A WORLD FULL OF ENERGY

ANNUAL REPORT 2012

edp renováveis

INDEX

MARGONIN (POLAND, LUBIN REGION)

120 MW
INSTALLED CAPACITY

190 MW
INSTALLED CAPACITY IN POLAND

60
TURBINES

REMUNERATION:
POOL + GCs

The 120 MW Margonin wind farm is one of EDPR's biggest projects in Europe. EDPR first identified the potential of the Polish market back in 2007, now it has grown into one of the main growth drivers of our global portfolio. Currently EDPR has 130 MW under construction in Poland and a total pipeline of 1.2 GW in various stages of development.

ABOUT THIS REPORT

This is the fifth 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 Vision and Mission, as a way to create value for our shareholders and for society. As a leader in the renewable energy sector, EDPR plays a key role in EDP Group's leadership in sustainability.

EDPR is committed to follow the G3.1 guidelines of the Global Reporting Initiative (GRI) for Sustainability Reporting. A full GRI index for the report can be found in the 'GRI evaluation' chapter.

SCOPE OF THIS REPORT

This report relates to the 2012 fiscal year, beginning January 1st, 2012 and ending December 31st, 2012, and also includes some key events from the first months of 2013. It contains information from EDP Renováveis, S.A., as well as all subsidiaries in the reporting period.

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

ANNUAL REPORT MAGAZINE

For the first time, the 2012 Annual Report is also available in magazine format. The magazine presents the most relevant information and events from 2012 in a summarized and more visual version.

ONLINE

EDPR's 2012 Annual Report is available online at 2012annualreport.edprenovaveis.pt.

The interactive online version includes user friendly navigation, animated graphics and other attractive features such as EDPR's institutional video.

The online Annual Report includes:

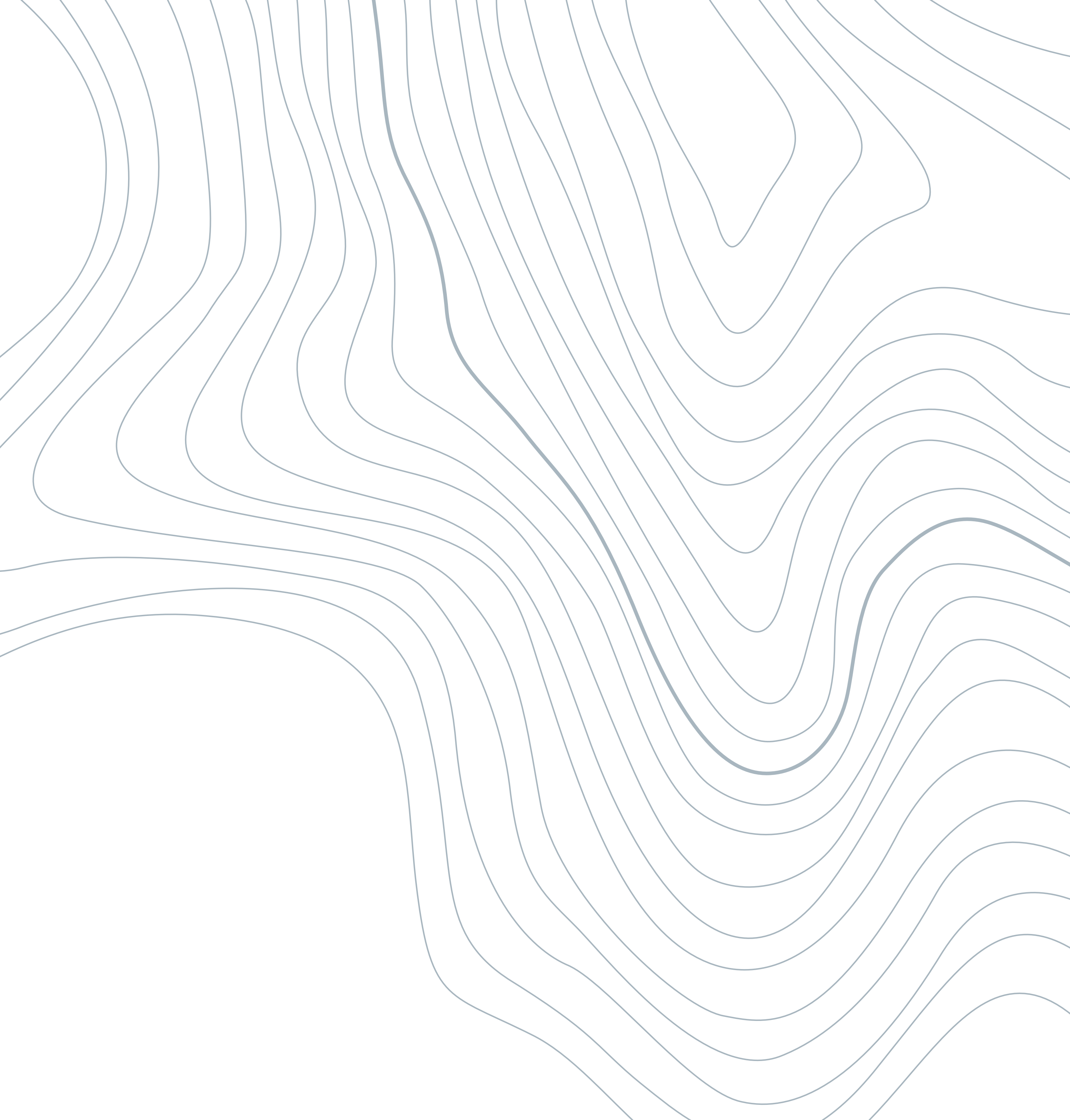
- Operational and financial performance review.
- Social and environmental review.
- Corporate Governance report.
- GRI evaluation.
- Annual Report Magazine.

TABLETS AND SMARTPHONES

EDPR's 2012 Annual Report includes an adapted version for mobile phones and tablets, where it is completely accessible at any time.

Visit EDPR's Website at www.edpr.com for the latest news and updates, including:

- Latest quarterly results handouts and presentations.
- Investor calendar.
- Press releases and media reports.
- Updates on corporate governance and strategy.



STATEMENT FROM THE CHAIRMAN

Dear Shareholder,

The year of 2012 was a landmark year for EDP Renováveis. It was a year in which - despite substantial headwinds - we were able to persevere and deliver high quality value to our shareholders. Above all, it was a year when EDPR further strengthened its long-term commitment to the development of renewable energy, through the decisive implementation of new strategic initiatives. These changes will be fundamental in driving growth in a new challenging energy playing field, ensuring value creation for the foreseeable future.

EDPR recorded yet another solid performance in 2012, delivering on the high expectations of its Board of Directors and on the commitments made to its shareholders. The company continues to show significant growth, with the renewable energy portfolio reaching 8.0 GW, coupled with

outstanding metrics of operational and financial efficiency. The partnership with CTG was deployed quickly and the first transaction, involving wind farm assets in Portugal, finalized just 7 months after CTG entered EDP's shareholder structure. This performance is all the more remarkable in light of the near-term difficulties the company has had to tackle in its core markets either by a demand slowdown, regulatory changes or public misperception regarding the cost of renewables.

Now more than ever, we are strongly committed to the vision we defined when we first identified the potential of renewables. We believed that these technologies, that were then in their infancy, would quickly develop to become cost competitive and command a large share of the world's generation mix. This vision is now a reality. Not only do renewables account for half of all the power generation additions worldwide but they have also become increasingly cost competitive. Wind onshore is now broadly competitive with conventional generation sources such as coal, nuclear or CCGT, and technologies like solar PV and wind offshore are quickly catching up.

Our long-term vision remains unchanged, however recent changes in the industry are opening up a number of opportunities for EDPR's future. The emergence of new renewable markets, around the world, and the growing share of new renewable technologies entering the energy mix are both trends that we have identified early and look to capitalize on. In this dynamic environment we have been able to stay ahead of the curve and implement new strategic initiatives that will continue to drive long-term value creation. Importantly this strategy focuses on growth in our markets of Romania, Poland and Brazil, while at the same time looking for selective investment opportunities in new geographies and technologies. The earlier than planned investment in solar PV, is just one example of the effective implementation of these initiatives and one that I take with personal satisfaction. As a firm advocate of the benefits of renewable technologies I see great potential in solar PV. This technology is quickly becoming cost competitive to a level that warrants large scale investment. This will naturally generate growth opportunities for EDPR, as well as the creation of vast knowhow and economic value for our industry and its communities. The partnership with CTG will certainly play a strong role in the execution of the new objectives we have set. I'm sure that in 2013 we will see further progress in this respect, in areas apart from asset rotation.

I would like to highlight the Board's unanimous and enthusiastic support of these new initiatives. In this ever-changing industry, complacency and inaction is not a luxury that we can afford. It is our stern belief that these are the correct steps for ensuring continued leadership in this industry. On this topic, I would like to highlight the high level of involvement of the entire Board in the discussion of the new business plan. It is our duty to ensure that the interests of all investors are taken into consideration when deciding on issues of this magnitude. This has always been EDPR's stance and it attests to the quality of our corporate governance structure.

NOW MORE THAN EVER, WE ARE STRONGLY COMMITTED TO THE VISION WE DEFINED WHEN WE FIRST IDENTIFIED THE POTENTIAL OF RENEWABLES. WE BELIEVED THAT THESE TECHNOLOGIES, THAT WERE THEN IN THEIR INFANCY, WOULD QUICKLY DEVELOP TO BECOME COST COMPETITIVE AND COMMAND A LARGE SHARE OF THE WORLD'S GENERATION MIX. THIS VISION IS NOW A REALITY.

I am pleased to report that we have become signatories of the United Nations Global Compact and we have committed ourselves to support and put into practice the 10 principals of the Global Compact with respect to human rights, labour, environment and anti-corruption. The way the Company executes its strategy, developing and operating a world-wide fleet generating clean and CO_2-free electricity, respecting biodiversity and supporting the society, are decisive contributors for a leadership position in the global sustainability arena.

On behalf of my colleagues of the Board, I would like to extend my sincerest thank you to our employees. It has been their effort and dedication than has allowed us to achieve our challenging goals over the years. Once again we will call on their expertise and enthusiasm to rise-up to the difficult challenges to come. It is the company's commitment to foster an environment that is conductive of growth and development. We actively pursue the highest standards of health and safety, ethics and diversity, while proving challenging career opportunities for our employees.

We have performed strongly throughout 2012 and have been actively implementing a strategy that will provide continued value throughout the next decade. We count on your continued support in the pursuit of these challenging goals.

Sincerely,

António Mexia
Chairman of the Board of Directors

INTERVIEW WITH THE CEO

João Manso Neto | Chief Executive Officer

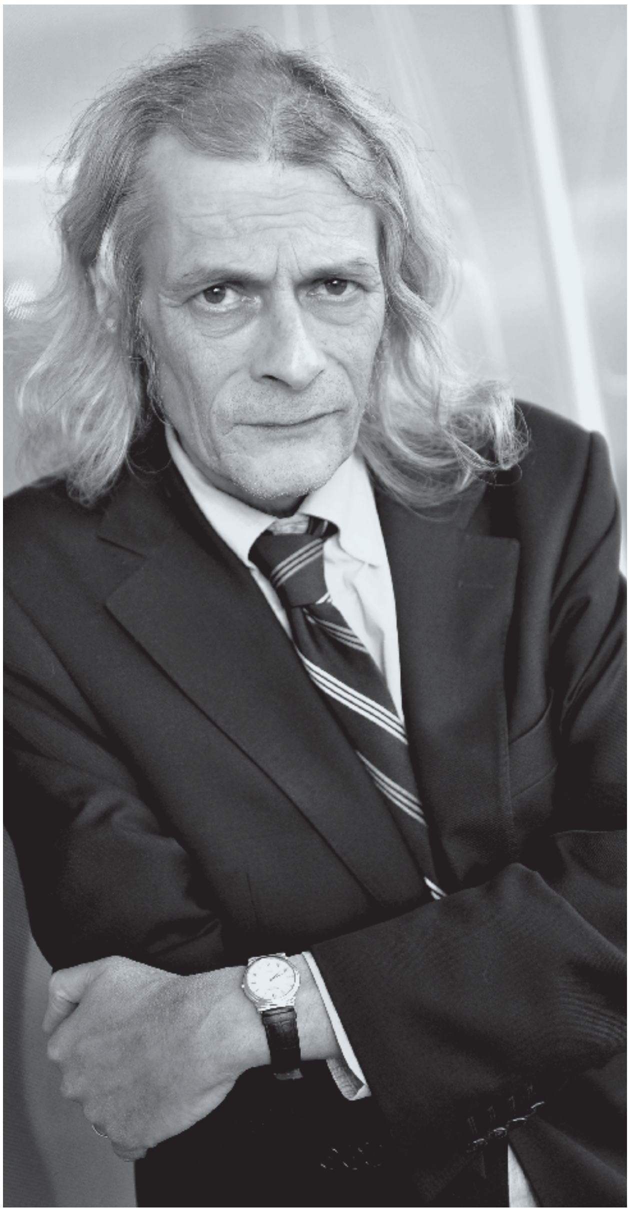
JOÃO MANSO NETO KNEW HE WOULD FACE CHALLENGES WHEN HE BECAME CEO OF EDPR AT THE BEGINNING OF 2012. THE RENEWABLE ENERGY INDUSTRY IS GOING THROUGH MAJOR CHANGES. HERE JOÃO DISCUSSES HOW EDPR MAINTAINED ITS STRONG POSITION DURING THE PAST YEAR DESPITE SETBACKS IN THE INDUSTRY, AND HIS VISION AND STRATEGIES FOR THE FUTURE.

BUSINESS ENVIRONMENT AND PERFORMANCE

João, could you give an overview of the main challenges EDPR faced last year and how things look going forward?

The renewable landscape, in which we have thrived, has been shifting over the last couple of years.

Energy demand has slowed down in our core markets, as a result of the broader economic crisis. This slowdown has challenged the role of renewable energy and increased the misconception of renewables as a costly energy source. Now more than ever, it is important to step-up and clarify public opinion with regards to the benefits of renewables and manage the regulatory agenda.



Despite these issues some governments have shown vision. I would highlight the PTC extension in the US and the important agreement reached in Portugal, during September that respects the legal stability of the current contracts.

In this changing environment it is important to pre-empt changes and take decisive action. I believe that this is the biggest challenge we face. But I also believe that we are well prepared to succeed. We already expect most of our growth to come from countries outside our core markets of Iberia where we have developed a robust pipeline, and we are looking into new countries that show potential. Our recent investment in solar PV also allows us to benefit from the opportunities of this increasingly competitive technology that has shown global growth potential. Finally, we have been quick to adapt to a landscape of scarcer capital, focusing on our operating cash-flow to fund capex, and a balanced combination of sale of minority stakes and quality project financing.

How was EDPR's performance during this challenging year?

In 2012 the company delivered quality growth. We met our growth targets with the addition of 504 MW to our portfolio that reached 8.0 GW. Production followed suit with 18.4 GWh, whilst revenues hit the 1.3 billion euro mark.

During the year, we were able to swiftly execute our projects in Spain and the US before critical deadlines, commissioned the first wind farms in Italy and made strong progress in our expansion in Eastern Europe as well as in solar PV. We were also the first consortium from the UK offshore Round 3 to apply for consenting for approximately 1 GW. The first prospecting stages in new markets were launched and we are keen to capitalize on these initiatives in the short-term.

At the same time, we were able to successfully execute our strategic agenda and ended the year on an exciting note. We started with our asset rotation strategy and reached attractive agreements on two very important transactions to sell non-controlling interests in operating wind farms, in the US and in Portugal. The strong performance throughout the year naturally produced solid financial performance by year-end. Our EBITDA was up 17% year over year, our Net Profit increased 43% and for the first time we were cash-flow positive. In line with our commitment, EDPR management has proposed for the first time a dividend payment.

EDPR IN THE LONG-TERM

Lately, there has been some renewed debate about the role of renewables. What message would you send to stakeholders, governments and consumers?

My main message is clear and simple. Renewable or cost effective energy is not a trade-off that consumers and their governments have to make. They can have both. Wind energy is at a stage where it is clearly cost competitive with conventional generation sources, while solar PV's competitiveness is increasing year after year.

I'm clearly aware that there is a public misconception that renewables are expensive and that governments and tax payers have to pay extra if they want the benefits of CO_2-free generation sources. I believe it is our duty to clarify and inform the public with regards to this issue.

For new investments, if we look at the many energy generation sources, renewable and conventional, over their entire useful life considering initial investment, fuel, O&M and CO_2 costs. We conclude that the average cost of one MWh produced by an onshore wind farm is cheaper than that produced in a coal or gas fired power plant, whilst for solar plant it is quickly approaching this level.

Given the current and growing competitiveness of renewables, I am certain they will play a critical role in our energy future. As endogenous and CO_2-free generation sources, renewable are vital for ensuring energy security and combating climate change. Additionally, they have a strong impact on the economy through job creation, economic development, know-how and innovation.

In May EDPR presented its business plan for 2012-15. Could you guide us through the key topics?

The starting point for the business plan is our existing portfolio of assets. Our young asset base, which has shown strong efficiency metrics will provide a stable and recurrent cash-flow stream. This cash-flow ensures high value creation for our shareholders and will be critical to support growth.

Quality growth is the second point in our plan. In the next three years we expect to gain a strong foothold in new growth markets such as Poland, Romania and Brazil. These markets constitute the main drivers of EDPR's growth. Additionally, in light of the recent PTC extension in the US new growth opportunities are now being considered. We also expect to diversify our growth options by investing in new markets and/or new technologies in coming years. It is important to point out that, we expect that these new projects to be added in the following years will have profitability metrics above our current average. This demonstrates the intrinsic quality of these growth opportunities.

Finally, our asset rotation strategy will be a critical pillar to accelerate the value creation to our shareholders. It will lock in future cash-flows and allow for reinvestment in value added projects.

How does asset rotation tie into EDPR's strategy?

Asset rotation consists of the sale of minority stakes in operating wind farms. The main advantage of this new strategy is that it allows us to realize the value created during the development.

During the initial phases of project development in which the risks are higher, we leverage our expertise to deliver the projects to completion. Once the project is operational and the risks are significantly reduced, we consider selling minority stakes to investors. I must say that we have been positively surprised by the interest shown by many investors.

The partnership with CTG is clearly at the centre stage of this strategy. There is a commitment from CTG to invest 2 billion euro up to 2015 in minority stakes. Up to now we have already closed one transaction for Portuguese assets amounting to 359 million euro.

MANAGING A GLOBAL COMPANY

What reflections do you have on your first year as CEO of EDPR?

I believe that making revolutionary changes cannot be the obsession of a new CEO. My chosen approach is to focus on gaining an in-depth knowledge of the company, and then, progressively implement the changes I believe will extract the most from the teams and the business.

Although it did not come as a surprise to me, I have to say I found a company with an outstanding team, a robust cash flow-stream and a noteworthy drive to find suitable options for growth. That being said, there were naturally some tweaks, enhancements and improvement initiatives that I personally drove as priorities during my first 365 days as CEO.

Importantly, I implemented changes focused on promoting our operational excellence, prospecting new countries and executing our asset rotation program. On a higher level, I have stressed the need for quick decision making and implementation, since one day of delay may causes a hit to the bottom-line.

Managing a multinational company spread across 11 countries has also been a challenge. I believe it is very important to be close to our business and our employees, understanding the problems on the ground. This has led me to visit most of our geographies more than once.

What is EDPR doing to prepare its employees for the changes in the industry?

We are fortunate to have an extremely valuable team of young and dynamic employees. They have been the driving force behind our current performance and will continue to be in the future.

In the future we continue to count on their willingness to change and drive to improve. In the coming years, growth will come from different geographies as well as new technologies. Mobility and cross technology training will be increasingly important for EDPR and our employees are prepared for this challenge.

The company will continue to invest strongly in training to fit our future needs, building on the know-how and qualifications that we currently possess.

How is EDPR's relationship with CTG?

The relationship and communication with CTG has been positive and fluid. I have personally visited Beijing a number of times for productive meetings and negotiations.

Both companies' expertise and portfolio's are complementary and this provides a solid base to move forward. We are constantly looking for new areas to share knowledge and study investment opportunities. In 2012 this partnership has already been fruitful with the completion of the first asset rotation transaction. In 2013, in addition to the continuation of the planed financial transactions, we see further development in other areas namely joint investment. I think we are currently only seeing the tip of the iceberg when it comes to this partnership. The partnership has huge potential in many strategic areas other than asset rotation.

Would you like to leave a final message?

To conclude I would like to say to our shareholders that:

We are on the right side of the energy industry and in the best position to take advantage of future profitable growth opportunities.

We will continue to strive and excel, ensuring and maximizing value creation, both through our existing assets and via selective, low risk and profitable accretive growth.

Finally, I would like to thank you personally, along with all of our stakeholders for the confidence and commitment you've put into EDPR.

OUR COMPANY

ROMANIA SOLAR PV PLANTS (ROMANIA, OLTENIA REGION)

39 MW
INSTALLED CAPACITY

350 MW
INSTALLED CAPACITY IN ROMANIA

4
PROJECTS

REMUNERATION:
POOL + GCs

These projects mark the entry of EDPR into the solar PV technology, and the early execution of one of its strategic objectives for the 2014-2015 period. Commissioned in 4Q2012 the four solar PV plants benefit from a supportive remuneration scheme, quality irradiance and the potential of the Romanian market. The swift execution of this opportunity is testament to EDPR know-how enhanced by the relationship with its local partner.

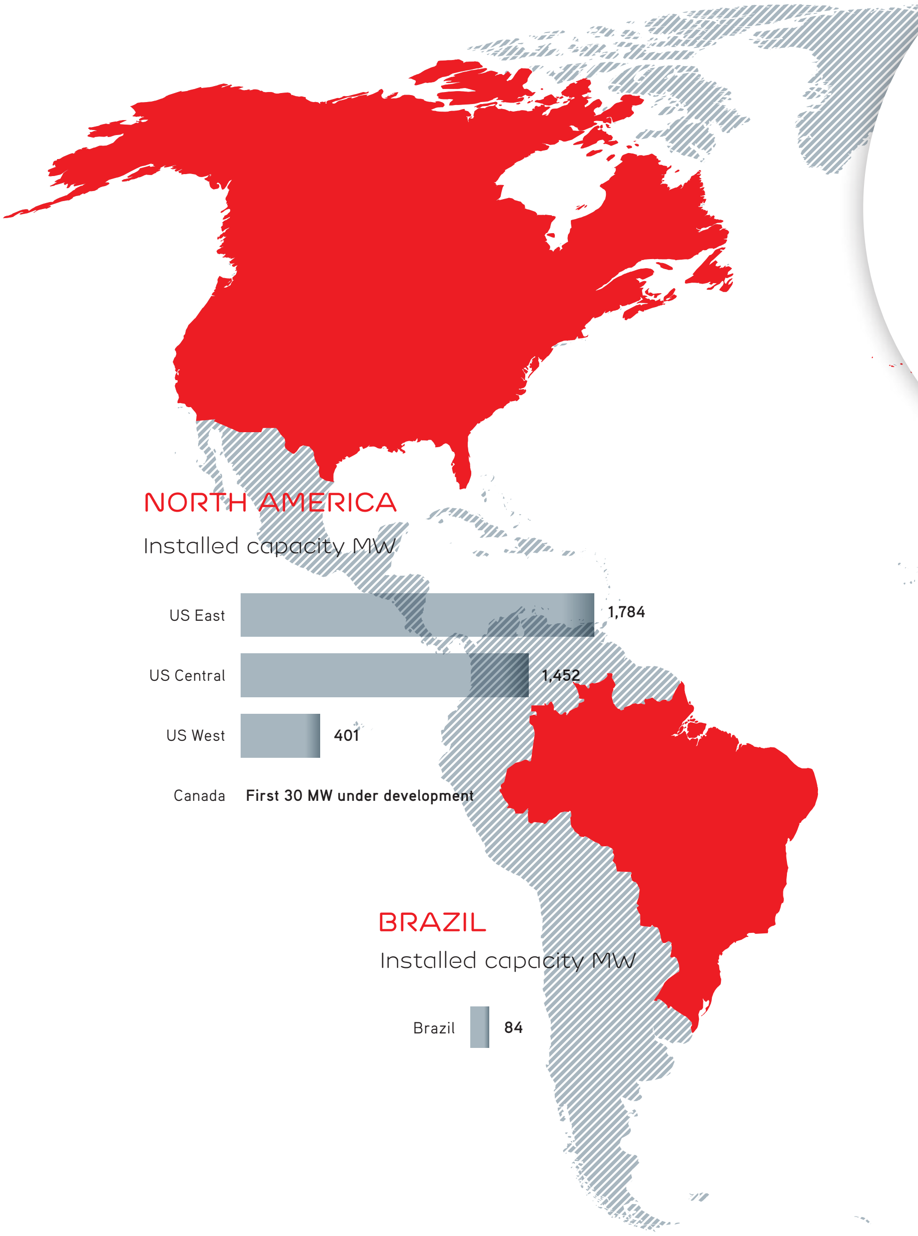
OUR FOOTPRINT AND HISTORY

OUR GLOBAL PRESENCE

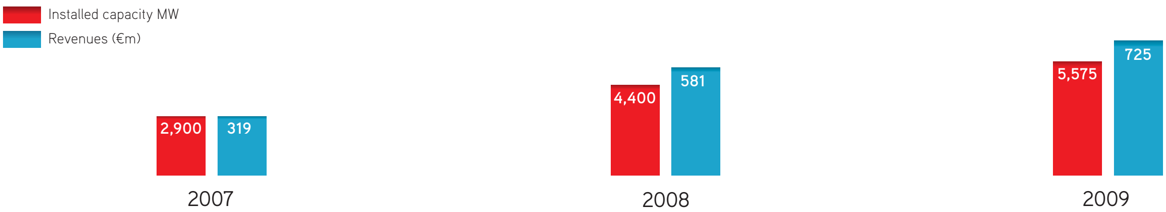
EDPR is a leading renewable energy company, an expert in the development, construction and operation of wind farms.

Incorporated in 2007 with the clear objective of supplying a growing number of geographies with CO_2 free and renewable energy, EDPR has quickly grown to become a global company and a front-runner in this market. With an installed capacity of 8.0 GW and 18.4 GWh generated in 2012, EDPR is the third largest producer of wind energy in the world.

EDPR's business is organized in three platforms (Europe, North America and Brazil) and is present in 11 countries. These platforms are complemented by a net of country and regional offices that provide "on the ground" expertise and proximity to local stakeholders. This provides a perfect balance between the global view necessary to further develop its leadership in global renewable energy, and the local approach that is critical for the successful development of our wind farms and solar plants. The close relationship with landowners, municipalities, regulators and other key stakeholders is crucial and a cornerstone of EDPR's success.



OUR GROWTH STORY



6 GEOGRAPHIES, 2.9 GW INSTALLED

In the first months of 2007 EDPR, already counted with Portugal, Spain, France and Belgium as part of its growing portfolio, and would shortly after add 2 more. In March, EDP acquired Horizon Wind Energy a leading US wind developer with 559 gross operating MW and a sizable pipeline of projects. Later in the year Poland would be added to the list through the acquisition of a quality pipeline.

BRAZIL, ROMANIA AND THE LARGEST IPO IN WESTERN EUROPE

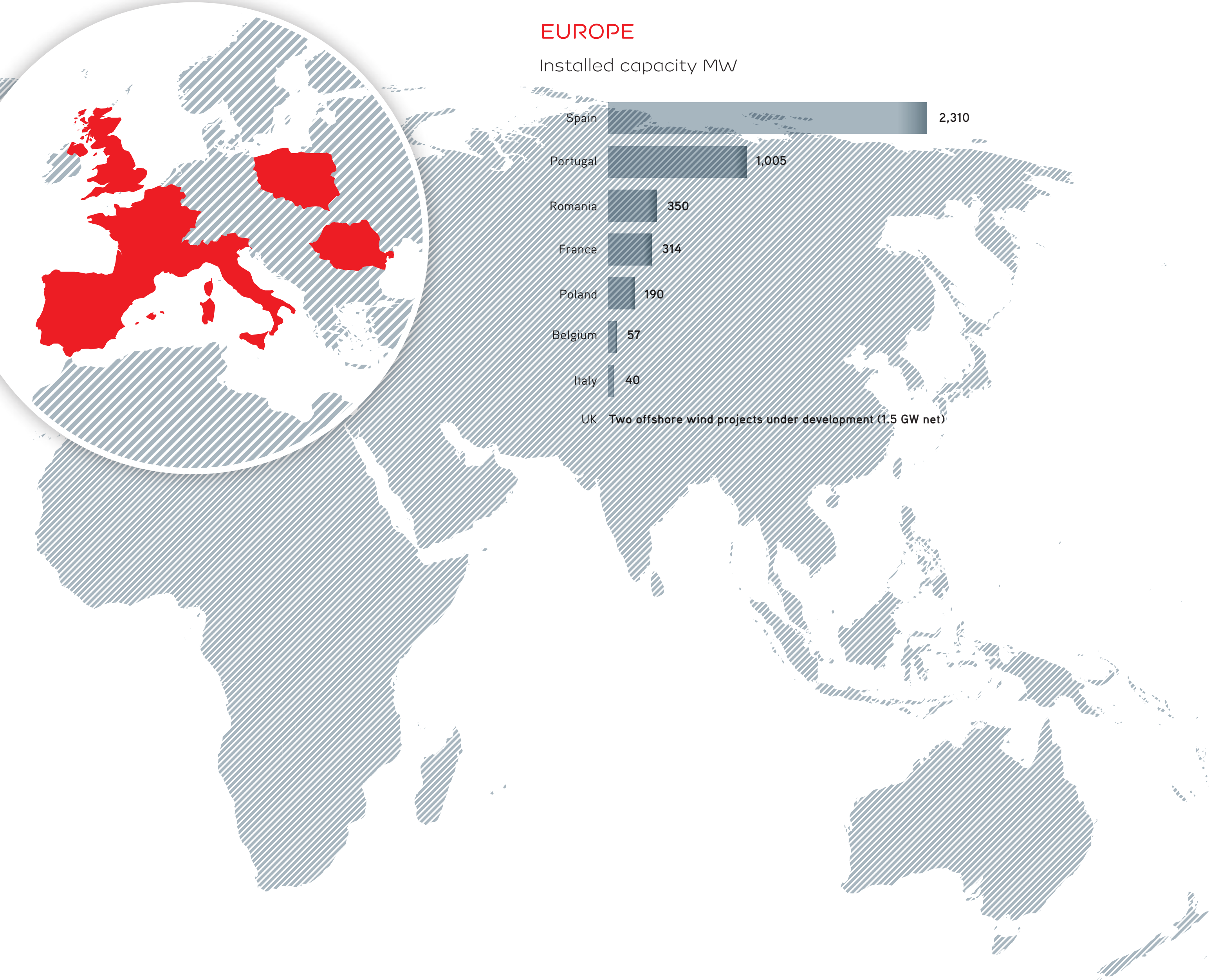
In 2008, EDPR entered the Brazilian and Romanian markets through the acquisition of local wind developers. These acquisition set the base for strong future growth in both geographies. In July, EDPR held the largest IPO in Western Europe in that year, raising 1.6 billion euros and providing the required proceeds to execute its ambitious growth strategy.

