold 100% of Genesa share capital, taking in consideration the put option over Caja Madrid (as described in note 36).

financial statements

ANNEX II

EDP Renováveis, S.A. and subsidiaries

Group Activity by Operating Segment

Operating Segment Information for the year ended 31 December 2010

(Thousand Euros)

	WIND ENERGY OPERATIONS								
	EUROPE						U. S. A.	Other and Adjustments	EDP Renováveis Group
	Portugal	Spain	Rest of Europe	Others	Adjustments	Total			
Revenue	**140,482**	**337,444**	**75,447**	**19,910**	**-8,080**	**565,203**	**276,494**	**3,359**	**845,056**
External customers	140,482	330,672	75,260	12,175	-	558,589	276,494	3,359	838,442
Other operating segments	-	6,772	187	7,735	-8,080	6,614	-	-	6,614
Cost of consumed electricity	-245	-653	-478	-1	115	-1,262	-1,525	-130	-2,917
Changes in inventories and cost of raw materials and consumables used	14	-5,589	3,489	-173	550	-1,709	-	212	-1,497
	140,251	331,202	78,458	19,736	-7,415	562,232	274,969	3,441	840,642
Other operating income / (expenses)									
Other operating income	1,657	7,185	16,376	2,655	-991	26,882	153,027	121	180,030
Supplies and services	-18,234	-60,686	-17,851	-10,732	20,094	-87,409	-93,026	-15,776	-196,211
Personnel costs	-2,702	-5,568	-3,120	-8,736	-	-20,126	-24,333	-10,387	-54,846
Other operating expenses	-5,296	-9,889	-2,492	-2,213	-23	-19,913	-22,303	-14,650	-56,866
	-24,575	-68,958	-7,087	-19,026	19,080	-100,566	13,365	-40,692	-127,893
	115,676	262,244	71,371	710	11,665	461,666	288,334	-37,251	712,749
Provisions	8	147	-	-	-	155	-	-	155
Depreciation and amortisation expense	-34,964	-138,271	-30,708	-5,242	-	-209,185	-222,263	-2,955	-434,403
Amortisation of deferred income / Government grants	1,100	214	222	-	-	1,536	9,869	1	11,406
	81,820	124,334	40,885	-4,532	11,665	254,172	75,940	-40,205	289,907
Gains / (losses) from the sale of financial assets	-	-	-	-	-	-	-	-	-
Other financial income	290	688	17,144	46,865	-46,865	18,122	6,131	10,121	34,374
Interest income	3,160	1,949	468	170,012	-167,321	8,268	308	1,355	9,931
Other financial expenses	-306	-1,680	-21,546	-19,960	14,969	-28,523	-73,355	-8,182	-110,060
Interest expense	-32,711	-98,159	-30,190	-233,849	167,474	-227,435	3,400	115,644	-108,391
Share of profit of associates	2,128	2,908	-	-	-	5,036	-	-	5,036
Profit before tax	54,381	30,040	6,761	-41,464	-20,078	29,640	12,424	78,733	120,797
Income tax expense	-15,118	-8,306	429	10,210	-	-12,785	-	-24,974	-37,759
Profit (loss) for the period	**39,263**	**21,734**	**7,190**	**-31,254**	**-20,078**	**16,855**	**12,424**	**53,759**	**83,038**
Attributable to:									
Equity holders of EDP Renováveis	37,766	14,015	7,092	-25,875	-20,078	12,920	12,424	54,859	80,203
Minority interest	1,497	7,719	98	-5,379	-	3,935	-	-1,100	2,835
Profit (loss) for the period	**39,263**	**21,734**	**7,190**	**-31,254**	**-20,078**	**16,855**	**12,424**	**53,759**	**83,038**
Assets									
Property, plant and equipment	544,126	3,105,798	1,300,198	50,158	-	5,000,280	4,814,548	166,943	9,981,771
Intangible assets and Goodwill	43,167	106,656	93,194	72	508,886	751,975	600,317	14,441	1,366,733
Investments in associates	-	15,915	-	12	28,127	44,054	1,817	-	45,871
Current assets	161,590	410,772	148,131	1,223,267	-1,184,134	759,626	199,503	301,436	1,260,565
Equity and Liabilities									
Equity and Minority Interest	74,258	860,192	253,527	48,858	-794,532	442,303	3,146,741	1,804,467	5,393,511
Current Liabilities	151,655	930,649	409,258	393,605	-813,227	1,071,940	428,332	-208,097	1,292,175
Other information:									
Increase of the period									
Property, plant and equipment	7,859	128,435	467,018	4,370	-	607,682	783,436	79,519	1,470,637
Intangible assets and Goodwill	-	124	60,106	-	-	60,230	2,185	314	62,729

EDP Renováveis, S.A. and subsidiaries

Group Activity by Operating Segment

Operating Segment Information for the year ended 31 December 2009

(Thousand Euros)