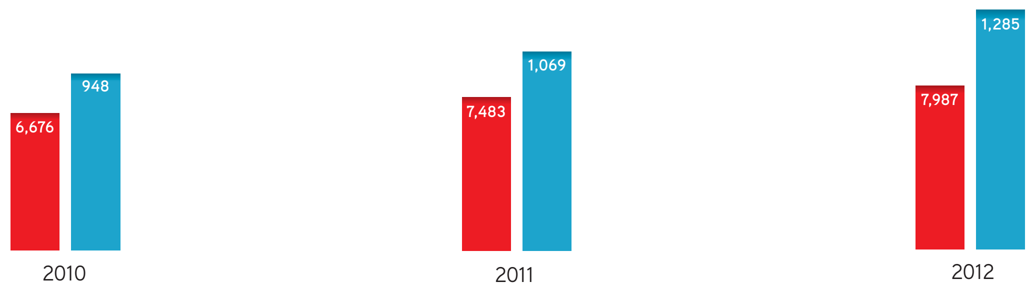
5.6 GW INSTALLED WITH STRONG GROWTH

In 2009, EDPR saw strong growth throughout its portfolio, with 1.2 GW added during the period. A milestone was reached in Poland with the completion of one of the country's largest wind farms (120 MW). Financial performance followed suit with Revenues breaking the 700 million euro mark for the first time.

EUROPE

Installed capacity MW





UNITED KINGDOM, ITALY AND CANADA

In 2010, EDPR saw strong growth in its global portfolio having added 1.1 GW throughout the year. Additionally, EDPR was awarded 1.3 GW of offshore wind capacity in the UK, marking its entry into this new market and challenging technology. Entry into the Italian and Canadian markets were also important milestones for the company during this year.

REVENUES OF 1 BILLION EUROS AND THE CTG PARTNERSHIP

As a result of EDPR's strong growth and top level efficiency, revenues reached the landmark figure of 1 billion euros in 2011. EDPR's major shareholder (EDP) also established a strategic partnership with China Three Gorges, including renewable energy generation initiatives to be carried out by EDPR. This partnership set out the ground rules for the sale of minority stakes in EDPR's wind farms, joint development of renewable projects and knowledge sharing initiatives.

SOLAR AND EXECUTION OF ASSET ROTATION

In May, EDPR presented its new strategy through 2015. Entering the solar PV market, a goal set for 2014-15, was achieved early through the completion of the 1st solar PV projects (39 MW) in Romania during the 4^{th} quarter of 2013. The completion of the Borealis (US) and CTG (Portugal) asset rotation transactions provide further evidence of EDPR's capacity to execute its strategic agenda, regarding self-financing and asset rotation.

OUR BUSINESS

EDPR's business consists of developing, building and operating top quality wind farms and solar plants throughout the world. The key knowledge acquired in these three critical phases of project development, coupled with a drive for continued improvement are crucial for maximizing the value creation of our assets.

DEVELOPMENT PHASE

Our sustainable future growth is dependent on solid development efforts.

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

CONSTRUCTION PHASE

EDPR's goal is to set the industry standard for building the most cost competitive, safe and efficient wind farms and solar plants.

Our Procurement, Engineering and Construction teams are well equipped to select the most suitable wind turbines and solar panel systems based on each project's specifics. We also use in-house expertise to design the most adequate site layout and assure top-class engineering and construction standards.

WIND FARM AND SOLAR PLANT LIFECYCLE

site identification

Search for sites with top-class wind conditions or irradiance resource and analyse grid connection feasibility.

landowner agreement

Contact local landowners and negotiate leasing agreement.

layout design and construction

Optimise wind or solar farm layout and select the best fit wind turbine or solar panel. Build access roads, prepare foundations, erect towers, assemble wind turbine generators/solar panels, and construct substation.

opening ceremony

Share results and benefits of renewable energy with local inhabitants, business community, authorities and other stakeholders.

wind and solar plant operation

Complete grid connection and start to generate renewable electricity.

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

During 2012, EDPR added over 500 MW of high quality assets, mainly wind farms, securing its position as a leading player in the wind energy industry. Additionally, in this period, the first solar MW were installed (39 MW) marking the entry of EDPR into this new technology and providing a new growth avenue for the company.

OPERATIONS PHASE

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

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

EDPR leverages its experience of operating 8.0 GW of installed capacity to ensure continuous improvement and the implementation of best practices.

renewable resource analysis

Install meteorological equipment to collect and study wind profile and solar irradiance.

obtain consents and permits

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

market analysis

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

data analysis

Monitor real-time operational data, analyse performance and identify opportunities for improvement.

ongoing maintenance service

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

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

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

HIGHLIGHTS OF 2012

Q1

NEW CEO

On February 29th, Mr. João Manso Neto took over as Chief Executive Officer of EDPR. Member of EDPR's Board of Directors and Executive Committee since 2008, the CEO has also held numerous Management positions within the EDP group since joining in 2003. In an interview Mr. João Manso Neto commented: "I see my appointment as CEO of EDP Renováveis as an important personal and professional challenge. Intrinsically, renewable energy is the largest area of growth for the coming years, an area to which our shareholders are especially committed to."

PROJECT FINANCE IN SPAIN

On March 5th, EDPR executed a project finance structure agreement with a consortium of European banks for 125 MW relating to three wind farms in the Spanish region of Catalonia. The 177 million euros long-term contracted debt facility is evidence of EDPR's top quality projects and its strategy to diversify funding sources at a competitive cost.

Q2

STRATEGIC PLAN THROUGH 2015

On May 22nd, EDPR held in Oporto its Investor Day. This event is the chosen venue to present to shareholders, financial analysts and potential investors EDPR's Business Plan. EDPR's strategy for geographical, technological diversification, as well as financial targets for the upcoming years were some of the key topics presented in this event.

AWARDS RECEIVED IN 2012:

Best Sustainability Deal at the annual EMEA Project Finance Awards.

Best Investor Relations Alternative Energy, by IR Magazine and International Investor.

Top Place to work in both Spain and Houston, by Great Place to Work® and the Houston Chronicle respectively.

"Best in Show" award by the International Academy of Visual Arts and a SAPO award, for the Online version of EDPR's 2011 Annual Report.

Q3

FIRST SOLAR PV PROJECT

In the third quarter, EDPR started construction of its first solar photovoltaic (solar PV) projects in Romania. These projects mark the entry of EDPR into the solar PV technology, delivering on one of its short-term strategic objectives. The 39 MW projects, that were commissioned the forth quarter, combine a supportive remuneration scheme and a quality irradiance resource.

MANAGING REGULATORY RISK

On September 3rd, the Portuguese wind sector and the Portuguese government reached an agreement that adds visibility to the remuneration of EDPR wind farms under the "old tariff regime". The agreement broadly extends the remunerations scheme from 15 to 22 years, in return for a per MW investment.

CREATING JOBS

In the third quarter of 2012 EDPR reached a total of 850 employees spread across its 3 main platforms. This highly skilled and diverse workforce is the key of EDPR's success since its inception. Despite the unfavourable economic environment, EDPR has been able to convert its growth and success into opportunities for the community.

Q4

KICK-OFF OF ASSET ROTATION STRATEGY

On November 6th, EDPR agreed to sell a minority stake in wind farms totalling 599 MW, for a total consideration of 230 million dollars. This deal marked the beginning of the announced asset rotation strategy. EDPR considered this strategy to be key for the execution of its medium/long-term goals, as it allows for the proceeds to be re-invested in the development of value accretive projects.

FIRST TRANSACTION WITH CTG

On December 20th, EDPR agreed to sell a minority stake in Portuguese wind farms relating to 615 MW (plus 29 MW ready-to-build), for a total consideration of 359 million euros. This is the first transaction with CTG under its strategic partnership with EDP and provides continuity to the execution of EDPR's asset rotation strategy. This deal highlights the quality of EDPR's assets and their low risk cash-flow profile.

BUILDING TOP WIND FARMS

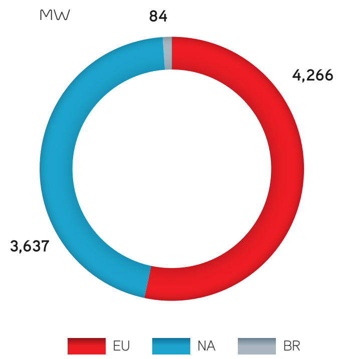
In the forth quarter EDPR accomplished two significant landmarks. The commissioning of the first wind farms in Italy and the completion of its biggest single-stage wind farm to date, the 215 MW, Marble River wind farm in the state of New York. These projects are part of the 504 MW added to EDPR's portfolio throughout the year.

OUR PERFORMANCE

OPERATIONAL

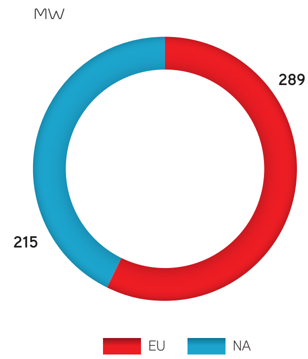
INSTALLED CAPACITY

2012	**7,987**	↑ 7%
2011	7,483	



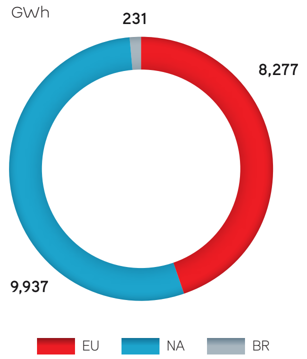
NEW CAPACITY 2012

+ 504 MW



GENERATION

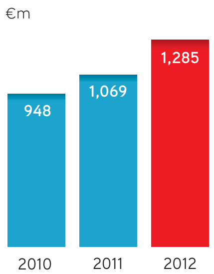
2012	**18,445**	↑ 10%
2011	16,800	



PROFIT AND LOSS

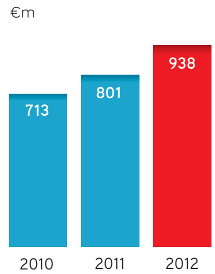
REVENUES

2012	**1,285**	↑ 20%
2011	1,069	



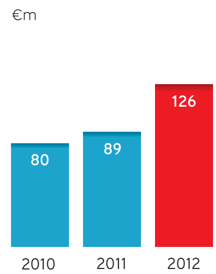
EBITDA

2012	**938**	↑ 17%
2011	801	



NET INCOME (1)

2012	**126**	↑ 42%
2011	89	



FINANCIAL POSITION

TOTAL ASSETS

2012	**13.3**	↑ 2%
2011	13.0	

13.3 €bn

NET DEBT/EBITDA

2012	**3.6x**	↓ 15%
2011	4.2x	

3.6x

OPERATING CASH-FLOW

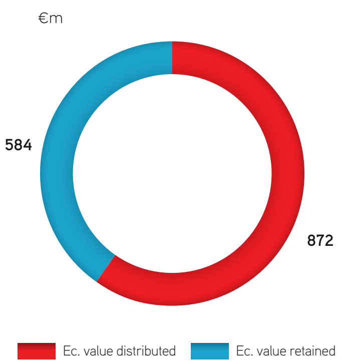
2012	**666**	↑ 4%
2011	643	

666 €m

ECONOMIC

VALUE GENERATED

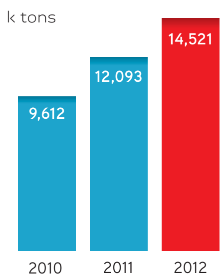
2012	**1,457**	↑ 15%
2011	1,265	



ENVIRONMENTAL

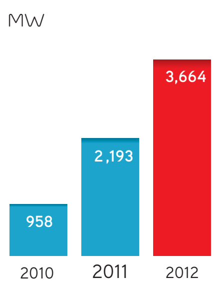
CO₂ EQ AVOIDED [2]

2012	**14,521**	↑ 20%
2011	12,093	



MW CERTIFIED ISO14001 [3]

2012	3,664	↑ 46%
2011	2,193	



1 - Net income attributable to equity holders of EDPR.
2 - Greenhouse gases avoided, converted to CO_2 equivalent emissions.
3 - Environmental Certification (see page 44).
4 - Training attendances per employee.
5 - Health and Safety Certification (see page 43).

SOCIAL

HEADCOUNT

2012	**861**	↑ 8%
2011	796	

861

TRAINING ATTENDANCES [4]

2012	**2.93x**	↑ 4%
2011	2.81x	

2,93x

MW CERTIFIED OHSAS18001 [5]

2012	**2,707**	↑ 23%
2011	2,194	

2,707

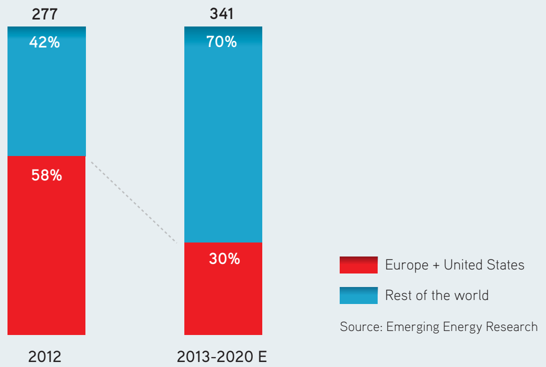
OUR MARKET

Driven by the many benefits that this type of generation source brings to society, the global renewable energy landscape has experienced continuous growth over the past decade. In the context of this growing industry, there are a number of critical trends that provide both opportunities and challenges for EDPR. These trends impact all aspects of EDPR's business and their timely identification has been a critical factor for our success.

GROWTH SHIFTING TOWARDS EMERGING WIND MARKETS

The development of renewable energy generation sources, once limited to a select number of developed countries has now grown into a global trend. Motivated by the clear benefits of these technologies, more and more countries are experiencing a large growth in renewables. In 2005, only 11 countries had more than 1 GW of installed wind capacity, by 2012 this number had more than doubled to 24. As a result of this growing trend, in the period from 2013-2020 it is expected that 70% of the onshore wind energy added will come from geographies other than the original markets of the European Union and the United States.

Onshore wind capacity by market (GW, %)

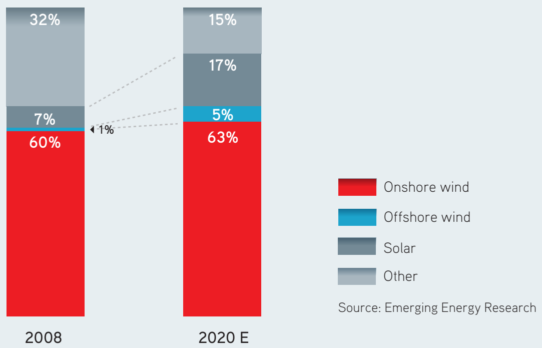


Source: Emerging Energy Research

NEW TECHNOLOGIES INCREASE THEIR WEIGHT IN THE ENERGY MIX

A major trend that is shaping the renewable energy industry and the energy landscape as whole, is the steady increase in new alternative technologies to onshore wind. This increase is being driven by the higher competitiveness of other energy sources that due to the technological advancements of the last years are now gaining traction in the industry. Out of the technologies that will make a mark in this industry in the upcoming years are solar and offshore wind. It is expected that both these technologies will significantly increase their share of the global renewable energy mix, with solar being the most promising given its increased competitiveness.

Renewable market evolution (GW, %)

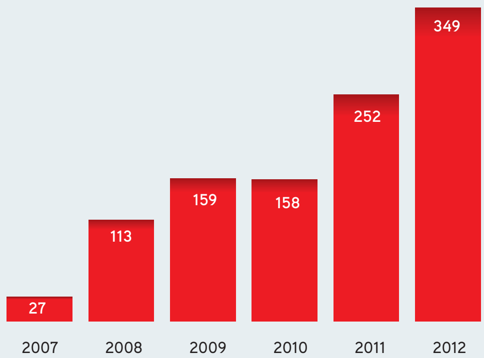


Source: Emerging Energy Research

CHALLENGING DEBT MARKETS

The evolution of debt markets since the start of the global financial crisis in 2008 has had a significant impact on the European utilities sector. This impact has been felt through the tightening of credit markets and the increase in the cost of borrowing. This trend is especially acute in on those companies that have exposure to countries that have experienced fiscal stress. For these companies the widening of the sovereign yields has had a knock-on effect on their cost of capital and their ability to tap global debt markets. This is patent in the cost that investors have to pay to insure corporate debt, the Credit Default Swap (CDS) spread. From 2008 to 2012 the 5 year CDS spread for Southern European utilities more than doubled. This trend has softened slightly following announcements by the European Central Bank in the second half of 2012.

CDS spread Southern European utilities (bps)



Note: Bloomberg. 5Y spread, (includes EDP, Iberdrola, Gas Natural, Endesa, Enel)

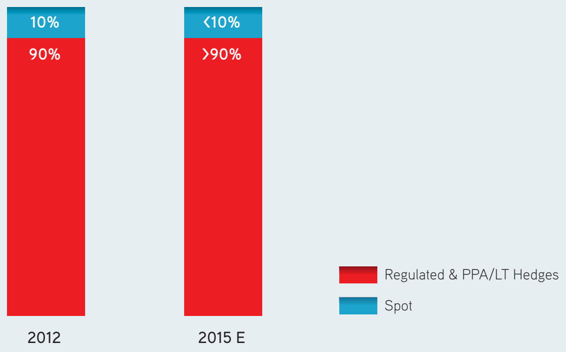
OUR STRATEGY

EDPR's core strategy is based on three main pillars: focused growth, controlled risk and superior profitability. In addition to this broad guiding strategy, EDPR has engaged in a number of strategic initiatives that focus on benefiting from important market trends affecting the renewables market. The swift execution of these strategic initiates is vital for maintaining EDPR front-runner status and shaping EDPR's tomorrow.

SECURING VISIBLE CASH-FLOW FROM THE INSTALLED ASSET BASE

Ensuring that EDPR's current portfolio generates stable cash-flow throughout its lifetime is critical for the sustainability of our business model. Achieving this objective involves ensuring a low risk approach to market exposure, with assets under long-term regulatory frameworks or PPAs. In addition we target the highest standards in operational efficiency, maximizing output, with top-class availability and a continued improvement in Opex metrics. Achieving these goals is a cornerstone for EDPR's success.

Capacity breakdown by remuneration (%, GW)

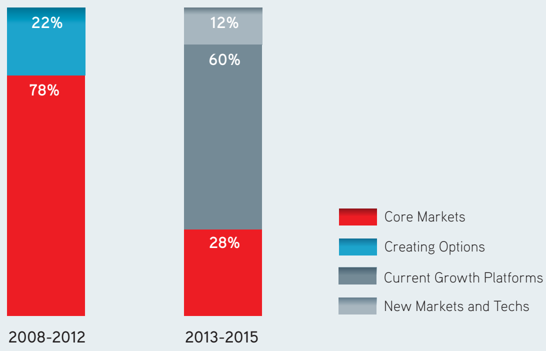


SHIFTING GROWTH INTO EMERGING WIND MARKETS AND NEW TECHNOLOGIES

As an early entrant in many of its 11 current geographies EDPR has developed core competences that allow it to successfully enter other promising wind markets. The entry into some of its current growth markets such as Poland and Romania is testament of this capacity. EDPR's objective is to extend this process with entry into new emerging wind markets that are expected to fuel its future growth.

The development of new technologies to further diversify EDPR's portfolio and provide additional growth avenues is a key objective of the company. EDPR focuses on investing in mature competitive renewable technologies with high growth potential. The first steps of this strategy have been achieved with its first solar PV projects, in Romania.

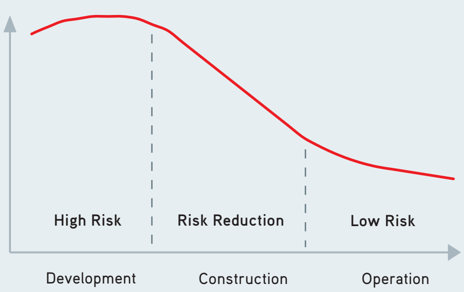
EDPR growth breakdown (%, GW)



ASSET ROTATION

EDPR has implemented a new asset rotation strategy aimed at crystallizing the value generated through the de-risking of the project and recycling cash. This strategy consists of selling minority stakes of operating assets to interested investors. In the process EDPR is able to realize the value created during the, riskier, development and construction phases of the project. The proceeds generated from the sales can then be used to reinvest in new projects or other value accretive uses. During 2012, EDPR has already been able to successfully complete two assets rotation transaction involving US and Portuguese assets.

Cost of capital through the life cycle of a wind farm (WACC; %)



OUR TARGETS

EDPR's 2015 financial targets were presented to the market during its May 2012 Investor Day. The execution of these targets ensures value creation for our shareholders.

IMPROVE PORTFOLIO PROFITABILITY METRICS

EDPR's strict investment strategy for the 2012-2015 period will lead to a continued increase in EDPR's key value metrics. Our objective is to invest in new projects with superior wind resource, located in geographies that have above portfolio average selling price, and a continuous focus on improving Opex metrics. The execution of these goals will be the main drivers for achieving our EBITDA average MW metric.

+25%

increase in EBITDA per average MW in operation by 2015

STRONG CASH-FLOW GENERATION

EDPR's continued focus on operational efficiency coupled with its selective investment strategy result in a top-quality portfolio with high cash-flow generation capacity. Our target is for EDPR's EBITDA to rise steadily clearly exceeding the 1.35 billion euros mark by 2015. During the 2012-15 period EDPR's operating cash-flow will also significantly exceed Capex.

1.35-1.50

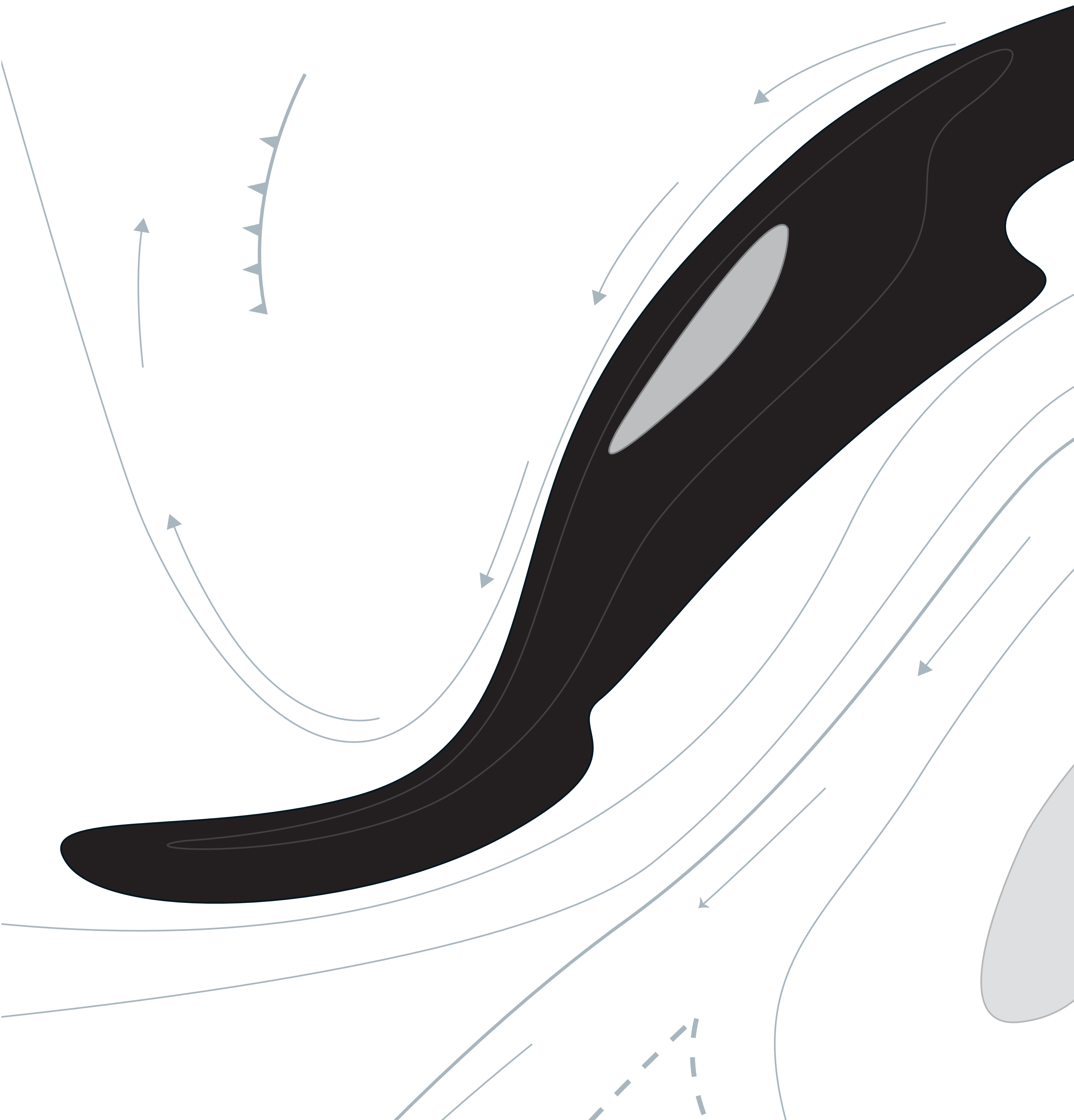
billion euros of EBITDA by 2015

SIGNIFICANTLY INCREASE BOTTOM-LINE PROFITABILITY

Generating sustained return on investment for our shareholders is the main goal of EDPR. Our target is to more than triple 2011 Net Income over the next 4 years.

>3x

increase in Net Income vs. 2011 figures



OUR INDUSTRY

LAS MONJAS (SPAIN, ANDALUCÍA REGION)

34 MW
INSTALLED CAPACITY

2,310 MW
INSTALLED CAPACITY IN SPAIN

18
TURBINES

REMUNERATION:
FEED-IN TARIFF

The Las Monjas project, located in the South of Spain, is part of a series of wind farms built under the pre-assignation registry system. EDPR has been able to successfully complete all of the capacity assigned under this system, ensuring that these projects fall under the Spanish renewable energy remuneration scheme. As is the case for all of EDPR's portfolio, Las Monjas has a strong wind resource contributing to further sustain the Company's net capacity factor premium over the Spanish industry average.

WHY RENEWABLES ARE THE FUTURE

Renewable power triggers high returns for the domestic economy by generating local added value and job creation, while contributing to mitigate climate change effects. The benefits for the energy system are also notorious as select renewable technologies provide high competitiveness, while reducing expensive fuel imports, improving energy security and reducing wholesale prices.

THE MAIN BENEFITS OF RENEWABLE ENERGY

BENEFITING THE ENVIRONMENT AND THE ECONOMY	BENEFITING THE ENERGY SYSTEM
Combat Climate Change	Reduction in Wholesale Prices
Job Creation	Competitive Technologies
Contribution to GDP Growth	Energy Security

COMBAT CLIMATE CHANGE

A United Nations report on rising greenhouse gas emissions reminded world governments last December that their efforts to fight climate change are far from enough to meet their stated goal of limiting global warming to 2˚C above 1990 levels. In order to ensure the latter, at least these two conditions must be met: global greenhouse gas emissions must peak below 50 Gton/year before 2020 and emissions must reach half the 1990 levels by 2050.

The power sector is responsible for more than 40% of all CO_2 emissions from burning fossil fuels and about 25% of the total greenhouse gas emissions. Promoting a shift from conventional fossil fuels to renewable energy is one of the most effective and feasible near-term ways of mitigating climate change. Renewables sources are not only carbon free but also don´t emit harmful SOx, NOx, or mercury pollution, protecting valuable air and water resources.

Wind power alone has reduced emissions by about 400 million CO_2 tons in 2012.

JOB CREATION

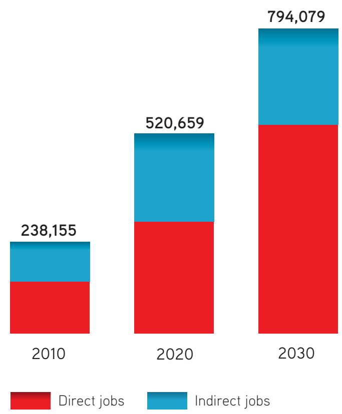
As governments struggle with high unemployment rates in many countries, the renewable industry's potential for employment becomes increasingly important. Focusing on wind, according to the Global Wind Energy Council ("GWEC"), for every new MW of capacity installed in a country in a given year, 14 person/year (which corresponds to one full time equivalent job during one year) of employment is created through manufacturing, component supply, wind farm development, construction, transportation, etc.

In Europe, according to the Ernst & Young report "Analysis of the value creation potential of wind energy policies" conducted for Acciona and EDPR, published in August 2012, wind energy sector creates 21 jobs/year per million euros invested, compared to 13 for a Combined Cycle Gas Turbine ("CCGT").

According to the "EWEA" (European Wind Energy Association), the European wind sector employment amounted to 238,155 jobs in 2010, both directly and indirectly and this figure is expected to more than double by 2020, which illustrates the enormous job-creation potential of the industry.

According to the "AWEA" (American Wind Energy Association), the wind industries accounts for 75,000 jobs (both direct and indirect) in the US.

Renewable energy industry jobs created in Europe (#)



Source: EWEA

CONTRIBUTION TO GDP GROWTH

The large deployment of renewables worldwide has been possible thanks to the development of the renewable industry, which consequently, represents an increasing share of the global economy.

Wind industry development is, today, a key contributor to the GDP of many economies worldwide. According to a study conducted by the EWEA "The impact of wind energy on jobs and the economy" published in April 2012, the direct contribution of the wind energy sector in the EU's GDP was 17.6 billion euros in 2010, which corresponds to 0.26% of the European GDP. The same year, the industry's net exports were worth 5.7 billion euros and it´s worth noting that only 9.9% of the wind energy inputs were imported, which illustrates the European wind industry's competitiveness. Furthermore, the growth of the wind industry's contribution of the EU's GDP is greater over the 2007-2010 period, than the overall growth of the EU's GDP during this same period, thus the wind sector remains strong in periods of recession.

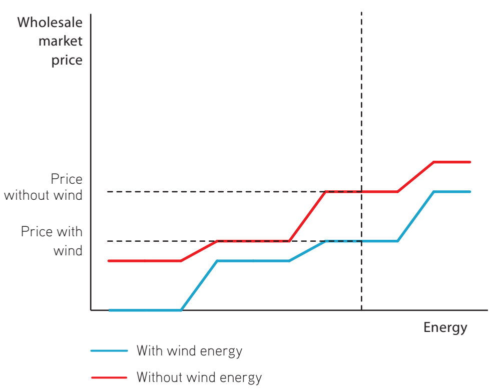
In the US, according to the AWEA data, wind bolsters America's economy through a supply chain of nearly 500 manufacturing plants and over 2,500 companies investing in all stages of American wind power.

REDUCTION IN WHOLESALE PRICES

Renewable generation bid their output in wholesale markets at zero cost as wind energy has no marginal cost. As power prices are determined by the intersection of power supply and demand, bids at zero displace more expensive technologies shifting, consequently, the supply curve. For a same level of demand, when wind production is available, the market price goes down.

This effect is not a negligible effect. In Spain, the reduction of market price due to wind energy ranges between 4€/MWh and 8€/MWh, which materialises in energy savings of around 1,000 million euros per year.

Wholesale energy market illustrative



INCREASING COMPETITIVENESS VS CONVENTIONAL GENERATION

The sharp reduction of investment costs per MWh of new renewable installed capacity has led to the increasing competitiveness of renewable technologies, mainly driven by technological progress and economies of scale.

Onshore wind with robust load factors (>2.500-3.000 hours) is already competitive with new full-cost CCGT technology, even in the US.

Renewable energy is perceived as being expensive because the total cost of renewable energy is implicitly compared to wholesale prices of existing power plants.

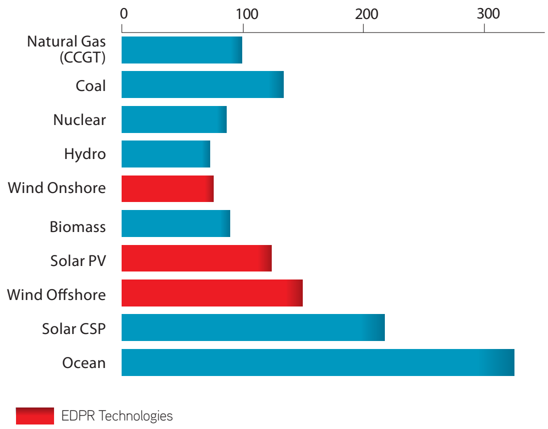
However, this is an unfair and inaccurate comparison as:

- Wholesale prices do not account for the initial capital investment of the facility, as the investment has already been partially or fully amortized.
- Some conventional technologies are not covering their total non-variable costs with wholesale price and therefore are not sustainable in the long run.
- In some cases, conventional technologies receive additional revenue besides wholesale price, including capacity payments and payment for ancillary grid-support services.
- Renewables actually contribute to lowering wholesale prices, creating a benefit for the system that is not attributed to them.

A more accurate indicator to compare technologies is the levelised cost of energy (LCoE) which is the constant price per unit of energy that causes the investment to break even, and enables to compare, accordingly the cost of generating electricity with different sources.

According to this criterion, some renewable technologies such as wind onshore are already competitive with conventional generation sources. While others, like solar PV and wind offshore are quickly emerging and becoming more competitive. There is a third set of renewable technologies like solar CSP and ocean that are still in an early stage of development and are not attractive for large scale investment, without supportive frameworks.

Technology total cost (LCoE*€/MWh)



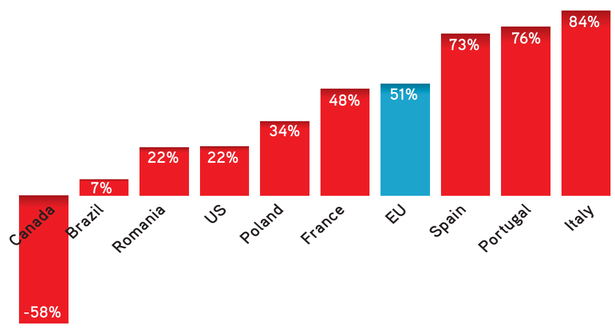
*Levelised cost of energy
Source: Internal analysis

IMPROVE ENERGY SECURITY

By investing in renewable energy, countries reduce their energy dependency by enhancing their security of energy supply and minimizing their exposure to potential increases in fuel prices. This happens because wind, solar and hydro technologies use endogenous resources. Conversely, fuel resources are scarce and concentrated in some geographies which explains its high and volatile price.

The EU imports up to 50% of the energy it uses and the European Commission has predicted that with "business as usual" the EU's energy import dependence will jump to 65%. Reliance on gas imports is expected to increase from 57% to 84% by 2030, of oil from 82% to 93%. However, in the US energy dependence is not such a pressing issue as the country only imports around 20% of its energy needs.

Energy dependence, 2010 (%)



Note: Energy dependence is defined as imports/total energy consumption
Source: World Bank

RENEWABLE ENERGY TRENDS

GLOBAL RENEWABLE ENERGY MACROTRENDS

Increasing global demand, volatility in commodity prices and security of supply are the main drivers behind the large deployment of renewables, in line with more pressing climate change concerns. This expansion is enabling a rapid reduction of some renewable technologies' costs, namely solar PV and onshore wind.

CONTINUED INCREASE IN GLOBAL CAPACITY

Demand for energy is strongly correlated to economic growth. Globally, demand for electricity is set to continue to grow faster than any other final form of energy. According to the "IEA" (International Energy Agency), demand will expand by over 70% between 2010 and 2035. Over 80% of the growth comes from non-OECD countries, over half in China (38%) and India (13%) alone. China overtook the United States in 2011 to become the world's largest electricity consumer.

This future economic growth, coupled with an increase of 1.7 billion in the world´s population by 2035, is expected to increase the world´s energy needs. According to IEA, the World's primary energy demand will increase by 35% between 2010 and 2035.

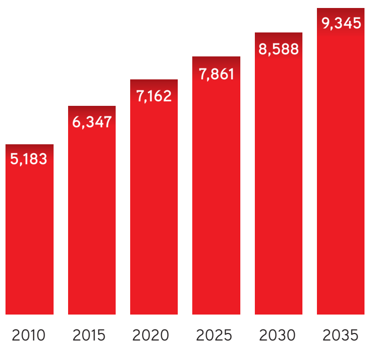
Despite this trend, fossil fuels are expected to remain the largest contributors to meet the world's energy needs in 2035 (75%, excluding nuclear), non-hydro renewables will show an unparalleled growth as their demand is expected to increase by a factor of six from 2010 to 2035.

The world economy must install new electricity generation capacity to fuel its growth (mainly in developing countries) and to replace old fossil fuel fired plants that are subject to retirement (in both developing and developed countries). Renewable energy is an environmentally-friendly and competitive option for new capacity investments. Moreover, renewable energy plants usually have a relatively short construction time and have therefore, the advantage of fast deployment. A 10 MW wind farm can easily be built in two months, while a larger 50 MW wind farm can be built in six months.

RENEWABLES ACCOUNT FOR HALF OF WORLDWIDE ADDITIONS

Renewable power generation technologies account for around half of all new power generation capacity additions worldwide. In 2011 additions included 41 GW of new wind power capacity, 30 GW of solar PV, 25 GW of hydropower, 6 GW of biomass, 0.5 GW of CPS and 0.1 GW of geothermal, according to "IRENA"(International Renewable Energy).

Electrical capacity worldwide (GW)



Source: IEA "New Policies Scenario" (2012)

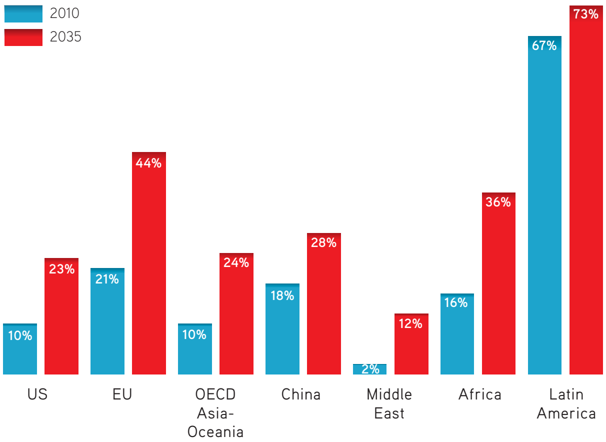
EMERGENCE OF NEW MARKETS

Wind and solar energy are now mainstream, consolidated electricity generation sources and have a central role in an increasing number of countries.

The most notable trend, apart from the enormous growth of these industries, has been their geographical expansion. The wind industry started as a very euro-centric industry but experienced the large development of the US in the last decade, and more recently, massive growth in other markets.

The most striking example is China. While its total wind capacity only counted 568 MW in 2002, ten years later China reached the astonishing figure of 75 GW. China surpassed US as the largest wind market in 2010. In 2012, China accounted for 30% of the new wind installations.

World renewable generation over total electricity generation (%, GW)



Note: IEA New Policies Scenarios. New policies scenario is the central scenario and takes into account existing policy commitments and assumes that those recently announced are implemented, albeit in a cautious manner.

India has also become a leading wind market and is today the 5th largest wind market worldwide with 18 GW of wind installed capacity.

Other markets have emerged with force in the last years, such as Brazil, Mexico, Canada, South Africa, Poland and Turkey among others.

Solar PV technology has evolved in a similar way. While in 2008 only three countries, Germany, Spain and Japan had surpassed the 1 GW of installed capacity landmark, today other countries have surged with force, most notably, US, China, Italy, France and the Czech Republic, among others.

According to IEA projections, all regions (except Latin America that already has a large share of renewables) are expected to increase their share. As demand in these countries increases and energy security is a priority, governments are turning to renewables to fill the gap.

RISING FUEL COSTS

Past and current sharp increases in oil prices have seriously hit the economic performances of many countries of the world. Brent crude oil prices increasing from 20$ barrel in 2004 to more than 120$ barrel in 2012 has led to an increasing vulnerability of many oil importing countries. As oil reserves are scarce and concentrated in a few countries, prices are expected to continue growing and remain very volatile.

Gas prices worldwide tend to increase in parallel with crude. This relationship is strong in both Europe and Asia where gas prices closely track the price of crude oil. However, in the US, the recent development of shale gas has significantly loosened this relationship, with gas prices decreasing and decoupling from the traded price of crude oil.

The sustained increase in fossil fuel prices is a key driver for the growth of renewables. Technologies such as wind and solar that rely on free endogenous resources to produce energy become increasingly competitive as the cost of fuel used in conventional generation sources increases.

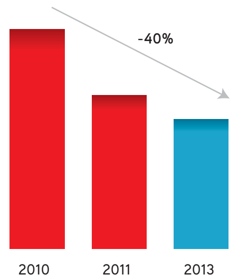
REDUCTION OF RENEWABLE TECHNOLOGIES COSTS

The Levelised Cost of Energy (LCoE) of more mature technologies such as wind, solar PV, CSP and some biomass technologies is sharply declining. This is driven by the fact that renewable technologies are today the most economic solution for new capacity in an increasing number of countries and regions.

An Ernst & Young report "Analysis of the value creation potential of wind energy policies" conducted for Acciona and EDPR, published in August 2012, confirmed the lower net cost of wind compared to the CCGT technology for most European nations and at the European level. According to this study, renewable energy technologies such as wind power generation present, in most cases, a higher cost than fossil fuel base generation technologies. However, wind also generates returns for the domestic economy by generating local added value and job creation, which leads, ultimately, to a lower net cost of wind. Alternatively, natural gas is largely imported, but these expenditures generate very limited benefits to the domestic economy.

Solar PV is also already becoming cost-competitive in many regions as its costs continue to drop fast.

Evolution of investment cost of PV technology (Capex/MW, €m)



Source: Internal analysis

EVIDENCE OF DECLINE IN SOLAR PV COST

Crystalline silicon PV module price is another good example of costs reduction. According to a study (1) conducted by the International Renewable Energy Agency ("IRENA"), average prices for Chinese modules have fallen by more than 65% over the last two years to below 0,75 US$/wat in September 2012. The increasing size of global renewable markets and the diversity of suppliers have resulted in more competitive markets for renewable technologies.

1 - "Renewable Power Generation Costs in 2012"

SHIFT TO LOW CARBON ECONOMIES

Governments promote low carbon economies in order to mitigate climate change effects. Low carbon economies translate into societies where the agriculture, manufacturing, transportation and power generation, among others sectors, seek to minimise their carbon emissions.

More stringent carbon policies, particularly in Europe, are driving changes in this direction. For the short term, the EU has put in place legislation to reduce its emissions to 20% below 1990 levels by 2020, and the data shows it is well on track to reach this target. Europe is also offering to step up this cut to 30% if other major economies agree to do their fair share of a global reduction effort.

The power sector has the biggest potential for cutting emissions. For example, according to the “2050 European Energy roadmap”, a document in which the European Commission explores the challenges of European decarbonisation, the power sector could reduce its CO_2 emissions from 93% to 99% in 2050. For this to happen, the strengthening of the EU emission Trading System and considerable investment in smart grids are required.

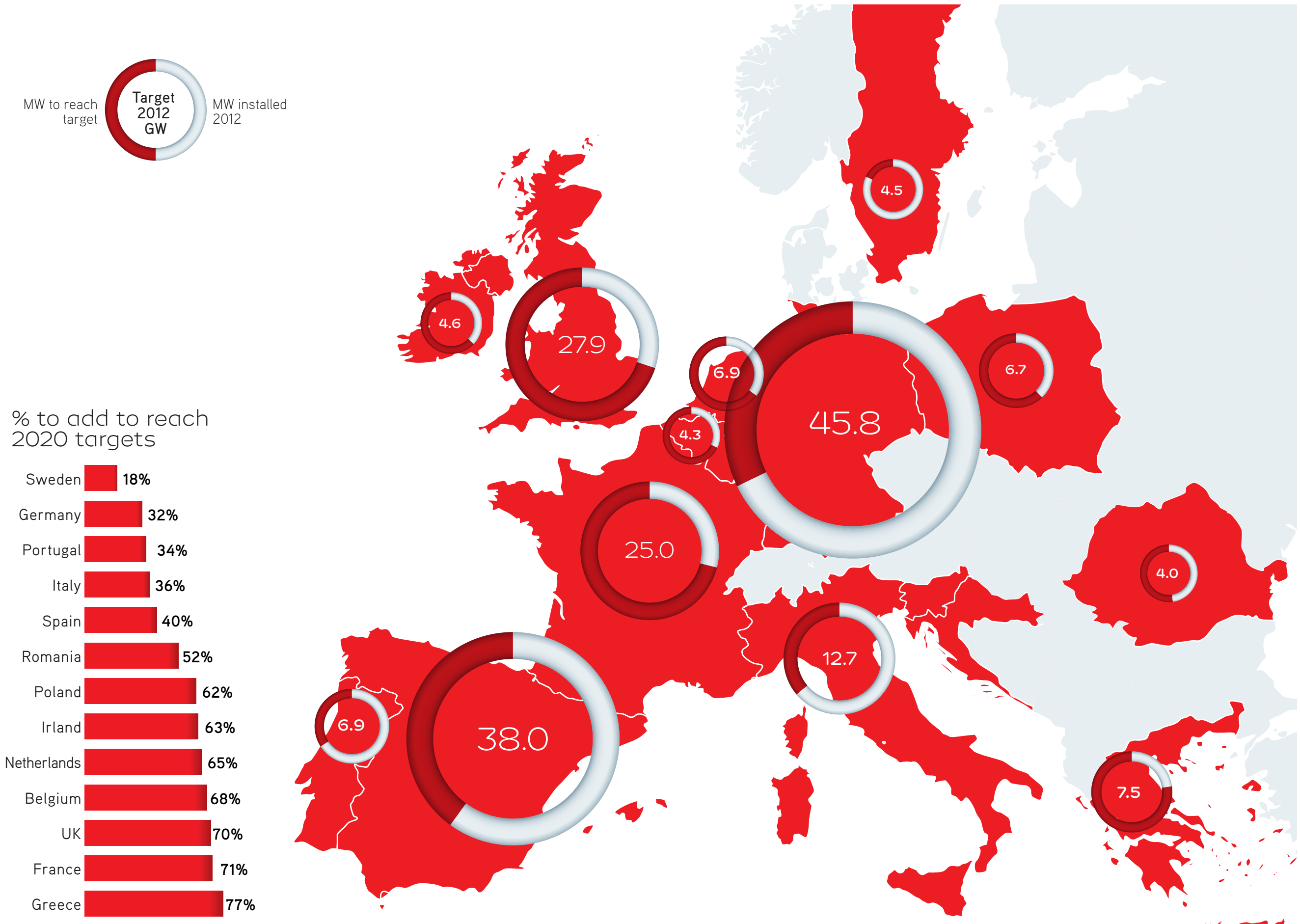
New commitments include renewable energy and energy efficiency targets and national targets to reduce greenhouse-gas emissions communicated under the “UNFCCC” (United Nations Framework Convention on Climate Change), among others.

In terms of International commitments related to reducing greenhouse gas emissions, the 2012 United Nations Climate Change Conference held in Doha (Qatar) concluded with an extension of the Kyoto Protocol (set to expire in 2012) until 2020 with 37 countries (representing ~15% of worldwide emissions) agreeing to binding greenhouses gases reduction targets. In 2015 a new treaty with binding obligations for all parties should be ready so it can be operational by 2020. Negotiations will proceed in order to reach a comprehensive and binding treaty for a larger number of countries, including, hopefully, the United States (that never ratified the Kyoto Protocol) and Developing countries such as China, India and Brazil.

In the European Union, Member States are subject to Directive 2009/28/EC on renewable energy, implemented by Member States by December 2010 which sets ambitious targets for all Member States, such that the EU will reach a 20% share of energy from renewable sources by 2020. These targets provide clarity and confidence to the industry and investors for making long-term investments.

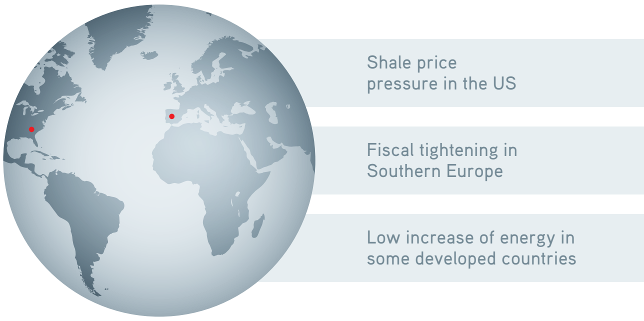
Each Member State has committed to a “National Renewable Energy Action Plan” which is a document that sets the path towards meeting its individual target. To ensure that the targets are met, each country is required to prepare an action plan and provide regular progress reports.

Since 2009 progress has been varied but the overall capacity shows that Europe is half way to comply. At the end of 2012 Europe had installed 98 GW of wind (both onshore and offshore), nearly half of its 209 GW 2020 overall target. Overall, Member States are lagging behind in their targets.



Note: Includes countries with 2020 target over 4 GW

REGIONAL CHALLENGES IMPACTING EDPR GEOGRAPHIES



SHALE GAS PRICE PRESSURE IN THE US

The boom in shale gas production in the US since the mid-2000s has boosted overall gas supplies driving prices down. For this reason and due to exporting constraints, gas prices in the US market have moved in a different rhythm than in the rest of the world. According to IEA, in June 2012 spot gas was trading at as little as $0.10/M Btu per million British thermal units (M Btu) at Henry Hub (the most important US trading hub) compared with $9.9 in the United Kingdom, $12/M Btu for spot LNG in the Mediterranean and $17.40/M Btu for spot LNG in northeast Asia.

However, current low gas prices in the US are not sustainable in the medium to long term and are expected to increase in the future (IEA. World Economic Outlook 2012). It is also worth noting that onshore wind with robust load factors is still competitive with shale gas-fired CCGT.

Moreover, fears about its risks to human health could dent larger development. The root of the problem lies on the fact that the drilling technique that is being used to release shale gas "hydraulic fracturing" or "fracking", shoots water, sand and toxic chemicals into the ground to break up rock and release the gas. Although the Environmental Protection Agency has declared the process to be safe, water contamination has been reported in more than a thousand places where drilling is happening, raising growing concerns about its safety.

SHALE GAS IN EUROPE

Currently shale gas is not having the same impact in European markets. Environmental concerns, outright bans on fracking, uncertainty about the reserves and lack of infrastructure, are currently deterring shale gas development.

FISCAL TIGHTENING IN SOUTHERN EUROPE

Over the last two years, the Eurozone crisis and the threat of debt contagion is having its sharpest impact in countries such as Portugal, Ireland, Italy, Greece and Spain. Since spring 2010, three Eurozone countries, Greece, Ireland and Portugal have been driven by sovereign debt crises into unprecedented EU-IMF programmes. These programmes include measures to provide financial aid in return for cutting high levels of public debt, with the objective of balancing public finances and setting these economies back on the path to growth.

The adjustment in public finances has resulted in tax increases in many of these countries. Spain and France introduced new taxes at a regional and state level, respectively. Additionally, limits to the deductibility of financing costs were implemented in Portugal, Spain and France.

LOW DEMAND INCREASE IN SOME DEVELOPED COUNTRIES

As power demand is highly correlated with GDP growth and growing energy efficiency, many European countries are expected to witness in the next years lower electricity demand figures. According to IHS forecasts, Belgium, Greece, Spain, Portugal and the UK, among other countries, will even experience a decrease in power demand from 2012 to 2015.

This forecast decrease in demand has forced Spain and Portugal to announce moratoria on new renewable-energy projects. Other countries have also implemented less favourable regimes for wind operators or new taxes on renewable energy operators, as the decrease in demand impacted the sustainability of the previous remuneration schemes.

However, large new investment in the power sector will be needed, as more than half of current installed fossil generation capacity in the EU will reach the end of its lifetime within the next twenty years and must be replaced. In this context, renewables are expected to help fill this gap.

OUR PERFORMANCE

MARBLE RIVER (UNITED STATES OF AMERICA, NEW YORK STATE)

215 MW
INSTALLED CAPACITY

3,637 MW
INSTALLED CAPACITY IN THE US

70
TURBINES

REMUNERATION:
LT REC CONTRACT + CASH GRANT

The largest single phased wind farm in EDPR's fleet, Marble River is a utility scale wind farm capable of generating renewable energy to power more than 60,000 US households. This wind farm, commissioned in 2012, benefits from a long-term REC contract and cash grant, making it is a valuable addition to EDPR's portfolio.

OPERATIONAL PERFORMANCE

EDPR has a strong track record and proven capability to execute projects and deliver on targets. EDPR manages a global portfolio present in eleven countries spanning over three continents.

CAPACITY

8.0 GW INSTALLED

Since 2008, EDPR has increased its installed capacity by 3.586 MW, resulting in a total installed capacity of 7.987 MW. As of year-end 2012, EDPR has installed 4,266 MW in Europe, 3,637 MW in North America, and 84 MW in Brazil.

+504 MW ADDED IN 2012

During 2012 EDPR added 504 MW to its installed capacity, of which 289 MW were in Europe and 215 MW in the US.

IMPORTANT LANDMARKS WERE ACHIEVED IN EUROPE WITH THE FIRST WIND FARMS IN ITALY AND THE FIRST SOLAR PV PROJECTS

In Europe, EDPR added 289 MW to its consolidated wind installed capacity to reach 4,266 MW.

2012 marked two major milestones in EDPR's history with the completion of its first wind farms in Italy and the addition of its first ever solar photovoltaic plants.

Portfolio growth in Europe came largely from outside Iberia, with 113 MW (22%).

Romania saw growth in both wind and solar installations, with 26 MW added in wind and 39 MW in solar PV. With this achievement EDPR consolidated its top tier position in the Romanian renewable energy market.

EDPR commissioned its first wind farm in Italy during fourth quarter of 2012. The 20 MW wind farm is located in the town of Villa Castelli, in the Apulia region. In the same quarter, EDPR completed its second wind farm, Pietragalla, located in the Basilicata region, for another 20 MW.

In France, EDPR completed the extension of the Prouville wind farm by adding 8 MW.

EDPR completed 110 MW in Spain, achieving a total installed capacity in Spain of over 2.3 GW while consolidating its market leader position in Catalonia, with the addition of 48 MW and surpassing 300 MW in total installed capacity in this autonomous region. December 31st 2012 marked the end date for the completion of awarded capacity under the pre-assignation registry. EDPR was able to successfully complete 100% of its projects in time, ensuring that they benefit from the current remuneration scheme.

Through ENEOP in Portugal, a consortium to develop 1.2 GW in which EDPR holds a 40% stake, 64 MW were added in 2012 to the total 390 MW attributable to EDPR at year-end. Moreover, EDPR increased the capacity via overpowering of an existing wind farm by 2 MW.

EDPR COMPLETED THE INSTALLATION OF 215 MW IN THE STATE OF NEW YORK

In North America, EDPR reached a total installed capacity of 3,637 MW, representing a 17% average annual growth since 2008.

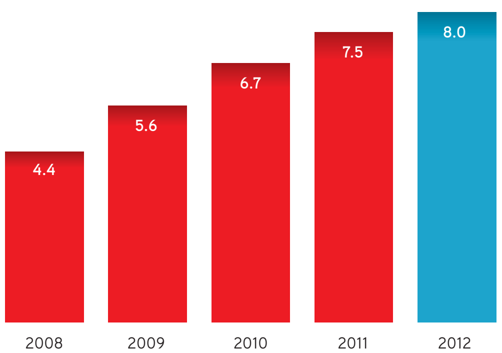
During the year, EDPR completed the Marble River wind farm in the north-eastern area of the New York state with a total capacity of 215 MW.

The project has a 10-year Renewable Energy Credits (REC) contract with NYSERDA, which provides visibility to the sale of its renewable energy. Furthermore, it was awarded by the US Treasury, a Cash Grant, for an amount of 122 million US dollars (received in the first weeks of January).

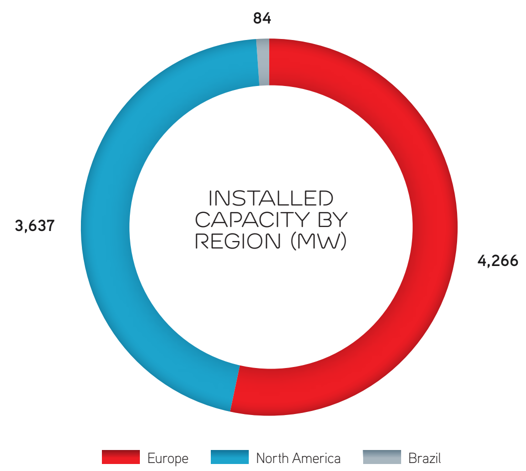
FIRST FULL YEAR OF OPERATION FOR TRAMANDAÍ

In Brazil, EDPR currently runs three operating wind farms totaling 84 MW, fully under renewables energy incentive programs. In 2012, the 70 MW Tramandaí wind farm, in the state of Rio Grande do Sul, had its first complete operational year, delivering more than 200 GWh in total production. Tramandaí has a 20-year PPA, under the PROINFRA program, with Eletrobrás, the State owned electricity holding.

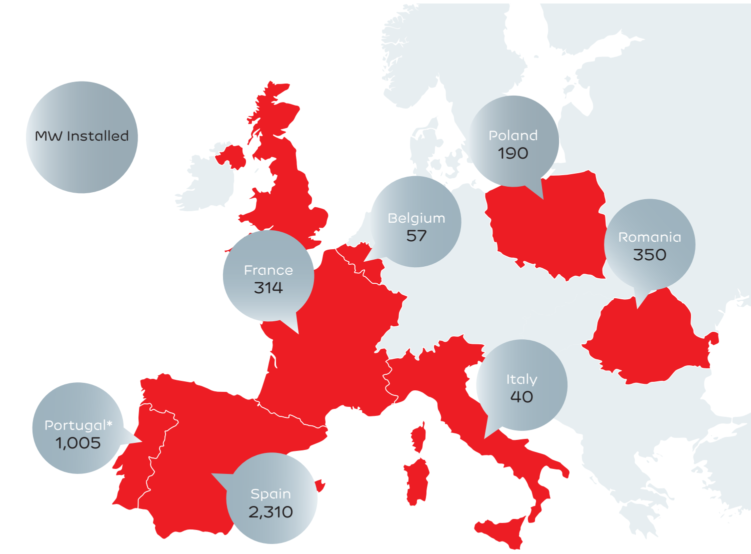
Total installed capacity (GW)



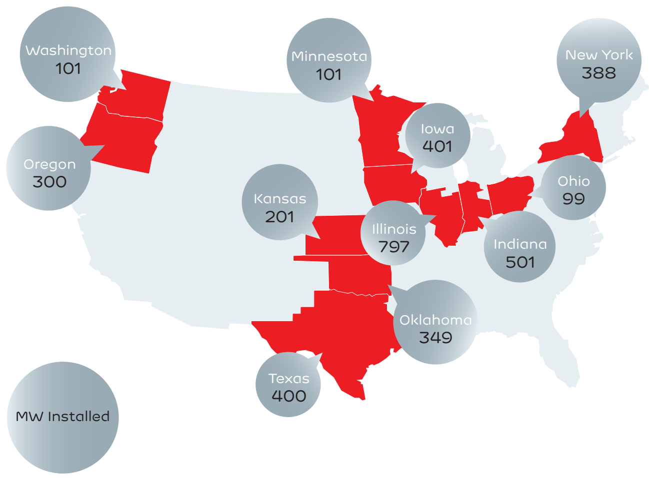
Note: Includes ENEOP - Eólicas de Portugal consortium



CAPACITY DETAIL & 2012 LANDMARK PROJECTS



*includes ENEOP – Eólicas de Portugal consortium



ROMANIA SOLAR PV

Project Specs:
Region: Oltenia
Size: 39 MW (4 Projects)
Remuneration Scheme:
Pool + Green Certificates

This project marks the entry of EDPR into the solar PV technology. The project combines an supportive remuneration scheme, quality irradiance and the potential of the Romanian market. The swift execution of this opportunity is testament to EDPR know-how enhanced by the relationship with its local partner.