	WIND ENERGY OPERATIONS								
	EUROPE								
	Portugal	Spain	Rest of Europe	Others	Adjustments	Total	U. S. A.	Other and Adjustments	EDP Renováveis Group
Revenue	123,336	260,534	38,355	6,645	12,567	441,437	204,649	2,156	648,242
External customers	123,336	258,590	38,355	287	19,270	439,838	204,649	2,286	646,773
Other operating segments	-	1,944	-	6,358	-6,703	1,599	-	-130	1,469
Income from sale of interests in institutional partnerships - EDPR NA									-
Cost of consumed electricity	-236	-10	-	-	-	-246	-1,198	-78	-1,522
Changes in inventories and cost of raw materials and consumables used	19	-6,493	745	-18	943	-4,804	-	91	-4,713
	123,119	254,031	39,100	6,627	13,510	436,387	203,451	2,169	642,007
Other operating income / (expenses)									
Other operating income	2,632	6,385	756	1,026	-946	9,853	115,318	60	125,231
Supplies and services	-17,633	-41,295	-7,573	-8,846	6,648	-68,699	-65,418	-14,187	-148,304
Personnel costs	-1,264	-7,050	-1,550	-3,988	-	-13,852	-20,987	-7,708	-42,547
Other operating expenses	-5,204	-6,334	-3,761	-84	61	-15,322	-17,926	-590	-33,838
	-21,469	-48,294	-12,128	-11,892	5,763	-88,020	10,987	-22,425	-99,458
	101,650	205,737	26,972	-5,265	19,273	348,367	214,438	-20,256	542,549
Provisions	170	12	-	-	-	182	-	1	183
Depreciation and amortisation expense	-31,151	-106,745	-14,809	-1,387	-	-154,092	-158,982	-1,276	-314,350
Amortisation of deferred income / Government grants	658	154	-	1	-	813	1,589	1	2,403
	71,327	99,158	12,163	-6,651	19,273	195,270	57,045	-21,530	230,785
Gains / (losses) from the sale of financial assets	-	268	-	-	-	268	-	-	268
Other financial income	-	-44	10,370	10,256	-10,200	10,382	6,218	2,144	18,744
Interest income	2,846	4,923	54	130,161	-130,145	7,839	692	8,442	16,973
Other financial expenses	-32	-5,631	-4,524	-273	-8,655	-19,115	-59,590	-392	-79,097
Interest expense	-25,711	-68,351	-17,370	-185,737	130,180	-166,989	2,477	135,458	-29,054
Share of profit of associates	421	3,788	-	-	-	4,209	-287	-	3,922
Profit before tax	48,851	34,111	693	-52,244	453	31,864	6,555	124,122	162,541
Income tax expense	-9,985	-7,804	-833	11,298	-	-7,324	-	-37,430	-44,754
Profit (loss) for the period	**38,866**	**26,307**	**-140**	**-40,946**	**453**	**24,540**	**6,555**	**86,692**	**117,787**
Attributable to:									
Equity holders of EDP Renováveis	37,499	19,931	-319	-36,545	453	21,019	6,555	86,775	114,349
Minority interest	1,367	6,376	179	-4,401	-	3,521	-	-83	3,438
Profit (loss) for the period	**38,866**	**26,307**	**-140**	**-40,946**	**453**	**24,540**	**6,555**	**86,692**	**117,787**
Assets									
Property, plant and equipment	574,592	3,081,900	877,979	55,810	-	4,590,281	3,978,845	65,885	8,635,011
Intangible assets and Goodwill	43,920	107,048	49,550	75	571,751	772,344	549,122	14,230	1,335,696
Investments in associates	-	20,238	-	12	25,674	45,924	1,686	-1	47,609
Current assets	159,152	442,570	57,273	792,842	-839,570	612,267	208,581	284,508	1,105,356
Equity and Liabilities									
Equity and Minority Interest	81,582	864,882	190,378	6,079	-697,366	445,555	2,858,681	2,023,319	5,327,555
Current Liabilities	99,865	953,159	259,080	379,776	-545,615	1,146,265	274,160	-174,915	1,245,510
Other information:									
Increase of the period									
Property, plant and equipment	105,400	535,294	381,463	19,973	-	1,042,130	828,519	24,538	1,895,187
Intangible assets and Goodwill	-	36,717	1,106	24	-	37,847	-	1,251	39,098

statement on compliance of financial information

edp renováveis

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 23, 2010.

Mr. António Luís Guerra Nunes Mexía	Mrs. Ana Maria Fernandes Machado
Ausente 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
Mr. José Fernando Maia de Araújo e Silva	Mr. Manuel Menéndez Menéndez
Mr. João Manuel de Mello Franco	Mr. Jorge Manuel Azevedo Henriques dos Santos
Ausente Mr. Daniel M. Kammen	Mr. Francisco José Queiroz de Barros de Lacerda
Ausente Mr. Gilles August	Mr. João José Belard da Fonseca Lopes Raimundo

auditor's report on the consolidated annual accounts

KPMG

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 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As mentioned in note 2 to the accompanying consolidated annual accounts, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of financial reporting legislation applicable to the Group, preparation of the Group's annual accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2010 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Company and subsidiaries at 31 December 2010 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of applicable legislation governing financial reporting.

The accompanying consolidated directors' report for 2010 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 2010. 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

24 February 2011

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ADDITIONAL INFORMATION For further information about the EDP Renováveis Group, visit www.edprenovaveis.com where the electronic version of the EDP Renováveis 2010 Annual Report is also available.


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www.edprenovaveis.com