VILLA CASTELLI

Project Specs:
Region: Apulia
Size: 20 MW
Remuneration Scheme:
Pool + Green Certificates

This project is EDPR first commissioned wind farm in Italy, benefiting in full from the previous remuneration scheme. This project marks an important step in EDPR's development in Europe that is expected to produce stable pipeline of opportunities in the years to come.

COLL DE MORO

Project Specs:
Region: Catalonia
Size: 48 MW
Remuneration Scheme:
Feed-in tariff

An important project in Spain, ensuring leadership in the region of Catalonia. This 48 MW wind farm included in the pre-assignation registry will still benefit from the current remuneration scheme.

MARBLE RIVER

Project Specs:
Region: New York State
Size: 215 MW
Remuneration Scheme:
LT REC contract + Cash Grant

The largest single phased wind farm in EDPR's fleet, Marble River is a utility scale wind farm capable of generating renewable energy to power more than 60,000 US households. This wind farm, commissioned in 2012, benefits from a long-term REC contract and cash grant, making it is a valuable addition to EDPR's portfolio.

PRODUCTION

EDPR's electricity production totaled 18,4 TWh, increasing by 1,6 TWh versus 2011, a 24% average annual growth since 2008, clearly outpacing capacity growth.

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

EDPR leverages on its core competencies to maximize wind farm output and relies on its diversified portfolio to mitigate the wind volatility risk. This is best evidenced by EDPR's continued achievement of one of the highest net capacity factors in the wind sector, which provides sound proof of the quality of our assets.

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

EUROPE ACHIEVES SIGNIFICANT RECOVERY OF WIND RESOURCE

In Europe EDPR produced 8,277 GWh, a year over year increase of 13% on the back of the new capacity installed and a 21% average annual growth since 2008, outpacing capacity growth.

The largest growth driver in generation is due to 522 GWh increase in Spain mainly as a result of the recovery in the wind resource resulting in a +2pp increase in the net capacity factor from 25% to 27%. Moreover, EDPR maintained its competitive advantage in Spain as it outperformed the rest of the Spanish market.

All geographies, except Poland, posted higher year over year net capacity factors, resulting in an increase of the overall net capacity factor from 25% to 26% in Europe. Despite the year on year decrease, Poland registered a 26% net capacity factor, in line with the average for Europe.

RECORD YEAR IN NORTH AMERICA AS IT ACHIEVES ITS SECOND HIGHEST NET CAPACITY FACTOR

In North America EDPR produced 9,937 GWh, a year over year increase of 6% mainly as a result of the new capacity added during 2011 and an exceptional wind year for the company as it reached its second highest net capacity factor ever recorded. Generation has grown at an average annual growth rate of 26% since 2008, outpacing capacity growth.

GENERATION AND NCF DETAIL 2012

	GWh	Δ YoY %	NCF (%)	Δ YoY %
EDPR	**18,445**	**+10%**	**29%**	**+0 pp**
EUROPE	**8,277**	**+13%**	**26%**	**+1 pp**
Spain	5,106	+11%	27%	+2 pp
Portugal	1,444	+4%	27%	+0 pp
France	693	+18%	24%	+1 pp
Belgium	123	+5%	24%	+1 pp
Poland	435	+16%	26%	(1 pp)
Romania	476	+95%	21%	+5 pp
USA	**9,937**	**+6%**	**33%**	**+0 pp**
East	4,243	+6%	30%	(0 pp)
Central	4,774	+11%	37%	+1 pp
West	919	(9%)	26%	(3 pp)
BRAZIL	**231**	**+36%**	**31%**	**(4 pp)**

The net capacity factor of 33% was stable in 2012 compared to the previous year.

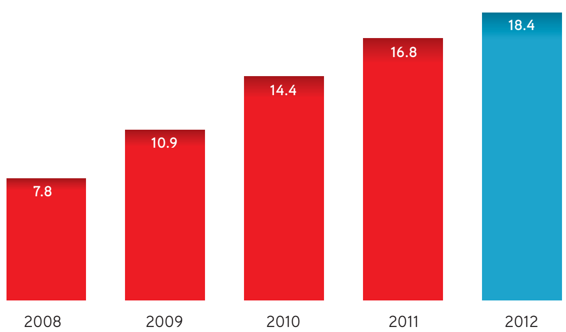
Lower curtailment at the Pioneer Prairie projects (300 MW in Iowa) and Prairie Star (101 MW farm in Minnesota) also contributed to stronger availability.

TRAMANDAÍ COMPLETES ITS FIRST FULL YEAR OF OPERATION

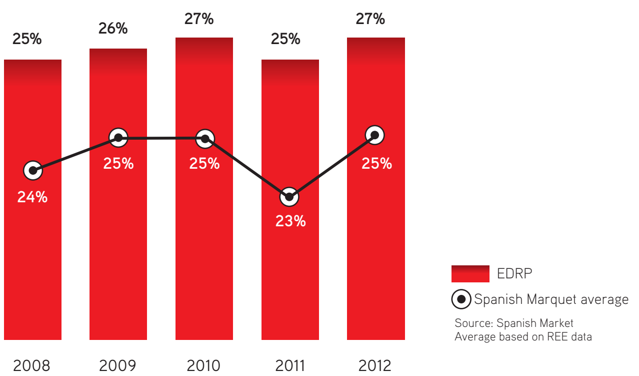
With the completion of the Tramandaí wind farm, production increased nearly 36% over the prior year in Brazil to reach 231 GWh. This is primarily a result of the new Tramandaí wind farm, which accounts for over 85% of Brazil's total production.

Despite the significant increase in generation, the net capacity factor of 31% is +3.5pp lower than prior year, which is mainly attributed to a seasonal effect due to the start of contribution from Tramandaí in the mid of the prior year.

Production (TWh)



EDPR vs Spanish Market annual net capacity factors (%)



SELLING PRICE

Over 90% of the total installed capacity is under regulated remuneration schemes, have long term power purchase agreements, or have their merchant production hedged. This enables EDPR to minimize risk related to merchant prices.

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

PRICE IMPROVEMENTS AND INCREASED WEIGHT FROM ROMANIA LEADS TO STRONG INCREASE OF 7% IN EUROPE'S AVERAGE PRICE

EDPR's average selling price in Europe reached €94/MWh, increasing €6/MWh, or 7%, above 2011.

All countries posted positive year over year evolutions except for Poland, mainly due to lower electricity prices on the spot market.

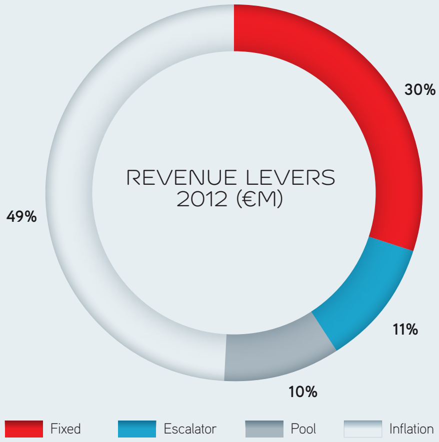
Several factors contributed to the positive price evolution in Iberia along with a greater weight of production from Central and Eastern European geographies with above average prices.

Average selling price registered in Spain for 2012 increased 6% YoY to €88/MWh, benefiting from an increase in pool price and the tactical decision by EDPR to shift more MWs to the more favourable tariff option within the RD661/2007 regime. In the period, 88% of the output was sold with no exposure to market prices and the remaining 12% sold at market prices plus €38.3/ MWh premium.

In detail, the year-on-year price performance is explained by: i) better hedging prices (€52/MWh vs. €44/MWh, +18% YoY); ii) the strategic decision to elect the tariff option under the RD 661/2007 which currently implies a realized price above the fixed floor mechanism; iii) the CPI-x update of all the regulated prices under the RD 661/2007 and iv) lower production sold at market prices (-26% YoY).

REVENUE LEVER EXPLAINED

The levers that year after year affect EDPR's revenues clearly demonstrate our approach to minimize price risk. In 2012 only 10% of revenues were subject to changes in power price markets. The remaining 90% are either fixed, subject to inflation or escalators, or shielding our balance sheet from undesired volatility. Coupled with our fixed cost financing strategy, those approaches ensure the long-term profitability of our projects by locking-in the spread IRR/WACC.



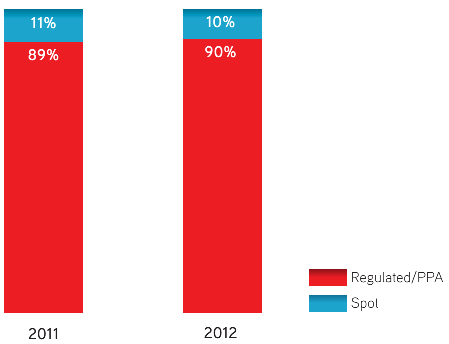
The average selling price achieved in Portugal in 2012 increased 3% to €102/MWh, mainly reflecting the CPI indexation update and extra remuneration for the prevention of voltage dips.

The €137/MWh average selling price performance (+54% YoY) in Romania follows the full implementation of the two green certificates scheme per each MWh produced, reinforcing Romania's attractiveness for wind energy development.

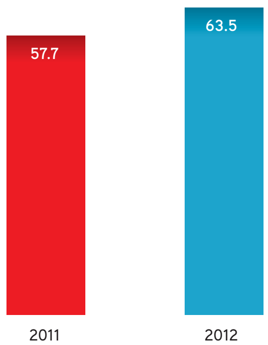
In Poland, the average realized price was €102/MWh under attractive long-term contract structures. The negative year over year evolution is mainly due to the historically low electricity prices realized on the spot market.

In France, the wind selling price improved 2% year-on-year to €89/MWh, while in Belgium the selling price was stable at €112/MWh as per the long-term contracts in place.

Capacity breakdown by remuneration (%, GW)



Average selling price (€/MWh)



675 MW OF NEW PPAS KICK-IN IN THE US, DURING 2012

Average selling price at the wind farms under PPAs increased 2% during 2012, as a result of price escalators, while selling prices at the merchant wind farms increased 3% associated with a recovery in gas prices from last year.

In addition to the 215 MW Marble River Wind Farm, which already has a long-term contract, c. 460 MW of previously installed capacity started to benefit from PPAs signed in prior periods.

In order to improve certainty for the merchant revenue, a total of 615 TWh (24% of merchant revenue) was hedged in 2012 by entering into power futures contracts, securing a fixed price for the stated volume. These hedges provided price stability and effectively reduced the cash-flow volatility due in market-driven electricity prices.

BRAZIL PRICES INCREASE IN LINE WITH ESCALATORS

In 2012, the average selling price of EDPR in Brazil increased 3% to $R285/MWh following the escalator update.

COUNTRY	REMUNERATION SCHEME FOR OPERATIONAL ASSETS	% EBITDA MW	2012 Selling Price ΔYoY
SPAIN	Feed-in tariff - €81.2/MWh for 2013 and updated with inflation-related index the following years.	30%	€87.7/MWh +6%
PORTUGAL	Feed-in tariff "Old Regime" – Tariff is calculated according to a formula that takes into account the load factor, installed capacity, among other parameters.	8%	€101.8/MWh +3%
FRANCE	Feed-in tariff - stable for 15 years. First 10 years: receive approximately €82/MWh; inflation type indexation and with an "x" factor only until the start of operation.	4%	€88.8/MWh +2%
BELGIUM	Market price plus green certificates – Separate GC prices with cap and floor for Wallonia (€65/MWh - 100/MWh) and Flanders (€80/MWh - €125/MWh). Option to negotiate PPAs.	1%	€112.0/MWh 0%
POLAND	Market price plus green certificates - Option to choose a regulated electricity price (PLN198.9/MWh for 2012). DisCos have a substitute fee for non compliance with GC obligation, which in 2012 is PLN286.7/MWh. Option to negotiate PPAs.	3%	€102.2/MWh (6%)
ROMANIA	Market price plus green certificates. Wind generators receive 2 GC for each MWh produced until 2017. The trading value of GCs for 2012 has a floor of €28.2 and a cap of €57.4.	5%	€137.1/MWh +54%
ITALY	Market price plus green certificates (old regime).	1%	
UNITED STATES	Electricity price – market price or long-term PPA - plus renewable energy certificates (RECs). In addition, a number of tax/governmental incentive schemes may apply, such as Production Tax Credits (PTCs), Cash Grants (CGs) and MACRs.	48%	$47.1/MWh +3%
BRAZIL	Feed-in tariff – PROINFA.	1%	R$286.4/MWh +3%

OPERATIONAL EXCELLENCE

KEY AREAS OF EXCELLENCE – 2012 ACHIEVEMENTS		
ENERGY ASSESSMENT	ENGINEERING & CONSTRUCTION	OPERATIONS & MAINTENANCE
Industry leading net capacity factors	Constructed first ever solar PV plants	Positive evolution of EBITDA average MW in operation 131 thousand euros (+9% YoY)
Accurate energy portfolio energy forecasting	+ 504 MW built on-time, meeting targets	High levels of availability, increasing to 97.5%
In-depth analysis of 14 new countries		

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

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

ENERGY ASSESSMENT

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

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

The stability of EDPR's net capacity factor, over the long term, as well as the above market average figures (+175bps premium in 2012, in Spain) achieved provide clear evidence of the excellence of our energy assessment capabilities.

It is also worth mentioning that during 2012, our teams studied new projects in 14 countries and performed efficiency follow-up initiatives on more than 5,100 operating WTGs (Wind Turbine Generator).

ENGINEERING & CONSTRUCTION

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

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

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

As new challenges arise EDPR has been quick to develop specialized teams to best tackle these projects. This has been the case with our new solar PV projects, as well as our ongoing wind offshore ventures.

OPERATION & MAINTENANCE

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

The onsite activity is maintained throughout the life of the project by the internal O&M team, in the first phase (warranty period) by accompanying the technology supplier of the turbines or solar panels, and then managing the activity of specialized contractors covering different working areas.

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

The O&M operational activity is supported by two main systems: wind energy management system (WEMS), operational performance management system (OPMS) and our internal computerized maintenance management system (CMMS).

EDPR has developed a state of the art remote control infrastructure, the WEMS system. Our supervisors at 3 remote control centres (Oporto, Oviedo and Houston) have direct access to more than 5,600 turbines from 13 manufacturers and 200 substations. They have the capability to monitor and control each asset in real-time in order to remotely reset turbines, notify issues to local teams and respond to the most demanding grid operator requirements. More than 2 million data points are stored every day in a central historical database that is the core of our OPMS system. OPMS will soon drive our performance analysis activities and field operations to the next level of performance.

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

Both systems, together with other management applications, are supported by a communications network that combines the different technologies available, covering the whole project with the redundancy needed to ensure their exploitation.

LEAN OPERATIONS AND CONTINUOUS IMPROVEMENT

EDPR decided to launch in 2011 an internal Lean Program, aiming at optimizing processes across the company's departments and geographies using a lean-six sigma methodology.

The Lean Program's objective is to improve business processes in order to optimize the company's revenues and costs, but also to improve safety, environmental impact, as well as internal and external coordination.

Lean encourages the generation of improvement initiatives in the organization using a bottom-up approach. Front-line personnel work in multifunctional teams (the so called "lean teams") to analyze current business processes with a structured, end-to-end perspective. They focus on identifying inefficiencies or so-called "waste" leveraging well-proven lean tools. They are then encouraged to propose solutions that are tested before being fully implemented.

There are 6 lean teams currently working on key business processes in North America and Europe including energy sales, on-the-field activities, or BOP costs. More than 30 specific initiatives have already been launched, which are expected to deliver significant and tangible improvements from 2013 onwards. The end-goal of the program is to reinforce a mindset of continuous improvement in our daily work aross the company.

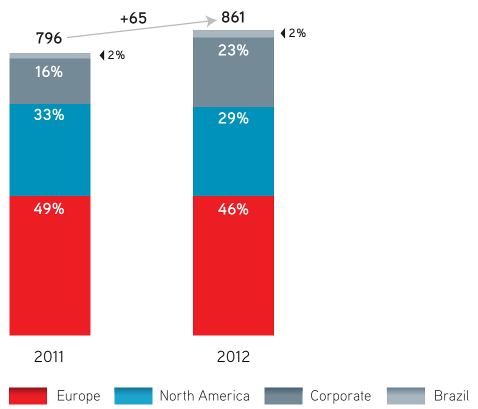
STRONG KNOW HOW AND A WORLD CLASS TEAM

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

HUMAN CAPITAL SNAPSHOT

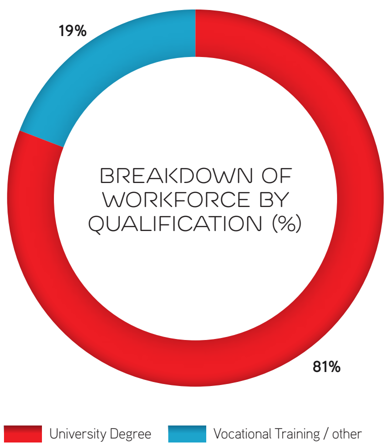
In 2012, EDPR employed 861 people, 23% working at EDPR Holding, 46% in the European Platform, 29% in the North American Platform and 2% in Brazil. Of our employees, 99% have an indefinite contract, with just 8 cases of temporary employment.

Headcount (#)

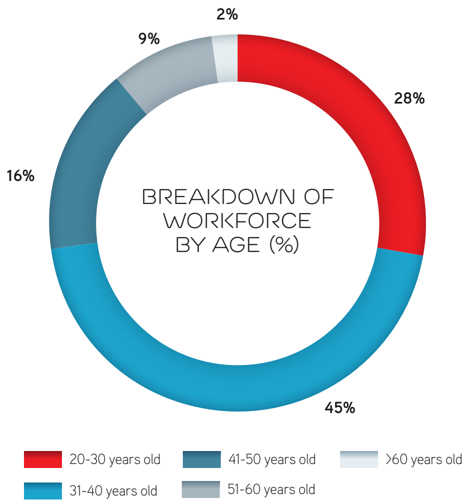


Note 1: Figures do not include members of the Board of Directors except three members of the Executive Committee
Note 2: In 2012, 40 EDPR Corporate employees were based in North America.

We have a qualified and diverse team aligned with our business strategy, 81% of which hold university degrees and 71% are less than 40 years old. This deep pool of highly qualified talent has supported EDPR's exponential growth and provides the optimal base to face future opportunities and challenges. Additionally, our people strongly reflect EDPR's energy and enthusiasm.



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



EMPLOYEE SATISFACTION

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

GREAT PLACE TO WORK

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

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

In addition, EDPR was one of the top three in the hiring category, which evaluates those companies most concerned with the quality of its hiring process.

During 2012, we developed an action plan based on GPTW evaluation, as we plan to renew our presence in 2013 GPTW ranking, in Spain, and in addition, we initiated our participation in the UK and Polish GPTW Rankings.

GREAT PLACE TO WORK Best Workplaces 2012 España

EDPR in 2012 was voted a top workplace in the US for the third year in a row. More than 72,500 Houston-area employees weighed in with opinions for this year's Houston Chronicle's Top

Workplaces section – rating their companies in such areas as opportunities for advancement, the value of their pay and benefits and their bosses' communication and management skills.

COMPENSATION POLICY AND OTHER BENEFITS

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

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

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

WORK LIFE BALANCE

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

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

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

FAMILY RESPONSIBLE EMPLOYER

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

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

Ensuring employees' conciliation between work and family is fundamental for a healthy work-life balance. During 2012, we hosted activities for employees' children, in order to get them to know our offices in Europe and in the US. We wanted them to see where their parents work and what they do.

EDPR Story, booklet illustrating wind energy distributed to employees' children

VOLUNTEERING

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

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

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

MOST RELEVANT VOLUNTEER ACTIVITIES

- Children at risk and elderly people: During 2012, we participated in many activities targeted at people at risk of social exclusion who are struggling with economic and social difficulties. Our volunteers participated in, among others:
    - Training activities in Spain for women and youth with difficulties for re-employment;
    - Fundraising in France for an NGO dedicated to children diagnosed with serious diseases;
    - After school activities in Poland with children at risk;
    - Providing first and social aid to disadvantaged and elderly people in Italy;
    - Organizing a School Supply Drive where employees brought school supplies for students with difficulties in the Houston area.
- It's up to us: is an EDP group wide environmental volunteering initiative. Many employees together with their families spent one day in a historical site near one of our wind farms in Spain to help clean up the site, plant trees, and construct a pond.
- Christmas campaign: EDPR employees from all locations donated a total of 8,582 euros and 810 toys to low income families who have been severely affected by the current crisis. EDPR complemented employees donation with 28 euros for each employee increasing the total donation to a total of 18,158 euros.

GUARANTEEING HEALTH AND SAFETY

Guaranteeing a healthy and safe work environment is fundamental to safeguard our team. EDPR Health and Safety policy, available at our website, reflects the company's commitment to prevention of occupational risks associated with our activities as a key priority of the company's management.

A significant part of our organization plays a fundamental role in the implementation of our health and safety policy. The company created health and safety committees that collect information from different operational levels and involve employees in the definition and communication of a preventive plan.

During 2012, 3% of our employees attended health and safety committee meetings, in representation of 68% of our workforce. In addition, a new committee has been created in the UK to complement those already active in Spain, France and in the US.

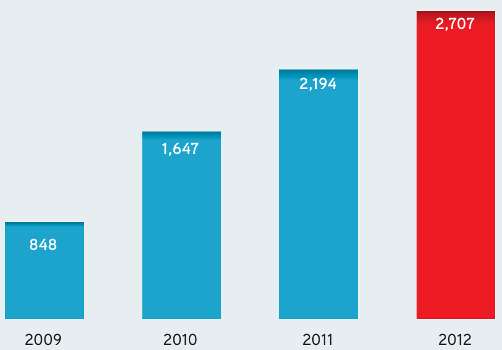
HEALTH & SAFETY MANAGEMENT SYSTEM

To support our strategy on health and safety, we have implemented proper management systems. These systems are adapted to each specific geography, with specific standards and procedures based on country regulation and industry best practices.

2,707 MW CERTIFIED OHSAS 18001

In Europe, the Management System is certified OHSAS 18001:2007. The certification was renewed during 2012 and has also been extended to Poland. By the end of 2012, 2,707 MW were OHSAS 18001:2007 certified, representing a 34% of EDPR installed capacity.

OHSAS 18001 Certified (MW)



RISK ASSESSMENT AND TRAINING

As an integral part of our health & safety strategy, we conduct several training courses and risk assessment activities according to the potential risks identified for each job within the company.

During 2012, more than 189 training activities have been performed, to address the hazards associated with their job responsibilities, representing over 4,313 hours of training.

We are equally concerned with the health and safety standard of our contractors. To this extent our contractors are subject to a health and safety screening when they bid to work for our company. Once the contractor is selected, they are required to present proof of having provided the required training.

EMERGENCY PLANS AND SAFETY DRILLS

Each one of our offices and wind farms in Europe and the US has its own emergency plan with contact details and instructions to follow in case of an emergency. In 2012, we continued performing drills to be prepared for emergency situations.

During 2012, EDPR conducted 76 drills in our wind farms and also performed emergency drills in our offices.

HEALTH AND SAFETY PERFORMANCE

Indicator H&S	2012	2011	(%)
COMPANY + CONTRACTORS PERSONNEL			
Number of industrial accidents	22	21	+5%
Number of industrial fatal accidents	0	0	-
Working days lost by accidents caused	717	621	+15%
Injury Rate (IR)[1]	4.21	4.42	(5%)
Lost work day rate (LDR)[2]	137	131	+5%

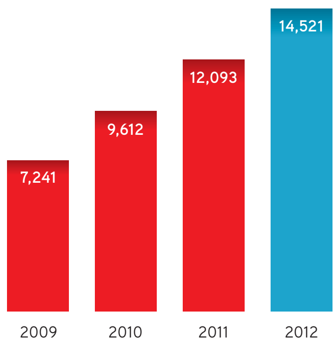
[1] Injury Rate calculated as [# of accidents/Hours worked * 1,000,000]
[2] Lost Work Day Rate calculated as [# of working days lost/Hours worked * 1,000,000]

POSITIVE IMPACT ON THE ENVIRONMENT AND SOCIETY

Renewable energies have a strong influence in the local communities where they are located. Facilities are usually constructed in remote locations, bringing a sustainable development to the local communities, which benefit from positive economic and social impacts that the generation of this CO_2-free electricity creates, while contributing to the world fight against climate change.

Our 8.0 GW of installed capacity harnesses the power of wind to produce energy, substituting power which would otherwise be produced by burning fossil fuels. In 2012, we produced 18.4 TWh that is estimated to avoid the emission of 14,521 thousand tons of CO_2 eq.

CO_2 eq avoided (thousand tons)[1]



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

ENVIRONMENTAL STRATEGY DURING OPERATIONS PHASE

EDPR is strongly committed to contribute to the protection of the environment and biodiversity through a proactive environmental management of its wind farms in operation, as is stated in our Environmental and Biodiversity policies (detailed information available at www.edpr.com).

Our environmental strategy focuses on three core aspects: legal compliance, management of environmental risks and continuous improvement. Numerous environmental appraisal and monitoring procedures are incorporated in all phases of business processes ensuring that these central pillars are enforced. In 2012, 8.25 million euros were invested and expended in environmental related activities.

All this is sustained by a qualified team aligned with the environmental strategy of the company. Both, our environment specialists and the network of external partners working with us, stand out for their extensive professional experience and knowledge of the environmental field.

ENVIRONMENTAL MANAGEMENT SYSTEM

The operation stage of wind farms, with a useful life of 25 years, stands as the core of our business. According to this, we are really conscious of the importance of proper management of environmental matters in our facilities in operation, which is assured through the Environmental Management System (EMS).

EDPR´s primary objective in implementing EMS is to improve its overall business. The system ensures compliance with legal requirements and focus on relevant environmental aspects, while setting environmental objectives and targets to improve our environmental performance at country and platform levels.

ISO 14001:2004 CERTIFICATION

EDPR has accomplished its target to have its EMS certified ISO14001 in all its Wind Farms in Europe*. More specifically, the company has 3,664 MW, a 46% of all EDPR installed capacity, covered by an ISO14001-certified EMS.

**European wind farms that have been in service before 2Q2012 and are operated by EDPR*

In the US, EDPR is currently undertaking an effort to unify its policies and procedures into a single EMS for all operations in this country. We intend to create a holistic view of its impacts and current procedures, to ensure that the roles and responsibilities for the avoidance, minimization, and mitigation of environmental impacts are clearly defined and connected.

MONITORING IMPACTS

Our internal procedures guarantee that environmental aspects like consumptions, waste, noise, or even environmental emergencies, are under control.

Generation of waste is one of the main environmental impacts of wind farms in operation. Thus, in order to improve our operating eco-efficiency, we have worked to analyze the types of waste generation in our operations and the treatment method given by the authorized waste haulers.

The following table summarizes the amount of waste generated per GWh in our wind farms in operation.

WASTE GENERATED IN WIND FARMS[1]

	2012	2011	(%)
Total waste (kg/GWh)	60.5	42.1	44%
Total hazardous waste (kg/GWh)	30.2	23.4	29%

[1] Brazil not included

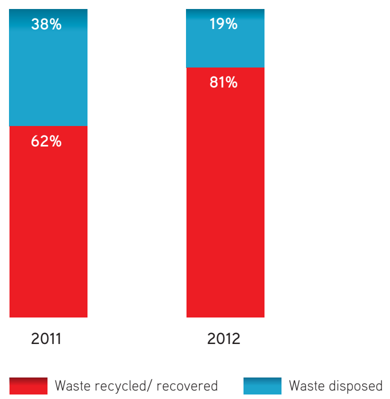
Although the total amount of waste generated onsite has increased year over year, we consider it to be consequence of a series of aspects not comparable with the same period of previous years.

Hazardous waste is highly correlated with the periodic maintenance cycles of the EDPR's installed capacity. As capacity grows, the amount of oil-related wastes generated during its maintenance milestones (84% of total hazardous waste) will continue to increase simply as a function of scale.

Non-hazardous waste increases mainly due to an increase in metals and septic tank sludge waste, as a result of turbine replacements and the drainage of many septic tanks installed in 2010 and that can storage more than 1-year waste.

However, during 2012 we have improved waste treatment. We worked with our waste haulers to prioritize waste recovery. Thus we increased the ratio of waste recovered from 62% in 2011 to 81% in 2012. In 2013, waste management will also be strengthened through specific training sessions.

Waste treatment in wind farms (%)



Even though the main impact of our wind farms is waste, we also monitor other consumptions in our wind farms. Our turbines require a small amount of electricity to operate. This energy consumption is generally satisfied by the wind farm's own generation, but in specific cases it is necessary to use energy from the grid, to power turbines. In order to have a comprehensive view of our indirect impacts, we monitor and calculate our indirect emissions from wind farms electricity consumption.

WIND FARMS INDIRECT EMISSIONS

	2012	2011
Energy consumption (GWh)	51.2	51.0
Thousand tons CO_2	21.7	21.0

EMERGENCY SITUATIONS

EDPR has implemented processes to cope with environmental emergencies and also procedures to identify near-miss situations. The early identification of these situations is crucial to prevent future incidents that might have an environmental impact.

In 2012 we had 1 significant spill with a total volume of 0.27 m^3 equivalent to 1.3 barrels. Although these environmental emergencies are not common due to the nature of our facilities and the business itself, we have performed environmental drills in all countries in Europe to guarantee that our personnel has received the appropriate training to adequately overcome potential accidents such as spillages of hazardous substances.

RESPECTING THE ECOSYSTEM

Biodiversity loss is expected to continue throughout this century, with the number of species facing extinction growing day by day. EDPR is committed to promote biodiversity conservation and aspires to have an active role in contributing to the world's objective of reducing biodiversity loss.

To do so, we take biodiversity into consideration in all our business activities, seeking an overall positive balance. We define specific measures to monitor and promote the local fauna conservation. In the small number of sites located inside or close to protected areas, we intensify our efforts with specific monitoring procedures, as defined in our Environmental Management System. (A full disclosure on EDPR wind farms inside or close to protected areas is available at www.edpr.com)

BIODIVERSITY INTEGRATION IN PROJECTS

During development and construction stages of the Coll de Moro wind farm (Spain), GPS monitoring of a specimen of Bonelli's eagle (Aquila fasciatus) was carried out to understand the eagles' actual use of the area.

Additionally, an ambitious program of reinforcement of prey species was promoted to improve the eagle's food supply close to its breeding area. This was achieved through the habitat improvement of eagle's prey species, mainly rabbits.

Improving the availability of food lowers energy expenditure in foraging and therefore, increases the possibilities of reproduction. This significantly increases the chances of the species conservation.

Bonelli's eagle (Aquila fasciatus) specimen

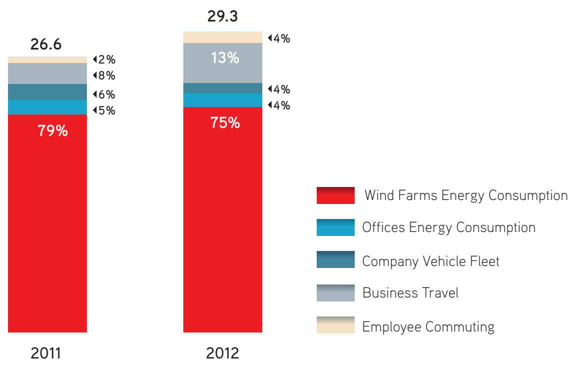
In an effort to seek a positive balance in biodiversity, numerous projects were performed during 2012. Through these activities, we focus on mitigating of the potential impacts on biodiversity identified. To do so, we usually partner with well know institutions in this field, as well as regional associations that provide us with a strong knowledge of the local fauna. (For more information about some projects performed along 2012, please visit www.edpr.com)

CARBON FOOTPRINT FROM ADMINISTRATIVE ACTIVITIES

Our work requires us to travel, consume resources in our offices, and dispose or recycle the waste generated.

Our indirect emissions represent just a 0.2%, when compared to the total amount of emissions avoided and approximately 75% of them are wind farms electricity consumption, necessary to feed our wind farms that produce green electricity.

CO_2 eq emitted (kt)



Note 1: Transport emissions were calculated according to the DEFRA standard in 2012 and GHG Protocol in 2011.
Note 2: Business travel emissions increased as a result of the change of methodology. Emissions increased a 94%, while travelled distance decreased a 3%.
Note 3: Employee communing emissions calculated from data collected in a survey to all employees, and just in 2012 includes public transportation.

At EDPR, we believe that it is important to promote a culture of rational use of resources. Even though only 25% of our emissions are caused by administrative activities and its impact is more than offset by our generation activity, we believe that it is part of our culture to try to minimize this impact. As a result, during 2012, we launched an eco-efficiency campaign called “because we care” that focuses on fostering environmental best practices in our offices.

SUSTAINABILITY-POWERED SOCIAL ROOM

As a measure to foster networking opportunities and brainstorming at EDPR in North America, we have created a social room at our Houston Office. This social space is being built by our employees, thanks to the adoption of environmentally responsible practices in day-to-day activities.

With the main goal of promoting sustainable practices, employees can furnish the social room by adding items purchased at the sustainability marketplace. These items can be purchased using credits that are awarded to those department teams that adopt sustainable practices.

BENEFITS FOR SOCIETY

Wind energy creates a direct positive impact for society. This impact is not limited to the supply of clean electricity. The nature of our business creates additional long-lasting positive impacts to the rural municipalities where our wind farms are located. These benefits include, but are not limited to, infrastructure investments, tax payments, landowners’ royalty payments, job creation and direct contributions to community projects.

The economic contributions to neighbouring municipalities, through land leases and taxes, are a large contribution to the yearly budget of those administrations and are complemented with the participation in different local projects. As a result, the construction of a wind farm becomes an economic development driver for the municipalities where we are present. In 2012 alone, we contributed to these communities with 48.8 million euros in taxes and payments to the administrations and we invested 1.4 million euros in projects to support local education, culture and other local associations.

Our focus in our work with the community is based on three pillars: broadcast our knowledge, support local capital development and involve in the community.

BROADENING KNOWLEDGE

During 2012 we contributed to broadening knowledge through the participation and sponsorship of several conferences and workshops. We have contributed by sharing our knowledge in order to improve biodiversity protection, the adoption of socially responsible practices and the promotion of renewable energy.

During 2012, EDPR also sponsored the 7th annual Social Responsibility Forum, participating in the session “How to make renewables work”, organized by the prestigious IE Business School.

FIRST SCIENTIFIC - TECHNICAL MEETING ON WIND ENERGY AND BIODIVERSITY CONSERVATION

EDPR took part in the First scientific-technical meeting on wind energy and biodiversity conservation held in Extremadura (Spain). This conference brought together leading specialists to present results from the most advanced scientific studies on the effect of wind farms on wildlife, sharing best practices on how to minimize impacts and agree a response to new challenges.

First scientific- technical meeting on wind energy and biodiversity conservation in Extremadura.

SUPPORTING EDUCATION

Supporting local inhabitants of our communities, particularly those struggling to access quality education, has a strong impact on the society in the short term. Additionally these efforts will, in the long term, benefit the company as we will find a more skilled workforce to potentially hire or establish partnerships with.

GREEN EDUCATION GRANTS

EDPR continued with the second edition of the Green Education program that awards grants to promote education among Spanish students whose families have financial difficulties. The grants were awarded to children from EDPR's communities based on academic performance and the income of the family. The total value of the grants reached 12,500 euros.

EDP UNIVERSITY CHALLENGE

Under the title "EDP and renewable energies: facing the future side by side", the company organized the EDP University Challenge. From 30 projects coming from 25 different universities, three projects were awarded with educational grants for a total of 16,500 euros.

EDPR University Challenge awards

SHARING BENEFITS OF WIND

In an effort to spread the benefits of wind energy, we have promoted educational activities and visits to our wind farms. Our wind farms host visits from a wide range of visitors: children, students, professionals, authorities and the public in general.

BECOMING PART OF THE COMMUNITY

Our wind farms are long term partnerships with the communities where we are present. As a result, we want to become an integral part of them. To do so, we want to host our stakeholders in our facilities during special events, as well as participate in special events of our neighbouring communities.

OPENING CEREMONIES

Opening wind farms ceremonies not only provide great exposure to our business but they are also good opportunities to share the results with the community. Local inhabitants, industrials, authorities and the general public have the opportunity to celebrate the accomplishment with EDPR and its employees. Opportunities like these deepen the roots of cooperation between the company and its local stakeholders.

EDUCATIONAL ACTIVITIES IN POLAND

In Poland a wide range of educational activities are conducted every year. Over 2,000 pupils from all over Poland have participated in an event initiated in 2011 to explain how wind power works and the impacts on the society through theatre performances. These activities are complemented with ecology workshops for children to transmit our commitment to the environment and to shape their awareness about renewable energy.

In the areas where our wind farms are located, we gave specific safety workshops to raise awareness of the importance of following safety behaviours to avoid potential dangers of the construction works carried out in the area. In addition, more than 40,000 bulletins were distributed to the inhabitants of the neighbouring areas.

As an example, in June 2012 EDPR inaugurated two wind farms located in the towns of Marcellois and Massingy-lès-Vitteaux in France's Burgundy region.

GLOBAL WIND DAY

In June 2012, EDPR participated in the Global Wind Day, an initiative that promotes awareness for wind energy worldwide and creates opportunities for every citizen to discover the benefits of wind energy.

Several wind farms in Europe hosted open houses with information sessions and other recreational activities for our students, local residents and the general public. Communication campaigns are also reinforced around this special day.

SPONSORING LOCAL ACTIVITIES

EDPR sponsored different local events, important for the local communities where we are present, such as the Movie & Music festival Wiatrakalia, the main summer event near the Margonin wind farm in Poland, or the KiteSurf Pro Cascais 2012 in Portugal.

In North America, the initiative of an employee led to organize a charity run for Jog the Journey, a non-profit organization co-founded by the employee. EDPR employees supported this initiative with over 200 runners and more than 6,000 dollars funds raised.

FINANCIAL PERFORMANCE

1.3 BILLION EUROS NET REVENUES

In 2012, EDPR recorded yet another strong performance, having reached 1,285 million euros in Revenues. This 20% year-on-year increase was driven by rising output and higher selling prices. Output increased 10% as a result of the capacity brought into operation along with the recurrent top-quality load factor. The company's average selling price grew 10%, reflecting the ongoing positive price performance in all of EDPR's regions and a stronger US Dollar.

EBITDA UP TO 938 MILLION EUROS

EBITDA totalled 938 million euros, registering a 17% increase year-on-year, with a 73% EBITDA margin. Excluding non-recurring events in 2012 and 2011 EBITDA would have grown by 23%.

+43% GROWTH IN NET PROFIT

Net Profit in 2012 increased 43%, to 126 million euros while Adjusted Net Profit increases by 32% to 134 million euros (adjusted by the 2012 and 2011 non-recurring events, forex and capital gains). These figures highlight EDPR's strong ability to transform the high operational efficiency of its fleet of wind farms into quality bottom-line metrics.

EDPR FREE CASH-FLOW POSITIVE

By the year, Operating Cash-Flow increased 4% to 666 million euros, and for the first time exceeded all the capital expenditures of the period. Additionally, EDPR completed two minority stake transactions (with Borealis – already cashed-in – and China Three Gorges), executing one of the pillars of the strategic plan. As a consequence, Net Debt decreased 33 million euros to 3.4 billion euros and the company was for the first year free cash- flow positive.

Capex in 2012 totalled 612 million euros reflecting the 440 MW added in 2012 and the works done in the period for the capacity under construction. As a result of the lower capacity additions in the period, capex decreased 26% from 2011.

FINANCIAL HIGHLIGHTS (€m)

	2012	2011	Δ%/€
INCOME STATEMENT			
Revenues	1,285	1,069	+20%
EBITDA	938	801	+17%
Net Profit[1]	126	89	+43%
CASH-FLOW			
Operating Cash-Flow	666	643	+4%
Capex	612	829	(26%)
BALANCE SHEET			
Assets	13,302	13,045	+257
Equity	5,749	5,454	+295
Liabilities	7,553	7,591	(38)
LIABILITIES			
Net Debt	3,355	3,387	(33)
Institutional Partnerships	942	1,011	(68)

[1] - Net Profit attributable to equity holders of EDPR

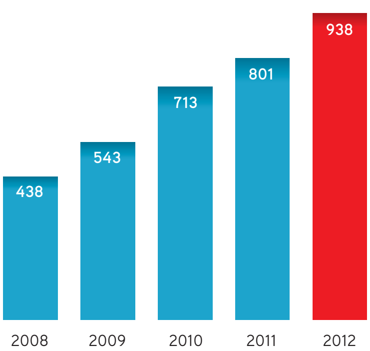
ROBUST BALANCE SHEET

Total assets increased 257 million euros in 2012, to a total of 13.3 billion euros. This change is mainly driven by an increase in non-current loans granted to related parties (99 million euros) and an increase in PP&E (82 million euros), given the capex incurred in the period.

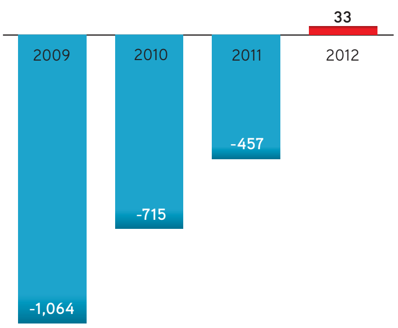
Total equity at year-end of 5.7 billion euros increased by 295 million euros during the year, essentially as a result of the sale of non-controlling interests of 177 million euros and the net profit of the period of 126 million euros.

Total liabilities of 7.5 billion euros at year-end 2012, lower versus prior year-end, include c. 51% from financial debt (3.9 billion euros) and c. 12% from liabilities related to institutional partnerships (0.9 billion euros).

EBITDA (€m)



Free Cash-Flow/ Change in Net Debt (€m)



INCOME STATEMENT

SOLID TOP-LINE PERFORMANCE

In 2012, EDPR kept delivering a solid operating performance that has been translated into a 20% top-line year-on-year growth. The strong increase in electricity output and the higher average selling price led to 1.3 billion euros of Revenues.

As a result of EDPR's continued focus on operational efficiency, Opex – defined as Operating Costs (net) minus Other operating income – was up 17% year-on-year below the top-line growth evolution.

EBITDA was up 17% to 938 million euros following the Revenues growth, high operational efficiency levels and positive forex impact, although negatively impacted by one-off events.

The operating income (EBIT) increased 30% during the year, reaching 450 million euros by year-end, following the EBITDA performance and the 7% higher depreciation and amortisation. Depreciation and amortization was impacted by the new capacity brought into operation, the extension of the assets' useful life and impairments (53 million euros) mostly related to projects under development in Spain. Excluding non-recurring events in 2012 and 2011 and adjusting for the impact of the extension of the useful life of assets, EBIT would have grown 34%.

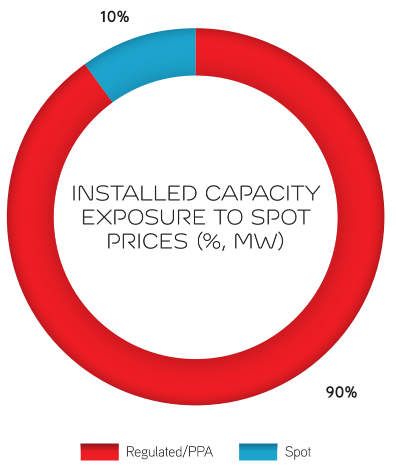
At the financial results level, net interest costs before capitalisation increased 8% to 205 million euros in 2012, below the 14% year-on-year average financial debt evolution. Institutional partnership costs were 4% up year-on-year given the stronger US Dollar, while forex differences and derivatives remained positive.

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

CONSOLIDATED INCOME STATEMENT (€m)

	2012	2011	Δ%
Revenues	**1,285**	**1,069**	**+20%**
Other operating income	63	85	(25%)
Supplies and services	(262)	(225)	+16%
Personnel costs	(63)	(61)	+3%
Other operating costs	(86)	(67)	+29%
Operating Costs (net)	**(348)**	**(268)**	**+30%**
EBITDA	**938**	**801**	**+17%**
EBITDA/Revenues	73.0%	74.9%	(2.0 pp)
Provisions	0	0	(99%)
Depreciation and amortisation	(503)	(468)	+7%
Amortization of deferred income (government grants)	15	15	+2%
EBIT	**450**	**347**	**+30%**
Capital gains/(losses)	3	10	(74%)
Financial income/(expense)	(278)	(244)	+14%
Income/(losses) from group and associated companies	7	5	+42%
Pre-Tax Profit	**182**	**119**	**+53%**
Income taxes	(46)	(28)	+64%
Profit of the period	136	91	+50%
Net Profit (Equity holders of EDPR)	**126**	**89**	**+43%**
Non-controlling interests	10	2	+384%

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



BALANCE-SHEET

ASSETS (€m)	2012	2011
Property, plant and equipment, net	10,537	10,455
Intangible assets and goodwill, net	1,327	1,334
Financial investments, net	57	61
Deferred tax assets	89	56
Inventories	16	24
Accounts receivable - trade, net	180	146
Accounts receivable - other, net	849	750
Financial assets at fair value through profit and loss	0	0
Cash and cash equivalents	246	220
Assets held for sale	0	0
Total Assets	**13,302**	**13,045**

EQUITY (€m)	2012	2011
Share capital + share premium	4,914	4,914
Reserves and retained earnings	384	325
Net Profit (Equity holders of EDPR)	126	89
Non-controlling interests	325	127
Total Equity	**5,749**	**5,454**

LIABILITIES (€m)	2012	2011
Financial debt	3,874	3,826
Institutional partnerships	942	1,011
Provisions	64	58
Deferred tax liabilities	381	381
Deferred revenues from institutional partnerships	738	773
Accounts payable - net	1,555	1,542
Total Liabilities	**7,553**	**7,591**
Total Equity and Liabilities	**13,302**	**13,045**

Total assets in 2012 totaled 13.3 billion euros, of which c. 79% are related to net property, plant and equipment (PP&E) reflecting the cumulative net invested capital in renewable energy generation.

Total net PP&E increased to 10.5 billion euros (+82 million euros), mainly following the new additions in the period, and negatively impacted by the annual depreciation charges relating to the operating assets, the weaker US Dollar, and disposals and write-offs.

11.3 BILLION EUROS INVESTED IN 7,597 MW

Total gross invested capital related to renewable energy assets in operation, work in progress related to assets under construction, pipeline and excluding investment grants received amounted to 11,318 million euros.

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

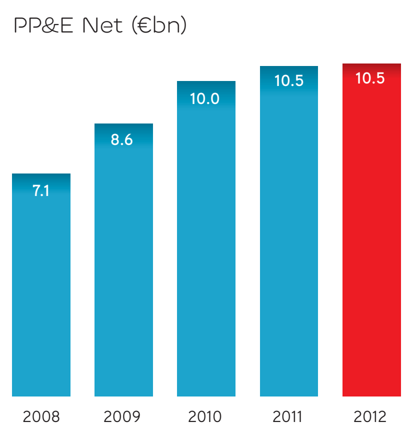
EQUITY INCREASES BY 285 MILLION EUROS

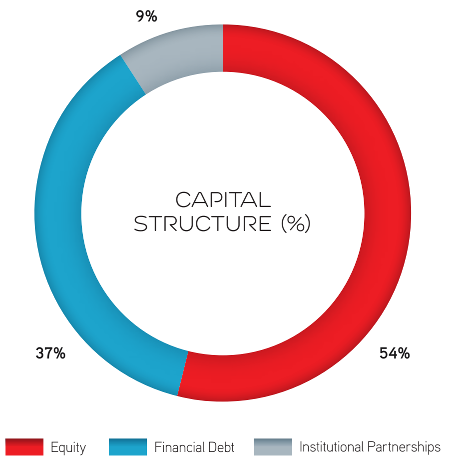
Total equity at year-end of 5.7 billion euros increased by 295 million euros during the year, essentially from the sale of non-controlling interests of 179 million euros and the net profit of the period of 126 million euros.

Total liabilities of 7.5 billion euros at year-end 2012, lower versus prior year-end, include c. 51% of financial debt (3.9 billion euros) and c. 12% from liabilities related to institutional partnerships (0.9 billion eruos).

The institutional partnership stood at 942 million euros. Deferred revenues from institutional partnerships represent the non-economic liability related to the tax credits already benefited by the institutional investor and to be recognized in the P&L through the useful life of the wind farms.

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

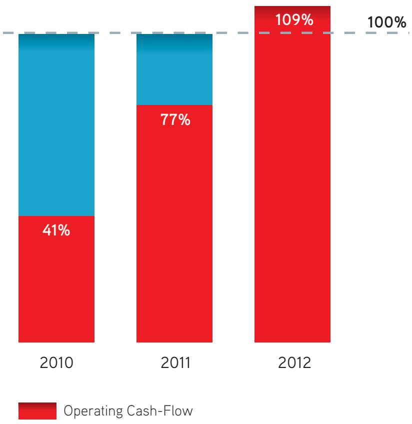




CASH-FLOW STATEMENT

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

Operating Cash-Flow (% of Capex)



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

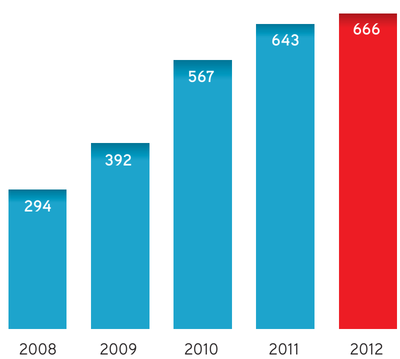
- Funds From Operations, resulting from EBITDA after net interest expenses, income from associates and current taxes increased 11% year-on-year to 655 million euros;
- Operating Cash-Flow, before net interest costs, adjusted by non-cash items (namely income from US institutional partnerships) and net of changes in working capital, amounted to 666 million euros (+4% YoY). The changes in working capital year-on-year comparison is influenced by non-recurrent receivables in 2011 (mostly related to VAT collection) and the increased stock of green certificates in Romania, which were mostly sold only at the beginning of 2013;
- Capital expenditures with the ongoing construction and development works totalled 612 million euros, while other investments activities amounted to 22 million euros;

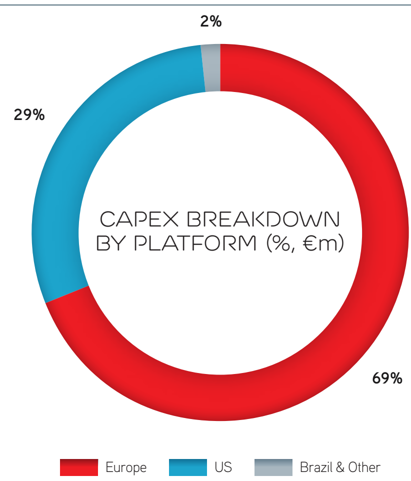
CASH-FLOW (€m)

	2012	2011	Δ%
EBITDA	**938**	**801**	**+17%**
Current income tax	(85)	(29)	+193%
Net interest costs	(205)	(189)	+8%
Income from group and associated companies	7	5	+36%
FFO (Funds From Operations)	**655**	**588**	**+11%**
Net interest costs	205	189	+8%
Income from group and associated companies	(7)	(5)	+36%
Non-cash items adjustments	(120)	(158)	(24%)
Changes in working capital	(66)	29	-
Operating Cash-Flow	**666**	**643**	**+4%**
Capex	(612)	(829)	(26%)
Financial (investments) divestments	(22)	(237)	+91%
Changes in working capital related to PP&E suppliers	2	(23)	-
Cash grant	5	3	+105%
Net Operating Cash-Flow	**39**	**(444)**	**-**
Sale of non-controling interests	176	4	-
Proceeds (payments) related to institutional partnerships	(15)	141	-
Net interest costs (post capitalisation)	(189)	(156)	(22%)
Forex & other	22	(161)	-
Decrease / (Increase) in Net Debt	**33**	**(616)**	**-**

- In the period, EDPR completed two minority stakes transactions executing its asset rotation strategy of selling non-controlling interests in operationally optimized assets. Through the first sale of a 49% equity stake in a 599 MW portfolio of wind farms to Borealis, EDPR received 230 million dollars (179 million euros) in Dec-12. The instalment of the minority stake transaction announced in Dec-12 with CTG will occur in the 1H13;
- All in all, Net Debt decreased 33 million euros to 3,355 million euros. In 2012, EDPR was for the first time free cash-flow positive and going forward as the Operating Cash-Flow continues to grow and the asset rotation strategy is executed, EDPR is expected to enter into solid free cash-flow generation cycle.

Operating Cash-Flow (€m)





FINANCIAL DEBT

At the end of 2012, EDPR's financial debt was 3.9 billion euros (+1% year-on-year), being c. 76% of it loans with EDP Group while the remaining is debt with financial institutions, mostly related to project finances.

Net Debt totalled 3.4 billion euros in 2012, decreasing 33 million euros given that the Operating Cash-Flow and the first instalment of the asset rotation strategy more than covered the investment activities and the debt service of the period.

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

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

As of December 2012, 57% of EDPR's financial debt was Euro denominated, while 39% was funded in US Dollar given the company's investments in the US. The remaining debt is mainly related to funding in Polish Zloty and in Brazilian Real.

PROJECT FINANCE SIGNED IN 2012

Country	Project	Capacity (MW)	Amount (€m)
Spain	Torremadrina	50	177
	Coll de Moro	50	
	Vilalba dels Arcs	25	
Belgium	Froidchapelle	25	46
	Cerfontaine	22	
	Chimay I	10	
Romania	Sarichioi	33	50
	Vutcani	24	

NET DEBT (€m)

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

92% OF EDPR'S DEBT IS AT FIXED RATE

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

As of December 2012, the average interest rate was 5.2%, a 20bps decrease vs. December 2011, reflecting the long-term maturity of the current debt and the attractive rates closed in the latest funding.

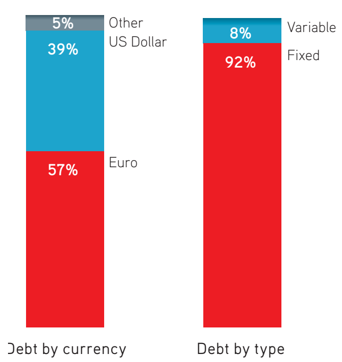
INSTITUTIONAL PARTNERSHIPS

Liabilities referred to as Institutional Partnerships decreased 68 million euros year-on-year (50 million euros excluding the forex translation effect) to 942 million euros, following to the tax benefits captured by the tax equity partners.

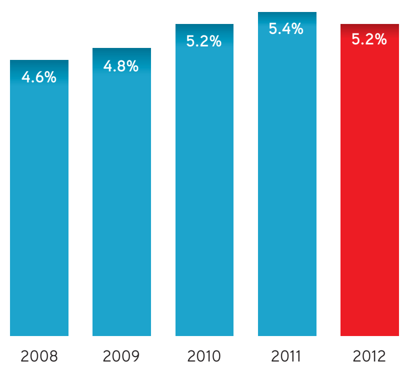
INSTITUTIONAL PARTNERSHIPS (€m)

	2012	2011	Δ€
Institutional Partnerships	942	1,011	(68)

Debt profile (%)



Cost of debt (%)

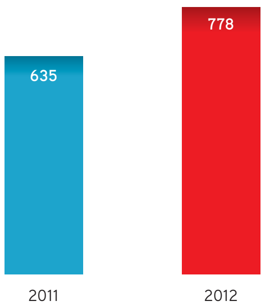


EUROPE

REVENUES

In the European platform, EDPR delivered a solid 22% year-on-year growth in Revenues to 778 million euros. Revenues from the Rest of Europe division, namely France, Belgium, Poland and Romania already accounts for 24% of total revenues. Spain and Portugal reduced its relative contribution to 57% and 19% respectively.

EDPR EU Revenues (€m)



Revenues performance was driven by higher electricity output and better realised prices. Electricity output increased following the new capacity brought into service in the period (+62 million euros) and a stronger wind resource (+35 million euros), whilst the increase in realized prices (+40 million euros) was driven by price increase in Spain, Portugal and Rest of Europe.

EDPR EU GENERATION AND SELLING PRICE

	2012	2011	Δ%
Electricity Generation (GWh)	8,277	7,301	+13%
Average Selling Price (€/MWh)	94.2	88.0	+7%

SELLING PRICE

The 2012 average selling price improved by 7% to €94.2/ MWh, as a result of increase in the Rest of Europe, Spain and Portugal. Rest of Europe contributed to this increase with a 12% increase in selling price to €107/MWh, combined with its higher relative contribution of the platform's output (21% in 2012 vs. 18% in 2011). In Iberia, Spain registered a higher selling price (+6% year-on-year) due to higher hedging prices and higher production sold under the current Feed-in Tariff (RD 661/2007), while Portugal saw prices increase (+3% year-on-year) mostly reflecting the CPI indexation.

OPERATING COSTS

Net operating costs increased 51% year-on-year to 144 million euros given the decrease in other operating income (-26% YoY) and the increase in other operating costs (+46% YoY).

Other operating cost performance was driven by higher taxes, leases and rents reflecting the solid top-line performance and the payment of the €0.50/MWh grid access fee in Spain, and was also impacted by non-recurrent events (5 million euros) mostly related to write-offs. Other operating income performance was mainly impacted by 32 million euros of asset revaluations in 2012 vs. 52 million in 2011. Supplies and services and personnel costs increased 17% and 7% YoY, respectively, considerable below the top-line evolution (+22% YoY).

EDPR EU OPEX RATIOS

	2012	2011	Δ%
Opex/Average MW in operation (€k)	52.9	47.4	+12%
Opex/MWh (€)	23.0	21.7	+6%

OPERATING INCOME

EBITDA in 2012 reached 633 million euros improving by +17% year-on-year, on the back of the Revenues performance. The EBITDA margin decreased to 81% impacted by non-recurrent events and the decrease in other income.

EBIT increased by 30% YoY to 374 million euros, following the EBITDA growth and the change in the assets' useful life.

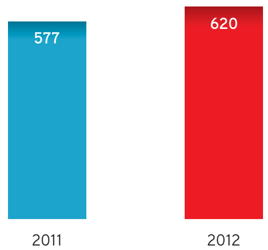
EDPR EU INCOME STATEMENT (€m)

	2012	2011	Δ%
Revenues	**778**	**635**	**+22%**
Other operating income	47	63	(26%)
Supplies and services	(125)	(107)	+17%
Personnel costs	(25)	(23)	+7%
Other operating costs	(41)	(29)	+43%
Operating Costs (net)	**(144)**	**(96)**	**+51%**
EBITDA	**633**	**539**	**+17%**
EBITDA/Revenues	81.5%	84.9%	(3 pp)
Provisions	0	0	(99%)
Depreciation and amortisation	(260)	(252)	+3%
Amortisation of deferred income (government grants)	1	1	(14%)
EBIT	**374**	**289**	**+30%**

NORTH AMERICA

REVENUES

EDPR NA Revenues (US$m)



Revenues in 2012 grew 8% to 620 million dollars, benefiting from higher capacity in operation, stable load factor and higher selling prices.

SELLING PRICE

The average selling electricity price in 2012 increased 3% from 2011 to $47/MWh. This performance reflects the 2% increase in the average selling price for PPA/hedge contracts in place (given the price escalators) and the 3% year-on-year improvement in the electricity spot price

EDPR NA GENERATION AND SELLING PRICE

	2012	2011	Δ%
Electricity Generation (GWh)	9,937	9,330	+6%
Avg. Final Selling Price (US$/MWh)	47.1	45.7	+3%

OPERATING COSTS

Net operating costs increased 6%, bellow the business growth pace. Supplies and services increased 6% year-on-year while personnel costs grew 3% (or 1 million dollars). Other operating costs include non-recurrent events related to pipeline rationalisation (12 million dollars). Opex on a per MW basis decreased 1% being a good indicator of the company's high efficiency.

EDPR NA OPEX RATIOS (EXCLUDING OTHER REVENUES)

	2012	2011	Δ%
Opex/Average MW in operation (US$)	68.1	68.7	(1%)
Opex/MWh (US$)	23.9	24.2	(1%)

OPERATING INCOME

EDPR NA INCOME STATEMENT (US$m)

	2012	2011	Δ%
Electricity sales and other	457	422	+8%
Income from institutional partnerships	164	155	+5%
Revenues	**620**	**577**	**+8%**
Other operating income	25	25	+3%
Supplies and services	(150)	(141)	+6%
Personnel costs	(37)	(36)	+3%
Other operating costs	(51)	(48)	+5%
Operating Costs (net)	**(212)**	**(201)**	**+6%**
EBITDA	**408**	**376**	**+9%**
EBITDA/Revenues	65.8%	65.2%	+1 pp
Provisions	-	-	-
Depreciation and amortisation	(300)	(292)	+3%
Amortisation of deferred income (government grants)	18	19	(5%)
EBIT	**126**	**103**	**+22%**

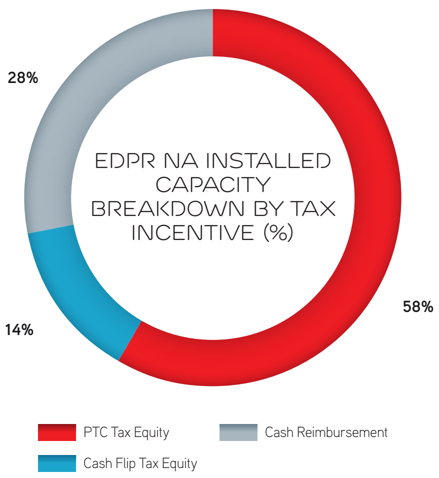
All in all, EBITDA in the US increased 9% year-on-year to 408 million dollars in 2012, in line with the top-line evolution. In the period, EBITDA margin improved +1pp to 66%.

INSTITUTIONAL PARTNERSHIPS

Income from institutional partnerships increased 5% to 164 million dollars, explained by the output increase of the projects generating PTC's. The projects that opted for the cash reimbursement benefited from lower depreciation charges, booked in the P&L as amortisation of deferred income (18 million dollars in 2012). The Marble River wind farm applied for the cash reimbursement program having received the proceeds in the first weeks of Jan-13 (120 million dollars).

EDPR NA TAX INCENTIVES (US$m)

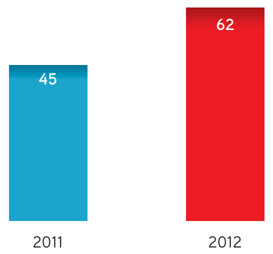
	2012	2011	Δ%
Income from institutional partnerships	163.6	155.4	+5%



BRAZIL

REVENUES

EDPR Brazil Revenues (R$m)



In Brazil, EDPR reached Revenues of 62 million reais in the 2012, representing a 37% year-on-year increase following the electricity generation performance and the selling price positive evolution.

In 2012, the average selling price of EDPR in Brazil increased 3% to $R286/MWh following the inflation update.

EDPR currently has 120 MW under development in Brazil with 20-year PPAs awarded in Dec-11 at the energy A-5 auction, which clearly reinforced EDPR's presence in a market with a low risk profile, attractive wind resource and strong growth prospects.

EDPR BR GENERATION AND SELLING PRICE

	2012	2011	Δ%
Electricity Generation (GWh)	231	170	+36%
Average Tariff (R$/MWh)	286.4	278.4	+3%

OPERATING COSTS AND INCOME

Overall, the EBITDA of the period increased 36% to R$42m, while the EBITDA margin reached 67%.

EDPR BR INCOME STATEMENT ($Rm)

	2012	2011	Δ%
Revenues	**62**	**45**	**+37%**
Other operating income	-	-	-
Supplies and services	(15)	(11)	+36%
Personnel costs	(3)	(3)	+4%
Other operating costs	(2)	(1)	+295%
Operating Costs (net)	**(21)**	**(15)**	**+39%**
EBITDA	**42**	**30**	**+36%**
EBITDA/Revenues	66.9%	67.3%	+1 pp
Provisions	-	-	-
Depreciation and amortisation	(16)	(11)	+49%
Amortisation of deferred income (government grants)	-	-	-
EBIT	**26**	**20**	**+29%**

EDPR BR OPEX RATIOS (EXCLUDING OTHER REVENUES)

	2012	2011	Δ%
Opex/Average MW in operation (R$k)	244.8	259.3	(6%)
Opex/MWh (R$)	88.9	87.3	+2%

RISK MANAGEMENT

Consistent with the "controlled risk profile" strategic pillar, EDPR has implemented mechanisms of evaluation and management of risks and opportunities that may impact its business, enabling the company to increase the likelihood of achieving its financial targets.

RISK MANAGEMENT PROCESS

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

Risk management is endorsed by the Executive Committee, supported directly by the Risk Committee and put into practice 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 the company's desired risk profile.

FOCUS ON EBITDA AT RISK

WHAT IS EBITDA AT RISK?

EBITDA at risk is used in EDPR to measure the maximum EBITDA loss associated with a certain statistical confidence level. This metric allows for Management and risk managers to understand what the EBITDA would be in adverse and worst case scenarios.

EBITDA AT RISK IN EDPR

In line with EDPR's controlled risk approach, Management sets targets for EBITDA at Risk, hence ensuring that the business is exposed to a limited risk level. This approach increases the likelihood of achieving our financial targets.

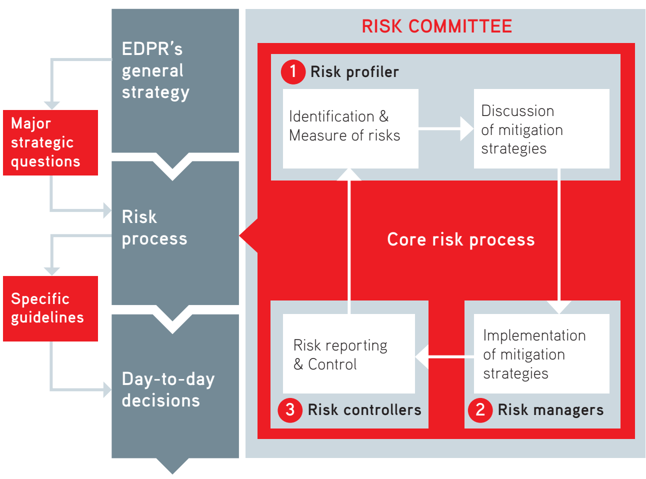
One of the levers for reducing EBITDA at risk is eliminating merchant exposure through power purchase agreements and energy hedges. EDPR is actively managing its merchant exposure in order to keep EBITDA at risk within the conservative levels defined by Management.

EDPR follows EBITDA at Risk position monthly based on forecasts for market prices, foreign exchanges, wind resource and other volatile factors.

Illustrative view of EBITDA at risk

Note: non-exhaustive

RISK MANAGEMENT PROCESS AT EDPR



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

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

Risk committee functions are the following:

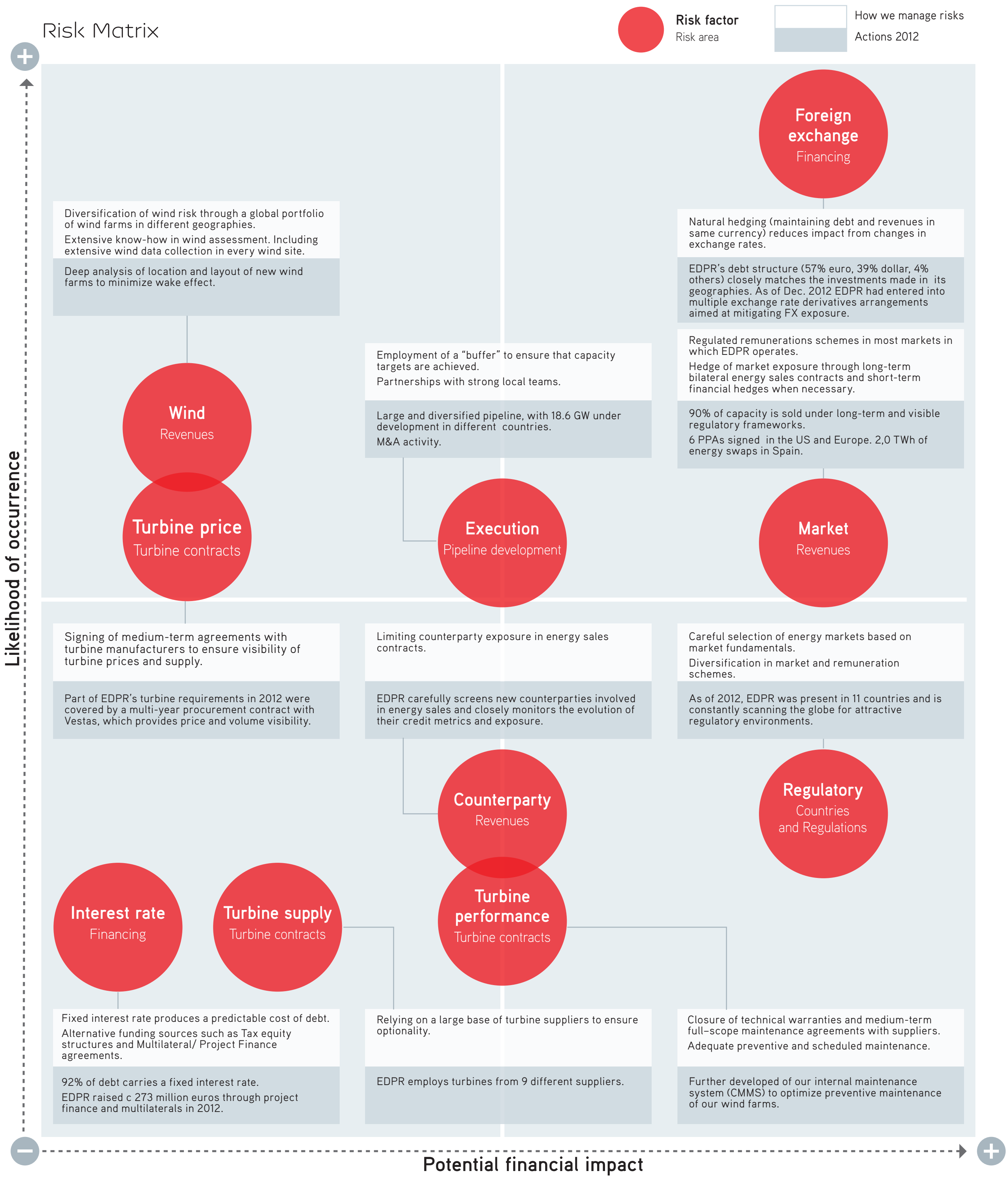
Risk profiler – Responsible for setting guidelines and limits for risk management within the company and for holding the Risk Committee;
Risk manager – Responsible for day-to-day operational decisions and for taking or mitigating risks within approved levels;
Risk controller – Responsible for follow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

RISK AREAS AND MAIN RISK FACTORS

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

After a detailed analysis of EDPR's risk exposure throughout wind energy business cycle, the following risk areas and risk factors were identified. The following matrix summarizes the main risk areas and risk factors of EDPR's business and the tools employed to manage them. Additionally, the table defines the risk mitigating actions in 2012 and structural competitive advantages of EDPR that help in risk mitigation. The full description of the risks and how they are managed can be found in the Corporate Governance chapter.

Risk Matrix



OUR FUTURE

VILLA CASTELLI (ITALY, BRINDISI REGION)

20 MW
INSTALLED CAPACITY

40 MW
INSTALLED CAPACITY IN ITALY

10
TURBINES

REMUNERATION:
POOL + GCs

Villa Castelli is a landmark project for EDPR as it is, jointly with Pietragalla, one of the first wind farms to be commissioned in Italy. This 20 MW wind farm located in the Brindisi region benefits in full from the previous remuneration scheme. EDPR expects that these two projects will be followed by a stable pipeline of new opportunities currently under development, which will ensure that Italy becomes an important growth market in the medium/long-term.

OUR GROWTH OPTIONS

In line with its focused growth strategy, EDPR concentrates its efforts on capturing and developing a limited number of opportunities that tie in well and complement the existing platforms. Investment in these value accretive projects will fuel short and long-term growth, ensuring continuous value creation for our shareholders.

GROWTH PLAN FOR THE SHORT-TERM

EDPR's growth plan for the 2012-2015 period was presented to our investor community at the 2012 Investor Day. This plan foresees the addition of 2.3 GW of renewable energy over the four year period. The first step of this process has already been successfully achieved with the addition of 504 MW in 2012. For the following years capacity addition will be split between growth markets, core markets and new markets and/or new technologies.

GROWTH MARKETS

EDPR's capacity additions in the upcoming years will be strongly focused on the growth markets of Eastern Europe, Western Europe (excluding Iberia) and Brazil. The strong development efforts that followed EDPRs entry into these markets, some years ago, are now bearing fruit. For the 2013-2015 period these countries will account for 60% of capacity additions, with the Eastern European markets representing a sizable stake.

Eastern Europe is expected to account for more than one third of the 2012-2015 growth plan. This sizable investment in these geographies is based on market attractiveness and stable legal and transparent regulatory frameworks.

France, Belgium and Brazil will also contribute to EDPR growth in this period. All of these geographies provide long-term visibility for EDPR future investments.

CORE MARKETS

Due to market maturity and regulatory issues, growth in our core markets of Spain, Portugal and the US will slow vis-à-vis the last years.

REGULATORY SNAPSHOT

Country	Remuneration scheme
Portugal	Feed-in Tariff – Moratorium for new projects
France	Feed-in Tariff
Spain	Feed-in Tariff – Moratorium for new projects
Belgium	Pool + Green certificates
Poland	Pool + Green certificates
Romania	Pool + Green certificates
Italy	PPA set in tender
UK	Green certificates. New system under debate (offshore)
US	Pool + Green certificates/ PPA set in tender and tax incentives
Canada	Feed-in Tariff (Ontario)
Brazil	PPA set in tender

North America's growth will depend on the eligibility for the Production Tax Credit (PTC) incentive scheme and/or attractive PPA opportunities with off-takers.

In Spain and Portugal, moratoria on the eligibility of new wind farms for incentive schemes has forced EDPR to halt new investments. However the projects that fall under previous regulatory agreements will continue to be executed, such as the ENEOP project in Portugal or overpowering of existing wind farms.

NEW MARKETS AND TECHNOLOGIES

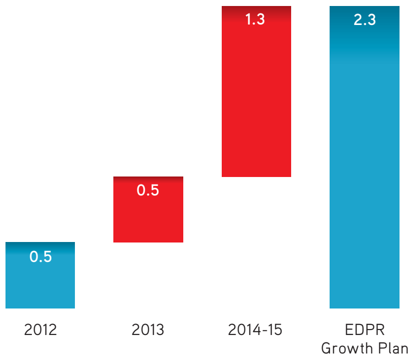
Entering new markets and/or technologies is one of the main strategic initiatives that EDPR has set out in its growth plan. The execution of this strategic initiative will account for 12% of 2013-2015 growth.

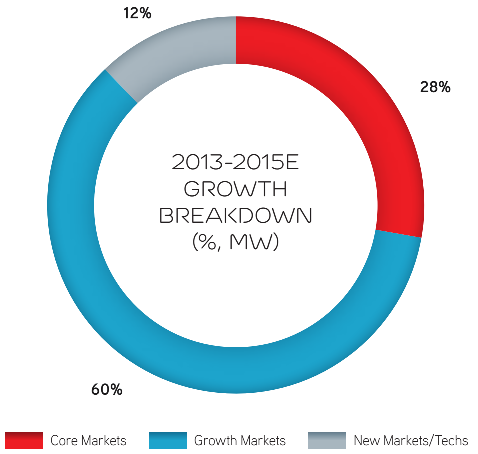
EDPR's teams have been identifying a number of prospective countries that fit our strict investment criteria. The growth potential, quality of the wind, or solar, resource and the availability of stable long-term remuneration frameworks are just some of the important criteria considered for potential investment.

Entering into new technologies is an objective that has already started to be executed. As a result of the sharp increase in competitiveness, the high growth potential of this technology, and the excellent opportunity that was identified in Romania, EDPR installed in 2012 its first solar power plants.

We see great promise in this technology and expect that it will provide top quality growth opportunities in the short and long-run.

2012-2015 Capacity additions (GW)





GROWTH OPTIONS FOR THE FUTURE

In the long-run EDPR relies on its quality pipeline of projects, as well as its market and technology prospecting activities to ensure valuable projects for the next decade.

DEVELOPMENT OF QUALITY PIPELINE

EDPR possesses a diverse global pipeline of 18.6 GW of projects distributed throughout is current geographies. These projects, mainly constituted by wind onshore, vary in their level of development. To classify these projects a tiering system in used, by which projects classified as Prospects are in the early stages of development, and projects in Tier 1 are close to construction. EDPR currently has circa 12.7 GW of projects in Tier 3 or Prospects providing a solid pool of options to fuel long-term growth. Additionally, 1.2 GW of tier 1 and 4.8 GW in Tier 2 are available to fuel our short-term ambitions.

NEW MARKETS

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

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

EDPR places a strong focus not only on the reliability and sustainability of the country's renewable tariff scheme, but also on the market's potential to allow a high value creation during the development phase of the projects. Therefore, extreme care and effort is put in place in every market to access top tier pipeline of projects as well as local skills to timely deliver them.
This ongoing meticulous selection of new markets for investment is expected to generated new opportunities that will enlarge EDPRs portfolio in the long-run.

NEW TECHNOLOGIES

Consistent with its growth strategy, EDPR constantly analyzes the commercial outlook of a wide range of renewable energy technologies that will contribute to a sustainable growth in the future.

The choice of technologies for investment is based on two main criteria. The first is the competitiveness of each technology as measured through the levelized cost of energy (LCoE) throughout the useful life of the asset. EDPR only considers for investment, technologies that present competitive LCoE metrics. Generally, this excludes technologies that are in their infancy as the effectiveness of the technology and the lack of a track record makes them both risky and uncompetitive. The second selection criterion is market growth potential. Only technologies that are expected to exhibit strong growth over a sustained period of time, hence providing ample opportunities, are considered.

OFFSHORE

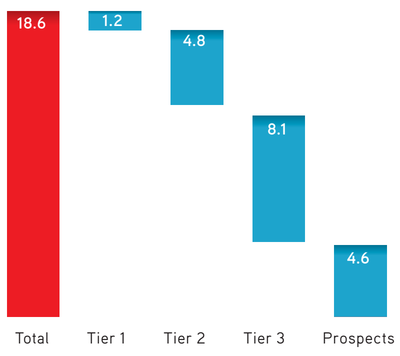
According to Emerging Energy Research, wind offshore is expected to grow exponentially in Europe increasing from a mere 4% of additions in 2011 to approximately 31% in the 2012-2020 period. EDPR entered the Offshore wind technology in 2010 when it was awarded the Moray Firth project in the third round of UK offshore development, with expectations this technology could materialize into a growth option for the company. Currently EDPR is developing 1.5 GW net in two offshore wind projects in the UK in partnership with Repsol Nuevas Energias.

RENEWABLE TECHNOLOGY R&D

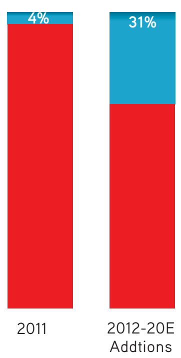
EDPR firmly recognizes the importance of research and development efforts in renewable energy technologies. Only following many years of tests, optimization and technological breakthroughs do early stage technologies evolve to a point in which large scale investment is sustainable. To this extent, EDPR is partnering on the innovative WindFloat project led by EDP Inovação.

This project aims at developing a technology that will allow for the exploitation of the wind potential at sea, at depths of more than 40m. The project has already successfully installed a 2MW wind turbine on a floating semi-submersible foundation that is anchored off the coast of Portugal.

EDPR pipeline breakdown (GW)



Wind offshore european market growth (%) of additions



Source: Emerging Energy Research

A TEAM THAT PROSPERS IN A CHALLENGING ENVIRONMENT

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

MOBILITY

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

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

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

TRAINING

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

TRAINING METRICS

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

Note: Training from Portugal and Brazil is reported by EDP and, as a result, not included
Note 2: Metrics do not include language training. In 2012, language training accounted for 2,713 hours and 166 attendances, while in 2011 language training represented 20,123 hours and 1,681 attendances.

All of EDPR employees, regardless of their professional category, are evaluated yearly to determine the potential for development, thus creating a tailored development plan with the most suitable training to address their particular needs. The potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model in which the system collects information from several data sources to evaluate employee performance: oneself, peers, subordinates and manager.

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

RENEWABLE ENERGY SCHOOL - EDP UNIVERSITY

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

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

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

HIGH POTENTIAL PROGRAM

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

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

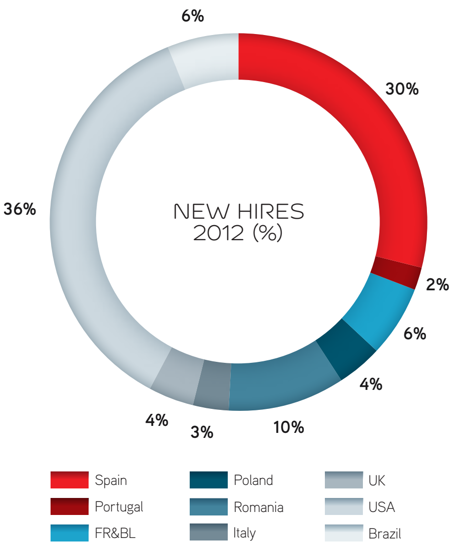
LEADERSHIP GUIDE

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

RECRUITING

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

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



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

In addition, in a process to attract the brightest people to the company, we hire interns from top universities and business schools. During 2012, 137 interns worked at EDPR and 9% of them were offered a full-time contract.

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

INTEGRATION OF NEW HIRES

EDPR has a strong company culture, and we want new hires to be able to understand this culture and quickly adopt it in their day-to-day activities. To encourage this, new hires are involved in a number of workshops and team building activities aimed at fostering integration and gaining a better understanding of the company.

Our Welcome Day, a three day event for new hires, allow for new employees to get some basic knowledge of the company, our business and visit one of our wind farms.

In parallel the Promotion events are aimed at team building, networking between new hires, and facilitating integration.

Cooking Class with new hires from the promotion of 2011.

DOING MORE FOR THE ENVIRONMENT AND THE COMMUNITY

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

Our future business prospects are expected to create a positive impact in our communities and the environment. Over the next three years we expect to avoid about 54 million tons of CO_2. We are going to continue applying the best practices available in order to maximize the positive returns to the community.

ENVIRONMENTAL STRATEGY ON OUR INVESTMENT PLAN

Our business plan for the following years included additional MW of clean energy. Our expansion strategy is complemented with environmental practices that allow us to achieve our goals while ensuring a positive impact on the environment. From the initial development phase of our projects, we take into consideration the environmental aspects of our new projects, following our environmental and biodiversity policy commitments.

PROJECT DEVELOPMENT AND CONSTRUCTION

In future addition of projects to our portfolio, our approach will continue being based in a proper management of the environmental risks. Environmental assessments are a critical component of the feasibility processes to only initiate the development of those projects that we consider to be environmentally sustainable.

As part of our development strategy, environmental and cultural screenings are undertaken to identify and manage potential environmental risks, as well as to determine the constraints to be considered in the design, construction, and operation of the facilities, given the specific nature of the site.

Potential environmental impacts are analyzed in detail in the environmental impact studies of the facilities, where feasible alternatives are also assessed and preventive, corrective and compensation measures are determined.

CUMULATIVE IMPACTS IN OFFSHORE

In the Moray Firth area (Scotland), where EDPR is developing an offshore project, we have undertaken several studies to gain knowledge on the environmental characteristics of the location.

During this process, cumulative impact assessments gain significant relevance in such large scale projects. These studies complement the impact assessment that EDPR performs of the project alone, with an evaluation of the potential effects that may arise from the interaction of our wind farm with other existing projects and future ones.

During the construction stage many external partners play an important role in the works. For that reason, we believe it is essential to involve the entire value chain to ensure that they are aligned with our environmental strategy. EDPR's environmental requirements and best practices are included in the bidding documentation or specific environmental management plans. Through a monitoring plan we ensure that the environmental requirements are met. In the event that an unexpected environmental impact is identified we are able to quickly implement the corrective measure.

BIODIVERSITY PROTECTION DURING CONSTRUCTION

In the wind farm Sierra de Carondio y Muriellos (Spain), several ponds and peat bogs have been protected and monitored during the construction works. Our goal was to protect not only the water system of the site, but also the fauna inhabiting these areas (amphibians and reptiles).

Pond in the surroundings of Sierra de Carondio y Muriellos wind farm.

After the construction period, it is our duty to return the site to its initial state. Therefore, we perform morphological restoration and reseeding works. In 2012, 149.29 ha were restored.

In addition, to protect specific specimens, in some cases we decide to transplant the vegetation. This was the case of several acebuches, a kind of a wild olive tree, present in the wind farm Janda III (Spain), that were transplanted to neighbouring areas during 2012.

ECONOMIC AND SOCIAL IMPACT POTENTIAL

Our business strategy for the following years foresees the construction of new wind farms in our current geographies, as well as in new countries.

Since the early stages of construction, new wind farms bring a wide range of benefits to the local communities. However it is important to closely collaborate with our stakeholders to ensure that they maximize the value generated.

MAXIMIZING SHARED VALUE

The construction of a wind farm includes the construction of new roads and the rehabilitation of existing ones in order to transport heavy equipment (wind turbine components, power transformers, etc.) to the site during construction. The improved road system facilitates future maintenance activities after construction works, as well as improves access to remote locations to the surrounding communities. During the operation of the wind farms these roads are maintained and further opportunities may be identified to increase the positive impact in the community, such as, the conditioning of the access roads to Santa Quiteria hermitage in the municipality of Tardienta, Spain.

In addition, the integration of our generation capacity may also require upgrades in the distribution and transmission grids that belong to the system operators. Those upgrades indirectly benefit the quality of service offered in the surrounding areas, minimizing electricity supply interruptions. Furthermore, during 2012, an EDPR substation was used as backup equipment during the upgrade work of the transmission substation in the area, guaranteeing a continuous electricity supply as the equipment was ready to cover interruptions during the maintenance activities.

In 2012 alone, we invested 26 million euros in infrastructure investments that benefits surrounding communities.

MAXIMIZING OPPORTUNITY FOR LOCAL CONTENT

In order to maximize the potential of local content in our projects in UK, we are supporting the development of the local supply chain.

We started to collaborate with the Scottish Government Energy Division, Highlands and Island Enterprise, and Scottish Enterprise to enable the enterprise agencies to access appropriate parts of the project's procurement process.

It is expected that the development of this new market will translate into growth and prosperity for the region.

INVOLVING LOCAL OPINION

Sites of wind farms are selected based on a comprehensive survey taking into account not only technical but also environmental and social considerations. Early engagement with local communities provides valuable understanding of these social considerations and ensures a good and smooth development.

Public consultations are a standard practice for the development of our projects. Public consultations are well attended and receive coverage in the local press.

Furthermore, grievance mechanisms are available to ensure that complaints are properly recorded and addressed. In some particular cases, we decided to take a more proactive approach in this regard and now we rely on the town councils to filter and communicate all the complaints. This increases transparency and shows serious commitment towards solving problems as soon as they arise.

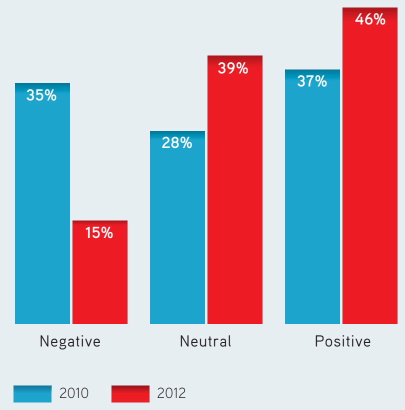
In addition, the interaction with landowners during the development phase is very active and positive, influencing the design of the project. Better engagement practices are always sought. We want to develop a proactive and close management of the relationships with land owners during construction works.

CHANGING ATTITUDES

In 2012 we have conducted a survey in the neighbourhood of Margonin and Golancz wind farms (Poland) to evaluate the community's perception of our wind farms. 400 people participated in the survey and results were compared to those of a similar survey conducted in 2010.

From 2010 to 2012 the communities perception changed significantly, as the survey showed an increase in the positive attitudes towards the wind farms and a sharp decrease in the negative views.

Survey results - Golancz wind farm



In 2012 we conducted a pilot project in Spain aimed at improving the relationships with landowners during construction of the wind farms, interaction with them is critical to finalize the construction works in time. A minimal number of complaints were registered, proving a high satisfaction level from affected landowners and not a single disruption of the construction works. The experience has set a standard for the following construction projects.

LOCAL HIRING AND PROCUREMENT PRACTICES

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

	All employees		Directors	
% of local hires	2012	2011	2012	2011
Europe	92%	94%	n/a	67%
North America	91%	88%	50%	n/a
Brazil	100%	100%	n/a	n/a
Corporate	70%	72%	n/a	n/a

n/a: not applicable. No directors hired in that platform

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

There are no in-house procedures for procurement practices with local suppliers. However, on average, 78% of our expenditures were paid to local suppliers.

OUR FUTURE FINANCIAL PERFORMANCE

The swift execution of EDPR's strategy for the 2012-15 period is expected result in top value creation for our shareholders. High cash-flow generation from our growing portfolio of assets, coupled with stronger balance sheet solidity provided by our new funding strategy, are the cornerstones of this plan.

STRATEGIC CORE COMPETENCES AND QUALITY PORTFOLIO

The starting point for EDPR's 4 year business plan is its core competencies. These have been crucial for ensuring good operational and financial performance in the past and are expected to remain the drivers of our future growth. The consolidated know-how in development and wind assessment, engineering and construction, and O&M and asset management have all been essential for EDPR's business performance.

Based on its core knowledge of delivering assets with high net capacity factors and its strategy of a low risk approach to energy prices, EDPR is able to secure premium revenues and superior visibility on its income. Whilst from a costs perspective, the preventive maintenance schemes, good management of warranties and a diversified portfolio of turbines ensure top OPEX ratios. This all adds up to a solid stream of operational cash-flow that is the key to providing shareholder value.

SELECTIVE GROWTH GENERATING STRONG CASH-FLOW

In addition to our current installed based, within the next years we expect the addition of projects that exhibit above portfolio average profitability metrics. Furthermore, as a result of our continuous focus on efficiency, we expect a positive evolution of our main Opex ratios for the whole portfolio. The combination of these effects is expected to produce an increase of 25% in our core profitability metric: EBITDA per average MW in operation.

A knock-on effect of our increased profitability should be the positive evolution in EBITDA. This metric is expected to reach 1.35-1.50 billion euros by 2015. The capacity installed in EDPR's current growth markets as well as in new markets/technologies will play a significant role in achieving this target.

FUNDING

EDPR's new funding strategy is supported by three main components: operational cash-flow from installed capacity, proceeds from the execution of our assets rotation strategy and debt from competitive project finance deals.

ASSET ROTATION STRATEGY

EDPR's asset rotation strategy leverages on our critical expertise in creating value through the development, construction and operating phases of renewable energy projects. Based on this superior expertise, EDPR is able to transform a project with high risk – when it is in the development and construction phase – into a project with a low risk profile, long useful life and with a stable and visible cash-flow stream.

The sale of minority stakes in our operating portfolio allows EDPR to capture the value created through the phases with higher risk, crystallizing the value of the projects cash-flows and providing valuable proceeds to reinvest in the business.

During 2012, EDPR successfully completed two major asset rotation deals. The first in the US, consisted of the sale of minority stakes in 4 wind farms (599 MW). Whilst the second, in Portugal, was the first of a series of expected transactions with CTG that fall under the strategic partnership signed with EDP.

These and similar transactions are expected to generate proceeds of over 2 billion euros in the 2012-15 period, constituting a significant share of the global funding for this period.

PROJECT FINANCE

Over the last couple of years EDPR has successfully signed a number of project finance deals for the financing of projects in all of its major geographies. The completion of the agreements allows for EDPR to access an additional source of competitive funding. It also highlights the quality of the projects that have to comply with the strict criteria of banks and other members of the global credit markets.

During 2012, EDPR successfully signed 3 project finance transactions, relating to projects in Spain, Belgium and Romania. The three deals included wind farms accounting for 239 MW and 273 million euros of long-term financing at competitive rates.

EDPR's 2015 targets

+25%	1.35-1.50	>3x
increase in EBITDA per Average MW in operation by 2015	billion euros EBITDA by 2015	Increase in Net income vs. 2011 figures by 2015

GRI INFORMATION

TOCHA (PORTUGAL, BEIRA LITORAL REGION)

9 MW
INSTALLED CAPACITY

1,005 MW*
INSTALLED CAPACITY IN PORTUGAL

5
TURBINES

REMUNERATION:
FEED-IN TARIFF

The Tocha wind farm is part of EDPR growing portfolio of assets in Portugal. Since EDPR's inception in 2007, Portugal has been a source of solid growth for the Company. This growth has come via own projects or through its participation in the ENEOP – Eólicas de Portugal consortium.

* Includes capacity attributable to EDPR under the ENEOP Consortium

REPORTING PRINCIPLES

This sustainability report responds to the GRI G3.1 Guidelines indicators, and provides also information on the additional electricity sector supplement indicators directly related to the company business, which is the power generation from renewable sources, basically wind.

EDPR is not considered an Utility company. In both cases (GRI indicators and Sector Supplement indicators) exceptions that may exist are explained, due primarily to the fact that the Company's core business is based in generation from renewable sources and does not include power distribution nor power commercialization. We also consider as our final product the electricity produced by our wind energy assets. EDPR is committed to the progressive improvement of the information provided.

UNITED NATIONS 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.

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

WE SUPPORT

In addition, the company has a Code of Ethics that contains specific clauses on the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labour and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations Universal Declaration of Human Rights, the International Labour Organization and the Global Compact.

Our Procurement Manual also includes a chapter that guides each Purchasing Department to put these principles into practice, therefore when procuring and contracting goods and services the Company appeals to all reasonable endeavours so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption.

To learn more about the UN Global Compact, please visit www.unglobalcompact.org.

GLOBAL REPORTING INITIATIVE

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.

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 2012 Annual Report.

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

GRI APPLICATION LEVEL

The company self-declares to have reached the level A+, as confirmed by KPMG. This report has also been GRI-check to confirm that the report addresses GRI's standard disclosures.

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. For additional information about who are our stakeholders, please visit www.edpr.com.	This report is placed in the context of the company strategy to contribute to the sustainable development of society, whenever possible.
COMPLETENESS AND BALANCE	ACCURACY, CLARITY, COMPARABILITY AND RELIABILITY	TIMELINESS
Unless otherwise stated, this report covers all the company's subsidiaries and is presented in a balanced and objective perspective.	The information presented follows the GRI directives aim to make information comparable, traceable, accurate and reliable.	The information presented in this report relates to FY2011. EDPR is committed to report sustainability information at least once a year.

GRI INDEX

PART-I: PROFILE DISCLOSURES

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
1.	**STRATEGY AND ANALYSIS**						
1.1.	Statement from the most senior decision-maker of the organization.	Fully	6-9				
1.2.	Description of key impacts, risks, and opportunities.	Fully	44,56-57,107-109				
2.	**ORGANIZATIONAL PROFILE**						
2.1.	Name of the organization.	Fully	4				
2.2.	Primary brands, products, and/or services.	Fully	4,12-15				
2.3.	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	12-15				
2.4.	Location of organization's headquarters.	Fully	EDPR head offices are located in Madrid (Spain)				
2.5.	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	12-15				
2.6.	Nature of ownership and legal form.	Fully	118-119,144				
2.7.	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	12-13,20				
2.8.	Scale of the reporting organization.	Fully	12-13,18-19,144				
2.9.	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	4,118-119,163-165				
2.10.	Awards received in the reporting period.	Fully	16				
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Fully	12-13,18,34-35				
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Fully	12-13,36				
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 generation, not transmission and distribution of electricity.	
EU5	Allocation of CO_2 emissions allowances or equivalent, broken down by carbon trading framework.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
3.	**REPORT PARAMETERS**						
3.1.	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	4				
3.2.	Date of most recent previous report (if any).	Fully	4				
3.3.	Reporting cycle (annual, biennial, etc.)	Fully	4 The information presented in this report relates to FY2012. EDPR is committed to report sustainability information at least once a year.				
3.4.	Contact point for questions regarding the report or its contents.	Fully	"Contact us" at www.edpr.com.				
3.5.	Process for defining report content.	Fully	4,65,70 Understanding our stakeholders is of the upmost importance to EDPR. As a result we perform periodic consultations to our stakeholders as part of our business. In the elaboration of this report, we considered different studies, industry benchmarks and the results from direct consultations and the feedback obtained from the engagement with our stakeholders, in order to prioritize the addressed topics. For additional information, please visit www.edpr.com.				
3.6.	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	4,70,144,205-212 For additional information, please visit www.edpr.com.				

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
3.7.	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	4,70-84,144				
3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	4				
3.9.	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	4,70-84 To consolidate economic and social data, the exchange rates used were those of the financial reporting.				
3.10.	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	4				
3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	4				
3.12.	Table identifying the location of the Standard Disclosures in the report.	Fully	70-84				
3.13.	Policy and current practice with regard to seeking external assurance for the report.	Fully	4,70,87-89				
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	99-105				
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	99-100				
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	99-100				
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	106-107,117				
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	115-117				
4.6.	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	106-107,131-134				
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	99-105,131-134				
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	106-107 For additional information, please visit www.edpr.com, to consult our sustainability commitments and principles and our company vision, mission and values				
4.9.	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	4,70				
4.10.	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	115-117				
4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	44,56-57,107-109				
4.12.	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	4,106-107 EDPR became signatory of the United Nations Global Compact directives for a sustainable development and has pledged to put these principles into practice and to inform society of the progress achieved.				

	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	We are a member of several energy associations in the countries where we have a presence, playing a relevant role in supporting the development of renewable energy. Please visit our stakeholders' information on the sustainability section our website, www.edpr.com, for a full list of the organizations.				
4.14.	List of stakeholder groups engaged by the organization.	Fully	Please visit our stakeholders' information on the sustainability section our website, www.edpr.com, for a full identification of our stakeholders				
4.15.	Basis for identification and selection of stakeholders with whom to engage.	Fully	70,73 The identification of the stakeholders groups with whom the company works with is the result of an internal reflection process of the company management. Please visit our stakeholders' information on the sustainability section our website, www.edpr.com.				
4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	70,73 Please visit our stakeholders' information on the sustainability section our website, www.edpr.com. The company uses a variety of channels to engage with our stakeholders, as described in our website, and each one of the channels available allows a particular frequency and intensity for the relationship with our stakeholders. The company engages continuously with them through the websites, mailboxes and specific departments that relate daily with employees, investors, media and suppliers. Internal and external surveys are also performed periodically. The company offers other means of engagement that are not periodic to ensure that stakeholders concerns are completely addressed.				
4.17.	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	70 Please visit our stakeholders' information on the sustainability section our website, www.edpr.com.				

PART-II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA EC	**DISCLOSURE ON MANAGEMENT APPROACH EC**						
	Economic performance	Fully	34-38,60-61				
	Market presence	Fully	12-13,18				
	Indirect economic impacts	Fully	46-47,64-65				
	Availability and reliability	Not			Not Applicable	The company business is related to wind energy generation, not transmission and distribution of electricity.	
EU6	Management approach to ensure short and long-term electricity availability and reliability	Not			Not Applicable	The company business is related to wind energy generation, not transmission and distribution of electricity.	
	Demand-side management	Not			Not Applicable	The company business is related to wind energy generation, not transmission and distribution of electricity.	

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	Not			Not Applicable	The company business is related to wind energy generation, not transmission and distribution of electricity.	
	System efficiency	Not			Not Applicable	The company business is related to wind energy generation, not transmission and distribution of electricity.	
	Research and development	Fully	20,39-40				
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Fully	EDP Inovação is the company of the EDP Group responsible for performing R&D activity and main expenditure in partnership with the different companies of the group. A detailed disclosure of the total expenditure in research and development can be found at www.edp.pt.				
	Plant decommissioning	Not			Not Applicable	The company does not have nuclear power plants	
EU9	Provisions for decommissioning of nuclear power sites	Not			Not Applicable	The company does not have nuclear power plants	
DMA EN	**DISCLOSURE ON MANAGEMENT APPROACH EN**						
	Materials	Not			Not material	The amount of materials used for wind generation is not significant and therefore they have not been measured yet.	
	Energy	Fully	45-46				
	Water	Not			Not Applicable	Wind generation does not have significant impact in Water	
	Biodiversity	Fully	44-46,64				
	Emissions, effluents and waste	Fully	44-46				
	Products and services	Not			Not material	Electricity consumption does not have significant impacts in the environment	
	Compliance	Fully	During 2012, no environmental sanction was imposed to EDPR.				
	Transport	Fully	45-46				
	Overall	Fully	44				
DMA LA	**DISCLOSURE ON MANAGEMENT APPROACH LA**						
	Employment	Fully	41-43,62-63				
EU14	Processes and processes to ensure the availability of a skilled workforce	Fully	62-63				
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Fully	85				
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	Fully	43				
	Labor/management relations	Fully	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.				

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Occupational health and safety	Fully	43				
	Training and education	Fully	62-63				
	Diversity and equal opportunity	Fully	41,63,85				
	Equal remuneration for women and men	Fully	41,63,85				
DMA HR	**DISCLOSURE ON MANAGEMENT APPROACH HR**						
	Investment and procurement practices	Fully	70				
	Non-discrimination	Fully	70				
	Freedom of association and collective bargaining	Fully	70				
	Child labor	Fully	70				
	Forced and compulsory labor	Fully	70				
	Security practices	Not			Not Applicable	The company does not have relevant security personnel	
	Indigenous rights	Fully	70				
DMA SO	**DISCLOSURE ON MANAGEMENT APPROACH SO**						
	Community	Fully	41,45-47,64-65				
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Fully	65				
EU20	Approach to managing the impacts of displacement	Not			Not Applicable	The company does not produce displacements	
	Corruption	Fully	82-83				
	Public policy	Fully	82-83				
	Anti-competitive behavior	Fully	82-83				
	Compliance	Fully	82-83				
	Disaster/Emergency planning and response	Fully	43				
EU21	Contingency planning measures, disaster/ emergency management plan and training programs, and recovery/restoration plans.	Fully	43				
DMA PR	**DISCLOSURE ON MANAGEMENT APPROACH PR**						
	Customer health and safety	Not			Not Applicable	Our core business and H&S initiatives are focused on the electricity production facilities and not in its final consumption.	
	Product and service labelling	Not			Not Applicable	Our core business is the electricity production and is not related to its final consumption.	
	Marketing communications	Not			Not Applicable	Does not relate to the Company business as the company does not perform product-related marketing communications.	
	Customer privacy	Not			Not Applicable	Our core business is the electricity production and is not related to its final consumption.	
	Compliance	Not			Not Applicable	Our core business is the electricity production and is not related to its final consumption.	
	Access	Not			Not Applicable	Our core business is the electricity production and is not related to its final consumption.	
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Not			Not Applicable	Our core business is the electricity production and is not related to its final consumption.	
	Provision of information	Not			Not Applicable	Our core business is the electricity production and is not related to its final consumption.	

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
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	Our core business is the electricity production and is not related to its final consumption.	

PART-III: PERFORMANCE INDICATORS

Economic

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	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	18-19,46,86				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	26,44,56-57,107-109				
EC3	Coverage of the organization's defined benefit plan obligations.	Partially	167 92% of employees are eligible for the retirement plan	The company does not report on the level of participation in retirement plans.	Not Available	The company systems were not prepared to report a consolidated value for the whole group for the participation in retirement plans during the reporting process.	2014
EC4	Significant financial assistance received from government.	Fully	118-119 In 2012, the company received 176 M€ in Tax Savings, Cash Grants and Federal and State Production Tax Credits				
	MARKET PRESENCE						
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Partially	EDPR EU: 162,6% EDPR NA: 194,8% EDPR BR: 468,6% We considered significant locations all the countries where we have presence.	We do not disclose range ratios by gender and country.	Proprietary information	Information not disclosed to protect employees' data privacy in specific cases.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	65 By "local" we refer to each one of the countries where we have a significant presence.				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	65				
	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	46-47,64-65				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	46-47,64-65				
	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 business is related to wind energy generation, not transmission and distribution of electricity.	
	SYSTEM EFFICIENCY						
EU11	Average generation efficiency of thermal plants by energy source and regulatory regime.	Not			Not Applicable	The company business is related to wind energy generation, not transmission and distribution of electricity.	
EU12	Transmission and distribution losses as a percentage of total energy.	Not			Not Applicable	The company business is related to wind energy generation, not transmission and distribution of electricity.	

Environmental

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	MATERIALS						
EN1	Materials used by weight or volume.	Not			Not material	The amount of materials used for wind generation is not significant and therefore they have not been measured yet.	
EN2	Percentage of materials used that are recycled input materials.	Not			Not material	The amount of materials used for wind generation is not significant for the company´s main business activities.	
	ENERGY						
EN3	Direct energy consumption by primary energy source.	Not			Not Applicable	The Company's core business is power generation from renewable sources.	
EN4	Indirect energy consumption by primary source.	Fully	45-46 Indirect electricity consumptions are the required electricity obtained from the grid for administrative purposes in our offices, and to cover needs from our wind farms operations during the periods of time that our turbines cannot produce green electricty and to cover our needs. In 2012, EDPR consumed 193 TJ of electricity. Electricity consumed from the grid has been considered to be generated from the primary energy sources that constitutes the country generation mix from each one of the locations where we are present.				
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.	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	46	The company does not report the extent to which indirect energy use has been reduced during the reporting period and underlying assumptions and methodologies used to calculate other indirect energy use and indicate the source of information.	Not material	The Company's core business is power generation from renewable sources. CO_2 avoidance due to renewable energy generation is greater than the results of initiatives performed to reduce indirect emissions.	
	WATER						
EN8	Total water withdrawal by source.	Not			Not Applicable	Wind generation does not have significant impact in Water	
EN9	Water sources significantly affected by withdrawal of water.	Not			Not Applicable	Wind generation does not have significant impact in Water	
EN10	Percentage and total volume of water recycled and reused.	Not			Not Applicable	Wind generation does not have significant impact in Water	
	BIODIVERSITY						
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	45 Please visit our environmental information on the sustainability section our website, www.edpr.com.				
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	44-45,64 For additional information, visit our environmental information on the sustainability section our website, www.edpr.com.				
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	Fully	44-45,64				
EN13	Habitats protected or restored	Fully	44-45,64				
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	44-45,64				

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	EMISSIONS, EFFLUENTS AND WASTE						
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	44-46 Gas consumption emissions were estimated according to the GHG protocol. Electricity consumption emissions were calculated with the global emission factors of each country and state within the US.				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	44-46 2012 indirect emissions from business travel and employee commuting has been estimated according to the DEFRA standard. 2011 information has been estimated according to the GHG protocol resulting in lower values.				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	44-46 Our core business activity, wind production, already implies reducing GHG emissions. To calculate emissions avoidance, the energy generation has been multiplied by the CO_2 eq emission factors of each country and state within the US, considering just fossil energy. In 2012, we changed the methodology for the calculation of CO_2 avoidance, to exclude nuclear energy in the emission factor, as we consider that our energy just replaces fossil energy. All future and past CO_2 avoidance measures presented in this report were recalculated according to this methodology.				
EN19	Emissions of ozone-depleting substances by weight.	Not			Not Applicable	The company business does not produce relevant emissions of ozone-depleting substances	
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not			Not Applicable	The company business does not produce relevant NOx, SOx, and other significant air emissions	
EN21	Total water discharge by quality and destination.	Not			Not material	The company business does not use water as relevant resource	
EN22	Total weight of waste by type and disposal method.	Partially	44-45 In Europe and Brazil, the method of disposal has been indicated by the waste hauler, while in the US the disposal method has been determined by the organizational defaults of the waste hauler. For the purposes of this report, all wastes have been classified as Hazardous or Non-hazardous according to European Waste Catalogue; however, in each country where EDPR has a geographic presence, each wind farm is required to adhere to national law by following company procedures for handling, labeling, and storage of wastes to ensure compliance. In cases, like in the United States, when our operations generate small quantities of substances which fall into additionally-regulated categories–such as used oils and universal wastes–we follow strict standards for handling and disposal of these waste types to ensure we remain compliant with all applicable laws.	The company does not break down the total amount of waste (hazardous & nonhazardous by type: composting, for incineration (or use as fuel), for deep well injection, for on-site storage and recycled vs. recovered.	Not Available	The company differentiates hazardous & nonhazardous waste by the following treatment methods: recycled, recovered (not recycled), send to landfill disposal and other means of disposal.	2014
EN23	Total number and volume of significant spills.	Fully	45 We consider a spill to be significant if it was about 0,16 m^3 and reached the ground.				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not			Not Applicable	The company business does not include transport, import, export, or treatment of waste.	

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not			Not Applicable	The company business does not use water as relevant resource	
	PRODUCTS AND SERVICES						
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Not			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	During 2012, no environmental sanctions were imposed to EDPR.				
	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	46				
	OVERALL						
EN30	Total environmental protection expenditures and investments by type.	Partially	44	The company does not report the total Environmental protection expenditures broken down by waste disposal, by emissions treatment, remediation and prevention costs and environmental management costs.	Not Available	The company uses a different categorization of environmental protection expenditures and investments that the one defined by GRI.	2014

Social: Labor Practices and Decent Work

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	EMPLOYMENT						
LA1	Total workforce by employment type, employment contract, and region.	Fully	41,85				
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	41,63,85				
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	Fully	432,837 days worked by our contractors, excluding overtime				
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Fully	43,86				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	42				
LA15	Return to work and retention rates after paternal leave, by gender	Partially	85 No employees did not return or extended the parental leave.	The company does not report the number of employees who returned to work after the parental leave ended who are still employed twelve months after their return to work.	Not Available	The company started reporting this indicator for 2011 and the missing information was not available during the reporting process to give a consolidated response according to GRI completeness principle.	2016
	LABOR/MANAGEMENT RELATIONS						
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	85 From EDPR's 861 employees, 27% were covered by collective bargaining agreements.				

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Per country case law, EDPR may have a minimum period which the Company must comply with for giving formal notice of organizational changes at the companies in the Group with an impact on employees. However, it is customary to communicate significant events to the affected groups in advance. 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 and 20 hours a week are required to receive 60 days notice in the event of closings and layoffs.				
	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	43				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	43,86 Minor first-aid injuries are not included. Days = scheduled work days Average number of independent contractors EU: 952 NA: 594 BR: 34	The company does not report occupational diseases rate and absentee rate.	Not Available	The company systems were not prepared to disclose this information using common criteria for all the locations of operations.	2015
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Partially	43	The company does not report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	Not Available	The company systems were not prepared to disclose this information using common criteria for all the locations of operations.	2015
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	The large majority of EDPR collective bargaining agreements address employees' rights and duties of the company regarding Health & Safety.				
	TRAINING AND EDUCATION						
LA10	Average hours of training per year per employee by employee category.	Partially	62 22.3 hours per employee	The company does not break down total hours of training by employee category or gender.	Not Available	The information has not been consolidated following these categories.	2015
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partially	62-63	The company does not report whether transition assistance programs to support employees who are retiring or who have been terminated provide any preretirement plan for intended retirees; any retraining for those intending to continue working; any severance pay (if severance pay is provided, does it take into account employee age and years of service); any job placement services; and any assistance on transitioning to a nonworking life.	Not material	Our workforce is young and we will not be facing these issues in the near future.	
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	62				
	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	41,85,131-134	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.	

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	EQUAL REMUNERATION FOR WOMEN AND MEN						
LA14	Ratio of basic salary of men to women by employee category.	Partially	85	We do not disclose rates by country.	Proprietary information	Information not disclosed to protect employees' data privacy in specific cases.	

Social: Human Rights

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	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	70				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	70 As the business culture in the countries in which we operate is entirely respectful of human rights, the company has not undergone any human rights screening of suppliers or contractors and its investment agreements do not include human rights clauses.				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	70 In 2011, EDPR started a Ethics training program to all country managers, directors and senior managers with a team from EDPR EU and EDPR Corporate, holding a double objective: 1. To enhance EDPR ethical process, and all the tools and documents available in the company; 2. To prepare them to give ethics training to their teams. Each manager was responsible for providing training to his/her team on the first quarter of 2012.				
	NON-DISCRIMINATION						
HR4	Total number of incidents of discrimination and actions taken.	Fully	In 2012, EDPR registered no allegation of gender discrimination but has a pending allegation of gender discrimination and retaliation in a state federal court in the US.				
	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING						
HR5	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	70 EDPR Code of Ethics has specific clauses concerning the right to exercise freedom of association. The company 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.				
	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	70 EDPR Code of Ethics has specific clauses against child or forced labour. The company did not identify any operation that could have a significant risk for incidents of child labour, forced and compulsory labour or indigenous rights.				
	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	70 EDPR Code of Ethics has specific clauses against child or forced labour. The company did not identify any operation that could have a significant risk for incidents of forced and compulsory labour or indigenous rights.				

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	INDIGENOUS RIGHTS						
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	70 The company did not identify any operation that could have a significant risk for incidents with indigenous rights.				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	70 EDPR has more than 200 wind farms and operates in 11 markets, all of which are within scope of the Code of Ethics premises and regulation.				
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	Fully	106-107,117				

Social: Society

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	COMMUNITY						
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	41,45-47,64-65				
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Not			Not Applicable	The company does not produce displacements	
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	41,45-47,64-65				
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	41,45-47,64-65				
	CORRUPTION						
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	106-107 EDPR Code of Ethics applies to all employees and business units. The code is published on the Company's intranet and is included in the welcome pack given to all new hires, as it needs to be signed by all of them when entering the company. In the Code of Ethics, active and passive corruption is forbidden, either through acts and omissions or through the creation of situations of benefit or illicit influence.				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	In 2011, EDPR started a Ethics training program to all country managers, directors and senior managers with a team from EDPR EU and EDPR Corporate, holding a double objective: 1. To enhance EDPR ethical process, and all the tools and documents available in the company; 2. To prepare them to give ethics training to their teams. Each manager was responsible for providing training to his/her team on the first quarter of 2012.				
SO4	Actions taken in response to incidents of corruption.	Fully	106-107 Corporate Governance: II.5.A] EDPR has no knowledge of any corruption-related incidents recorded during 2012. Moreover, the company has internal procedure to monitor compliance with the Code of Ethics and define actions to be taken in case of incidents. For addition information, please refer to the Corporate Governance Section of this report, chapter II.5. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT, or visit our ethics information on the corporate governance section, in our website, www.edpr.com.				

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	PUBLIC POLICY						
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	The renewable industry has been subject of public debate all over the world. EDPR is committed to contributing to public policy dialogue with key public institutions and local communities, generating effective initiatives and policy solutions that promote the development of renewable energy. We are aware that only through legal and regulatory certainty, will we be able to provide a sustainable business in the long term, consistently adding value for all our stakeholders and providing a contribution in the challenge to provide clean and sustainable energy. Please visit our stakeholders' information on the sustainability section our website, www.edpr.com, for additional information on our public policy.				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	In 2012, EDPR NA contributed $40,450 of corporate funds to various campaigns including political action committees (PACs) and state political candidates that champion the company's goal of increasing opportunities for renewable energy in the United States. In EDPR EU and EDPR BR, there were no contributions to political parties in 2012.				
	ANTI-COMPETITIVE BEHAVIOR						
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	EDPR has no knowledge of any legal actions for anti-competitive behavior, anti-trust or monopoly practices recorded during 2012.				
	COMPLIANCE						
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	During 2012, EDPR paid two sanctions of 1,500 € following a failure of a litigation.				

Social: Product Responsibility

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	CUSTOMER HEALTH AND SAFETY						
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not			Not Applicable	Our core business and H&S initiatives are focused on the electricity production facilities and not in its final consumption	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not			Not Applicable	Our core business and H&S initiatives are focused on the electricity production facilities and not in its final consumption	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	Fully	During 2012, EDPR did not identify injuries or fatalities to the public involving company assets.				
	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	Our core business is the electricity production and is not related to its distribution to final clients	
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	Our core business is the electricity production and is not related to its distribution to final clients	

	Description	Reported	Cross-reference / Direct reference	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not			Not Applicable	Our core business is the electricity production and is not related to its distribution to final clients	
	MARKETING COMMUNICATIONS						
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not			Not Applicable	Does not relate to the Company business as the company does not perform product-related marketing communications	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not			Not Applicable	Does not relate to the Company business as the company does not perform product-related marketing communications	
	CUSTOMER PRIVACY						
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not			Not Applicable	Our core business is the electricity production and is not related to its distribution to final clients	
	COMPLIANCE						
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not			Not Applicable	Our core business is the electricity production and is not related to its distribution to final clients.	
	ASSESS						
EU26	Percentage of population unserved in licensed distribution or service areas.	Not			Not Applicable	Our core business is the electricity production and is not related to its distribution to final clients	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Not			Not Applicable	Our core business is the electricity production and is not related to its distribution to final clients	
EU28	Power outage frequency.	Not			Not Applicable	Our core business is the electricity production and is not related to its distribution to final clients	
EU29	Average power outage duration.	Not			Not Applicable	Our core business is the electricity production and is not related to its distribution to final clients	
EU30	Average plant availability factor by energy source and by regulatory regime.	Not			Not Applicable	Our core business is the electricity production and is not related to its distribution to final clients	

ADDITIONAL INFORMATION

HUMAN CAPITAL INDICATORS

Workforce Breakdown	2012	% Female
BY EMPLOYMENT TYPE		
Full time	843	30%
Part time	18	100%
BY EMPLOYMENT CONTRACT		
Permanent	853	32%
Temporary	8	25%
BY COUNTRY		
Spain	337	31%
Portugal	63	13%
France	35	26%
Belgium	1	0%
Poland	37	30%
Romania	29	38%
Italy	19	37%
UK	28	43%
USA	291	36%
Brazil	21	33%

EMPLOYEE TURNOVER

Employee Turnover	New Hires	Departures	Turnover
Total	**145**	**80**	**13%**
BY GENDER			
Female	48	25	14%
Male	97	55	13%
BY AGE GROUP			
20-30 years old	84	22	23%
31-40 years old	45	33	10%
>40 years old	16	25	9%
BY COUNTRY			
Europe	60	28	11%
North America	47	40	17%
Brazil	9	4	31%
Corporate	29	8	10%

Note: turnover calculated as [((new hires + departures) / 2) / (total employees – temporary contracts)].

LABOUR RELATIONS

Employees covered by collective bargaining agreements	2012	%
Spain	94	28%
Portugal	63	100%
France	35	100%
Belgium	1	100%
Poland	0	0%
Romania	0	0%
Italy	19	100%
UK	1	4%
USA	0	0%
Brazil	20	95%

EQUAL REMUNERATION FOR WOMEN AND MEN

M/F Salary Ratio	2012	M/F Salary
Board of Directors (non-executive)	9	n/a
Directors	68	111%
Senior Managers	68	100%
Managers	440	99%
Professionals	222	96%
Administratives	63	87%

EMPLOYEES ELIGIBLE TO RETIRE

Employees eligible to retire	in 10 years	in 5 years
BY EMPLOYMENT CATEGORY		
Directors	10	3
Senior Managers	8	3
Managers	17	3
Professionals	6	1
Administratives	8	5
BY COUNTRY		
Spain	12	3
Portugal	10	3
Poland	2	0
USA	23	9
Brazil	2	0

RETURN TO WORK AFTER PARENTAL LEAVE

Maternal and Paternal leave	Maternal	Paternal
Spain	7	18
Portugal	0	1
France	0	1
Belgium	0	0
Poland	3	1
Romania	0	0
Italy	1	0
UK	3	0
USA	2	12
Brazil	0	0
Total	**16**	**33**

HEALTH AND SAFETY PERFORMANCE

Indicator H&S	2012	2011	(%)
COMPANY PERSONNEL			
Number of industrial accidents	0	2	(100%)
Number of industrial fatal accidents	0	0	0%
Working days lost by accidents caused	0	34	0%
Injury Rate (IR)[1]	0.00	2.28	(100%)
Lost work day rate (LDR)[2]	0	39	(100%)
CONTRACTOR PERSONNEL			
Number of industrial accidents	22	19	+16%
Number of industrial fatal accidents	0	0	0%
Working days lost by accidents caused	717	587	+22%
Injury Rate (IR)[1]	6.35	5.97	+6%
Lost work day rate (LDR)[2]	207	184	+13%

ECONOMIC VALUE ANALYSIS

Economic value generated and distributed	2012	2011
Turnover	1,182	992
Other income	190	196
Gains/(losses) on the sale of financial assets	3	10
Share of profit in associates	7	5
Financial income	74	62
Economic Value Generated	**1,457**	**1,265**
Cost of raw material and consumables used	24	35
Supplies and services	262	225
Other costs	86	57
Personnel costs	63	57
Financial expenses	352	341
Current tax	85	29
Dividends	0	0
Economic Value Distributed	**872**	**744**
Economic Value Accumulated	**584**	**521**

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 2012 (hereinafter 'the Report'). The information reviewed corresponds specifically to the GRI indicators in "Our performance" chapters: "Strong Know How and a World Class Team", "Guaranteeing Health and Safety", "Positive impact on the environment and Society", in "Our Future" chapter: "A team that prospers in a challenging environment" and in section "GRI Information".

EDP Renováveis management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in section "GRI Information" of the Report. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for determining its 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, based on the work performed, to issue a report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *"Assurance Engagements other than Audits or Reviews of Historical Financial Information"*, issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with ethical requirements, including those of independence that form part of the International Ethics Standards Board for Accountants Code of Ethics.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. This report should by no means be considered as an audit report.

Our limited assurance engagement work has consisted of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying the following analytical and other evidence gathering 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.

2

- 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.

Our multidisciplinary team included specialists in social, environmental and economic business aspects.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Annual Report of EDP Renováveis for the year ended 31 December 2012 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with A+ Application Level of the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the Report section "GRI Information".

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

27 March 2013

STATEMENT GRI APPLICATION LEVEL CHECK

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **EDP Renováveis** has presented its report "Annual Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 March 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

The "+" has been added to this Application Level because EDP Renováveis has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 5 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

CORPORATE GOVERNANCE

TRAMANDAÍ (BRAZIL, RIO GRANDE DO SUL STATE)

70 MW
INSTALLED CAPACITY

84 MW
INSTALLED CAPACITY IN BRAZIL

31
TURBINES

REMUNERATION:
FEED-IN TARIFF

The Tramandaí wind farm is EDPR largest wind farm in Brazil, with an installed capacity of 70 MW. Commissioned in 2011, Tramandaí benefits from an attractive 20 year PPA and a high wind resource. Since entering the Brazilian market in 2008, EDPR has been developing a pipeline of quality projects, turning this geography into one of the Company's future growth drivers.

0. STATEMENT OF COMPLIANCE

0.1 CORPORATE GOVERNANCE CODE

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

The organization and functioning of EDPR corporate governance model is designed to achieve the highest standards of corporate governance, business conduct and ethics referenced on the best national and international practices in corporate governance.

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

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

0.2 STATEMENT OF COMPLIANCE (CMVM RECOMMENDATIONS)

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
I. GENERAL SHAREHOLDERS' MEETING		
I.1 General Shareholders' Meeting Board		
I.1.1 The Presiding of the Board of the General Shareholders' Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Adopted	Chapter I.1
I.1.2 The remuneration of the Presiding Board of the General Shareholders' Meeting shall be disclosed in the Annual Report on Corporate Governance.	Adopted	Chapter I.3
I.2 Participation at the meeting		
I.2.1 The requirement for the Board to receive statements for share deposit or blocking for participation at the General Shareholders' Meeting shall not exceed 5 working days.	Adopted	Chapter I.4
I.2.2 Should the General Shareholders' Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then prepare itself in advance as required for the first session.	Adopted	Chapter I.5
I.3 Voting and Exercising Voting rights		
I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Adopted	Chapter I.9
I.3.2 The statutory deadline for receiving early voting ballots by mail, may not exceed three working days.	Adopted	Chapter I.11
I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	Adopted	Chapter I.6
I.4 Resolution Fixing-Quorum		
I.4.1 Companies shall not set a resolution-fixing quorum that outnumbers what is prescribed by law.	Adopted	Chapter I.8
I.5 Minutes and Information on Resolutions Passed		
I.5.1 Extracts from the minutes of the General Shareholders' Meetings or documents with corresponding content must be made available to shareholders on the company's website within five days period after the General Shareholders' Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than 3 year period.	Adopted	Chapter I.13 and I.14
I.6 Measures on Corporate Control		
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both company's and the shareholders' interests. The company's articles of association that by complying with said principal provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	Chapter I.7 and I.19
I.6.2 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors.	Adopted	Chapter I.20

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II. BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1 General Chapters		
II.1.1 Structure and Duties		
II.1.1.1 The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-chapter possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	Chapter 0.1 and II.3-A
II.1.1.2 Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyze and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk warning; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary.	Adopted	Chapter II.5
II.1.1.3 The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Adopted	Chapter II.6
II.1.1.4 The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Adopted	Chapter II.9
II.1.1.5 The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website.	Adopted	Chapter II.7
II.1.2 Governance Incompatibility and Independence		
II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Adopted	Chapter II.14
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board of Directors.	Adopted	Chapter II.15
II.1.2.3 The independence assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independence requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Adopted	Chapter II.15
II.1.3 Eligibility and Nominations Criteria		
II.1.3.1 Depending on the applicable model, the Chair of the Supervisory Board and of the Auditing and Financial Matters Committees shall be independent and adequately competent to carry out his/her duties.	Adopted	Chapter II.1 and II.3-C
II.1.3.2 The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	Adopted	Chapter II.16
II.1.4 Policy on the Reporting of Irregularities		
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: i) the means by which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.	Adopted	Chapter II.35
II.1.4.2 The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance.	Adopted	Chapter II.35
II.1.5 Remuneration		
II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows: i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity. ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period; iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company; v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares; vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance; viii) The remuneration of Non-Executive Directors shall not include any component the value of which is subject to the performance or the value of the company.	Adopted	Chapter II.30, II.31, II.32 and II.33

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.1.5.2 A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of June 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	Chapter II.30 and II.32
II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the Director's remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.	Adopted	Chapter II.29 and II.30
II.1.5.4 A proposal shall be submitted at the General Shareholders' Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share process, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Shareholders' Meeting.	Adopted	Chapter II.32
II.1.5.5 Left in blank	-	
II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Shareholders' Meeting for Shareholders.	Adopted	Chapter I.15
II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.	Adopted	Chapter II.31 and II.32
II.2 Board of Directors		
II.2.1 Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report.	Adopted	Chapter II.3-A
II.2.2 The Board of Directors must ensure that the company acts in accordance with its goals and shall not delegate its duties, namely in what concerns: i) the definition of the company's general strategy and policies; ii) the definition of the group's corporate structure; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not Adopted ("Under Spanish Law, the matters referred to in this recommendation can be delegated by the Board of Directors on the Executive Committee. It is common practice in Spanish listed companies for the delegation of powers to be far-reaching, with the exception of matters related to the preparation of accounts. Nevertheless, the Executive Committee always informs the Board of Directors of all the strategic decisions or relevant structure changes ".)	-
II.2.3 Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the Corporate Governance Report.	Not Applicable	Chapter II.8
II.2.4 The annual management report shall include a description of the activity carried out by the Non-Executive Directors and shall mention any restraints encountered.	Adopted	Chapter II.17
II.2.5 The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.	Not Applicable	Chapter II.11
II.3 CEO, Executive Committee and Executive Board of Directors		
II.3.1 When managing Directors that carry out executive duties are requested by other Directors to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made.	Adopted	Chapter II.3-A
II.3.2 The Chair of the Executive Committee shall send the convening notice and minutes of the meetings to the Chair of the Board of Directors and, as applicable, to the Chair of the Supervisory Board or the Auditing Committee, respectively.	Adopted	Chapter II.3-A
II.3.3 The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee.	Not applicable	-
II.4 General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board		
II.4.1 Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not applicable	-
II.4.2 The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing and Supervisory Committee must be disclosed on the company's website.	Adopted	Chapter II.4 and III.15
II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Supervisory Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	Chapter II.4 and III.15
II.4.4 The General and Supervisory Board, the Auditing Committee and the Supervisory Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being liaison offer between the company and the first recipient of the reports.	Adopted	Chapter II.24
II.4.5 According to the applicable model, the General and Supervisory Board, Audit Committee and Supervisory Board shall assess the external auditor on an annual basis and advise the General Shareholders' Meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	Chapter II.24

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent Director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Adopted	Chapter II.5 and II.6
II.5 Special Committees		
II.5.1 Unless the company is of reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Director's performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of Director's duties.	Adopted	Chapter II.2 and II.3 D.
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 Shareholders' Meeting and for its allocation to the different members of the Board of Directors to be decided on by the Board itself.").	Chapter II.2 and II.38
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	Chapter II.39
II.5.4 All the Committees shall draw up minutes of the meetings held.	Adopted	Chapter II.37
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	Chapter III.16
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 Shareholders' Meetings; h) Invitation to General Shareholders' Meetings.	Adopted	Chapter III.16
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	Chapter III.18
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	Chapter II.3-C and III.17
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	Chapter III.17
IV. CONFLICTS OF INTEREST		
IV.1 Shareholder Relationship		
IV.1.1 Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Adopted	Chapter III.12
IV.1.2 Where deals of significant importance are undertaken with holders of qualifying holdings, or entities, with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board.	Adopted (According to the Spanish law and the governance structure, these functions were delegated by the Board of Directors to the Related-Party Transactions Committee)	Chapter III.13

0.3 GLOBAL ASSESSMENT OF THE ADOPTION OF CMVM RECOMMENDATIONS'

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

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

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

0.4 ANALYSIS OF DEVIATIONS REGARDING CMVM RECOMMENDATIONS

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

I. GENERAL SHAREHOLDERS' MEETING

I.1 MEMBERS OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are the Chairperson of the General Shareholders' Meeting, the Chairperson of the Board of Directors or his substitute, the other Directors, and the Secretary of the Board of Directors.

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

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

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

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

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

I.4 PARTICIPATION IN THE GENERAL SHAREHOLDERS' MEETING

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

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

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

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

I.5 SUSPENSION OF THE GENERAL SHAREHOLDERS' MEETING

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

I.6 VOTING RIGHTS

Each share entitles its holder to one vote.

I.7 RESTRICTIONS TO VOTING RIGHTS

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

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

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

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

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

I.9 MAIL AND ELECTRONIC COMMUNICATION VOTES

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

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

I.10 FORM USED FOR MAIL VOTING

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

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

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

I.12 ELECTRONIC VOTING

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

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

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

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

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

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

GENERAL SHAREHOLDERS' MEETING IN 2012

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

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

- 154 shareholders were present, holding 25,999,436 shares making up for 2.98% of the share capital, and
- 344 shareholders were represented, holding 737,817,447 shares making up for 84.58% of the share capital.

A total of 498 shareholders attended the General Shareholders' Meeting, including those present and those represented, holding a total of 763,816,883 shares which constitutes a nominal amount of EUR 3,819,084,415.00 of the share capital, that is, 87.56% of the mentioned share capital.

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

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

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

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

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

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

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

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

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

EDPR has not incorporated any share remuneration or share purchase option plans for the members of the governing bodies.

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

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

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

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

I.20 DEFENSIVE MEASURES

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

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

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

I.21 CHANGE OF THE CONTROL OF THE COMPANY

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

I.22 AGREEMENTS WITH BOARD MEMBERS OR SENIOR MANAGERS

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

II. MANAGEMENT AND SUPERVISORY BODIES

SECTION I: GENERAL CHAPTERS

II.1 IDENTIFICATION AND COMPOSITION OF THE GOVERNING BODIES

BOARD OF DIRECTORS

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

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

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

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

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

EXECUTIVE COMMITTEE

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

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

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

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

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

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

AUDIT AND CONTROL COMMITTEE

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

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

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

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

II.2 SPECIAL COMMITTEES FOR MANAGEMENT AND SUPERVISORY MATTERS

NOMINATIONS AND REMUNERATIONS COMMITTEE

Pursuant to Article 29 of the Company's Articles of Association, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairperson of the committee.

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

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

The current members are:

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

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

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

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

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

RELATED PARTY TRANSACTIONS COMMITTEE

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

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

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

The current members are:

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

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

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

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

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

A. MANAGEMENT BODIES

BOARD OF DIRECTORS

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

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

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

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

FUNCTIONING OF THE BOARD OF DIRECTORS

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

The Board of Directors must meet at least four (4) times a year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of three (3) Directors, may convene a Board meeting whenever he deems it necessary for the Company's interests. Meetings are convened by the Chairperson, who may order the Secretary to send the invitations. Invitations shall be sent at least five (5) days prior to the date of the meeting. Only when the circumstances so require, the Chairperson may call a meeting of the Board without respecting the required advance notice.

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

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

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

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

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

EXECUTIVE COMMITTEE

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

- Election of the Chairperson of the Board of Directors;
- Nomination of Directors by cooption;
- Requests to convene or convening of General Shareholders' Meetings;
- Preparation and drafting of the Annual Management Report and Accounts and submission to the General Shareholders' Meeting;
- Change of registered office;
- Drafting and approval of the proposal for mergers, spin-off, or transformation of the company.

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

FUNCTIONING OF THE EXECUTIVE COMMITTEE

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

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

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

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

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

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

Chairperson of the Board of Directors
António Mexia

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

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

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

The Chairperson of the Board is nominated by the members of the Board of Directors, unless this is done by the General Shareholders' Meeting. The current Chairperson was elected on March 18th, 2008 and re-elected on June 21st, 2011 by the Board of Directors.

Vice-Chairperson of the Board of Directors
João Manso Neto

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

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

Chief Executive Officer
João Manso Neto

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

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

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

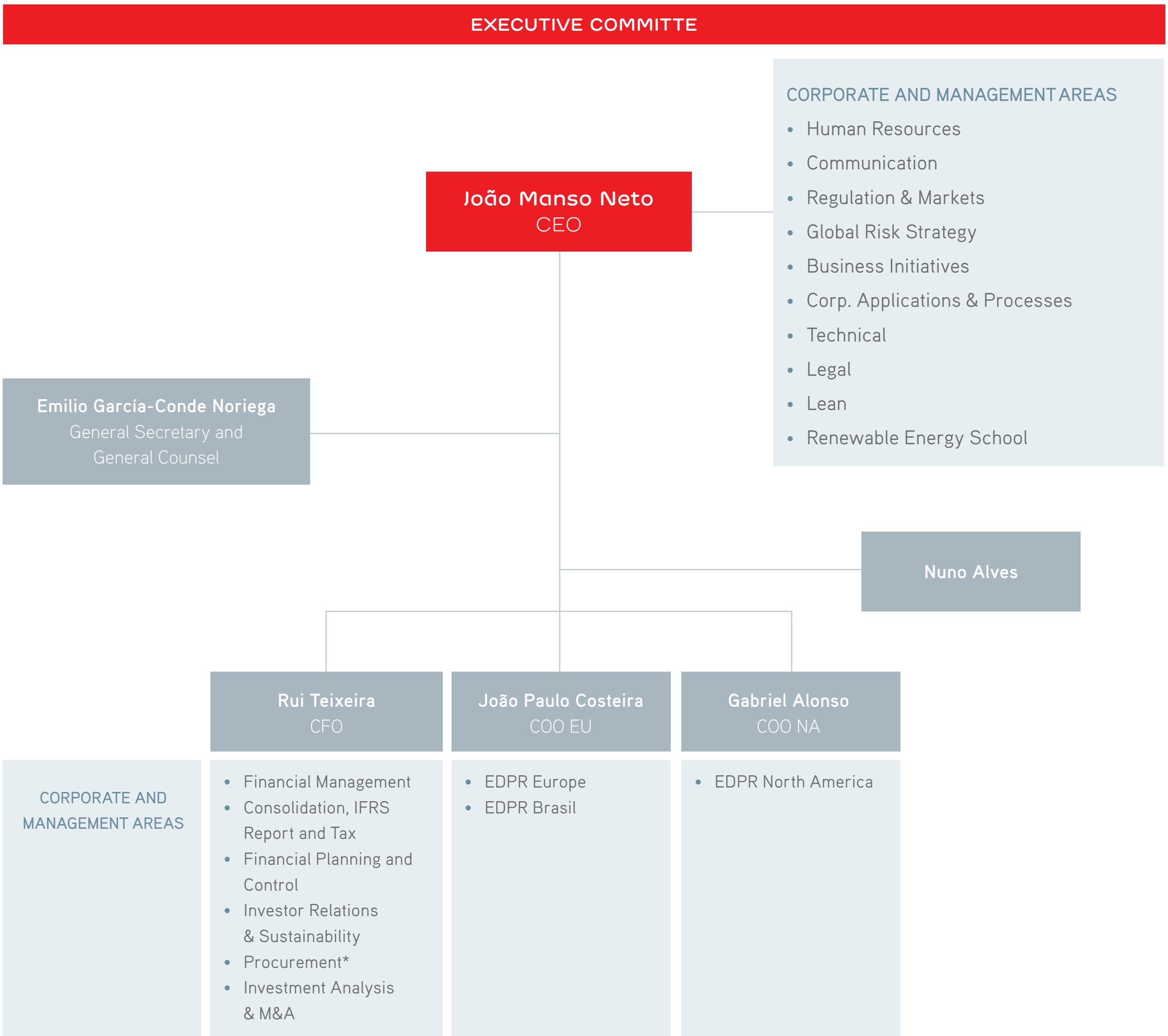
Company Secretary
Emilio García-Conde Noriega

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

- Assisting the Chairperson in his duties;
- Ensuring the smooth operation of the Board, assisting and informing it and its members;
- Safeguarding company documents;
- Describing in the minutes books the proceedings of Board meetings and bearing witness to its decisions;
- Ensuring at all times the formal and material legality of the Board of Directos 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 Head of the Legal Department at EDPR, was nominated on December 4th, 2007.

MANAGEMENT STRUCTURE



** Delegated by the ceo*

C. SUPERVISORY BODIES

AUDIT AND CONTROL COMMITTEE

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

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

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

with Recommendation II.1.1.3 of the Portuguese Corporate Governance Code of 2010);

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

FUNCTIONING OF THE AUDIT AND CONTROL COMMITTEE

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

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

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

D. OTHER COMMITTEES AND SUPPORTING STRUCTURES

NOMINATIONS AND REMUNERATIONS COMMITTEE

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

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

- Defining the standards and principles governing the composition of the Board of Directors and the selection and nominations of its members;
- Proposing the nominations and re-election of Directors in cases of nominations by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different committees;
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the nominations and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE

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

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

RELATED-PARTY TRANSACTIONS COMMITTEE

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

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;

- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;

- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds EUR 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the fiscal year before;

- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th, 2008;

- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;

- Asking EDP for access to the information needed to perform its duties.

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

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

FUNCTIONING OF THE RELATED-PARTY TRANSACTIONS COMMITTEE

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

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

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

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

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

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

II.5 INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

A. INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

General Description

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

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

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

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

EDPR has also a SCIRF Manual where the general principles of the Internal Control System over Financial Reporting are established, as well as the methodology used, the procedures for ensuring the effectiveness of internal control, and design of models, documentation, evaluation, and reporting.

Code of Ethics and Ethics Channel

EDPR has a Code of Ethics published on its intranet, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing.

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings.

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, which performs a first analysis, forwarding its conclusion to the Ethics Committee of EDPR, which receives, records, processes, and reports to the Board of Directors.

In 2012 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

Communication Channel to the Audit and Control Committee

In addition to the Code of Ethics and the Ethics Channel, EDPR has implemented a Communication Channel to the Audit and Control Committee that allows direct communication with the Audit and Control Committee of any inappropriate practices in accounting and finance.

The operation of this Communication Channel is regulated by the Regulation on procedures to be adopted in communication matters to the Audit and Control Committee. Submissions can be made by email or letter, being handled by the Secretary of the Audit and Control Committee. To ensure confidentiality, access to information submitted is restricted and limited.

Scope Revision and Update

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas, and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes different types of risk (operational, economic, financial, technological, or legal) and control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure, comparability, and rights, and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organization involved in the SCIRF and supervised by the Audit and Control Committee.

Preparation, review and approval of financial information

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation). The steps and controls that are carried out for the preparation of the financial information that will be part of consolidated financial statements are specified.

The procedures for review and approval of financial information are provided by the areas of Planning and Control, Administration, and Finance. Financial information is monitored in the scope of its competences by the Audit and Control Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls, and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts, and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of their main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or by unauthorized people, analysis of deviations from the budget, the analysis in the meetings of the Executive Committee of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation, and disclosure of transactions in financial reporting.

Control activities of EDPR's SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that the information systems are the tools with which financial information is prepared, and is therefore, relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and evolutive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents), and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF's scope update, there is a periodic analysis of the existence of service providers that perform relevant activities in relation to the processes of preparing financial information.

Evaluation of the efficiency of SCIRF

EDPR Group decided to have its SCIRF audited by the external auditor as of December 31st, 2012. The external auditor has included in the scope of their audit work, an opinion on the SCIRF of the EDPR Group, specific jobs regarding EDPR's SCIRF.

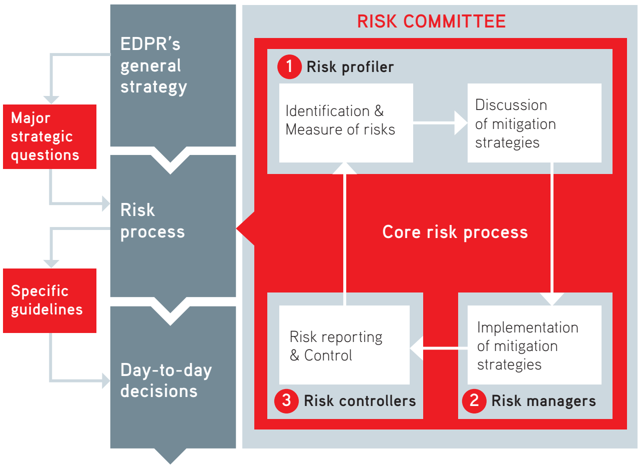
B. RISK MANAGEMENT

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

RISK FRAMEWORK AND PROCESS

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

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



II.6 RESPONSIBILITY OF THE MANAGEMENT AND SUPERVISORY BODIES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

A. INTERNAL CONTROL SYSTEMS

General Description

The administration, governance, and management of the company lies in the governing bodies of the Company (General Shareholders' Meeting, Board of Directors, and Executive Committee) and corresponds to the Board of Directors to establish the organization of the Company.

The Board of Directors sets limits regarding the allocation of powers of the Executive Committee, the CEO, and the Audit and Control Committee. It is also defined by the Board of Directors the guide lines to conduct transactions with third parties.

EDPR's Articles of Association in its Article 28 mentions that the Audit and Control Committee has, among other powers, the obligation to meet the internal control systems of the Company.

The Audit and Control Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF's implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. For this purpose, the Audit and Control Committee is assisted by the Internal Audit Department.

EDPR has an Internal Audit Department that reports to the President of the Board of Directors and is overseen by the Audit and Control Committee as provided in the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act which includes, among others, the evaluation activities of internal control systems including the internal control system over financial reporting.

The annual work plans of the Internal Audit Department are subject to the approval of the Audit and Control Committee.

Among these activities, Internal Audit supports the Audit and Control Committee in monitoring the implementation and maintenance of SCIRF and reports the results of the evaluation, the improvement actions identified, and their evolution.

The entity has action plans for the improvement actions identified in SCIRF's assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2012, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

Performance evaluation of SCIRF and relevance to the needs of society

The auditor may communicate relevant issues arising from its financial audit work and any single internal control weaknesses identified in the course of their work. For this purpose, the auditor has summoned meetings with the Audit and Control Committee accompanying the results of their work usually once a year.

The reporting mechanism of the Internal Audit Department to senior management and the Audit and Control Committee is specified in the Basic Internal Audit Act, including the reporting of the results of their work.

B. RISK MANAGEMENT SYSTEMS

RISK FUNCTIONS AND RISK COMMITTEE

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

Risk functions		Description
1 Strategy/ Profile	General risk policy & strategy	Responsible for setting guidelines and limits for risk management within the company Attempts to clarify and support proposals related to general strategic issues
2 Management	Risk management & risk business decisions	Responsible for day to day operational decisions and for related risk – taking, risk – mitigating positions
3 Controlling	Risk control	Responsible for follow up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the executive committee

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

RISK FRAMEWORK AND PROCESS

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

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

II.7 REGULATIONS ON THE FUNCTIONING OF THE GOVERNING BODIES

All EDPR governing bodies and special committees have internal Regulations which are available to the public on the company's website at www.edprenovaveis.com.

SECTION II: BOARD OF DIRECTORS

II.8 EXECUTIVE POWERS OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairperson of EDPR's Board of Directors does not have executive duties.

II.9 MAIN ECONOMIC, FINANCIAL, AND LEGAL RISKS

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

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

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

II.9.1 Countries and regulations

II.9.1.1 Regulatory risks

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

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

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

Management of regulatory risks

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

II.9.2 Revenues

II.9.2.1 Exposure to market electricity prices

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

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

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

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

Management of risks related to exposure to market electricity prices

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

II.9.2.2 Risk related to volatility of energy production

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

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

Management of risks related to volatility of energy production

EDPR mitigates wind resource volatility and seasonality by having a strong knowledge in the design of its wind farms and through geographical diversification – in each country and in different countries – of its asset base. This "portfolio effect" enables EDPR to offset wind variations in each area and to keep the total energy generation relatively steady. Currently, EDPR is present in 11 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil.

There exist financial products to hedge weather risk. EDPR is currently exploring the interest of contracting those products in specific cases.

II.9.3. Financing

II.9.3.1 Risks related to financial market exposure

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

Additionally, because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial results. EDPR hedges against currency fluctuations by employing natural hedging strategies, and using hedging instruments such as forward foreign exchange contracts and Cross Interest Rate Swaps. EDPR´s hedging efforts minimize but don´t eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

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

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

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

II.9.3.1.1 Interest rate risk

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

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

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

II.9.3.1.2 Exchange rate risk

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

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

II.9.3.2 Counterparty credit risk

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

Management of counterparty credit risk

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

II.9.3.3 Liquidity risk

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

Management of liquidity risk

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

EDPR has a diversified financial structure composed of corporate debt and project finance, which. considers among other factors, financing cost, project ownership and project currency liquidity.

Finally, EDPR uses a financial model to forecast liquidity risk in the medium and long term to meet strategic targets previously set (EBITDA, debt ratio and others).

II.9.4 Wind turbine contracts

II.9.4.1 Wind turbine supply risk

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

Management of wind turbine supply risk

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

II.9.5 Pipeline development

II.9.5.1 Permitting risks

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

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

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

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

Management of permitting risk

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

II.9.6 Operations

II.9.6.1 Wind turbine performance risk

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

Management of wind turbine performance risk

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

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

II.10 POWERS GRANTED TO THE BOARD OF DIRECTORS, NAMELY REGARDING SHARE CAPITAL INCREASE

The Board of Directors is vested with broad-ranging powers of administration, management, and governance of the Company without limitation, except for the powers specifically assigned to General Shareholders' Meeting in the Articles of Association or other applicable law.

A. In this regard, the Board is specifically empowered to:

- Acquire personal property, real estate, rights, actions, and participations for the Company under any onerous or lucrative title.
- Dispose of, mortgage or encumber the Company's property, real estate, rights, shares, and participations and cancel mortgages and other en rem rights.
- Negotiate and enter into loans and credit operations as deemed necessary.
- Negotiate and formalise acts and contracts with private individuals and public entities.
- Take civil and criminal actions involving the Company, representing the Company before functionaries, authorities,

corporations; governmental, administrative, economic-administrative, contentious-administrative, and judicial tribunals; labour courts and labour sections of the supreme courts and of the high court of justice of autonomous communities, without limitation, including the Court of Justice of the European Communities and in general before the public administration at all levels; intervening in, promoting, monitoring and concluding cases, trials and proceedings; consenting to rulings; filing appeals, including cassation appeals and other extraordinary appeals; desisting and agreeing, reaching settlement, compromising in arbitration proceedings, issuing notices and summonses and granting powers of attorney to solicitors and other proxies with the powers deemed necessary in each case, including general powers for legal proceedings and special powers as necessary; revoking such powers.

- Convening the General Shareholders' Meeting and submitting the proposals to the shareholders for their consideration.
- Directing the Company's operations and the organisation of its work and operations, staying abreast of the Company's business and operations, investing funds, making extraordinary amortisations of its obligations, and doing all that is deemed necessary for the best achievement of the Company's objectives.
- Nomination and removal of directors and other technical and administrative personnel; stipulating their responsibilities and remuneration.
- Agree to change the Company's location within the same municipal area.
- Create legal entities as stipulated under the law, assigning and investing in them all kinds of goods and rights and entering into concentration and cooperation agreements, associations, groups, joint ventures, community property and agree to their modification, transformation, and dissolution.
- All other powers specifically attributed to the Board in the Articles of Association or by law, this enumeration being merely indicative but in no way restrictive.

In order to guarantee that the common interests of the Company and those of its subsidiaries and group companies are properly served, the Board of Directors shall act at all times in coordination with those companies.

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

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

II.11 RULES REGARDING THE NOMINATION AND DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE POLICY OF PORTFOLIO ROTATION

The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the candidates that the Committee considers having the best qualities to fulfill the role of Board Member. The Board of Directors presents the proposal at the General Shareholders' Meeting that will approve the proposal by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders wishing so, may group their shares until they constitute an amount of capital equal or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders' Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

According to the Spanish Law and the Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the company. This type of organization is different from what occurs on the Portuguese companies in which a "conselho de administracão executivo" takes the assignment of areas of business and each executive director is responsible to and for an area of business.

II.12 NUMBER OF MEETINGS OF THE MANAGEMENT AND SUPERVISORY BODIES

The Board of Directors held six (6) meetings during the year ending on December 31st, 2012. Minutes of all meetings were drawn up.

In 2012, the Audit and Control Committee held fourteen (14) meetings, six of those meetings were plenary and the other eight were with the different departments whose activity development was discussed with the Committee.

This committee drafted minutes of every meeting held and informed the Board of Directors of its decisions at the first Board meeting held after each committee meeting.

II.13 NUMBER OF MEETINGS OF THE EXECUTIVE COMMITTEE

The Executive Committee held forty-nine (49) meetings during the year ending on December 31st, 2012.

The Executive Committee drafted minutes for each of the meetings held and informed the Board of Directors of its decisions at the first Board meeting held after each committee meeting. The minutes are also sent to the Chairperson of the Audit and Control.

II.14 EXECUTIVE AND NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

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

EDPR's Articles of Association, which are available for consultation on the company's website (www.edprenovaveis.com) contain the rules on independence for the fulfillment of duties in any body of the Company. The information regarding the legal and regulatory rules for Independent Assessment is available in chapter II.15.

The Board of Directors of EDPR considers that the following Directors meet the independence and incompatibility criterias required by law and the Articles of Association:

Name	Position	Date of Re- election	End of Term
Gilles August	Director (Independent)	21-06-2011	21-06-2014
João Lopes Raimundo	Director (Independent) Member of the Audit and Control Committee	21-06-2011	21-06-2014
João Mello Franco	Director (Independent) Chairperson of Audit and Control Committee And Member of the Related-Party Transactions Committee	21-06-2011	21-06-2014
Jorge Santos	Director (Independent) Chairperson of the Nominations and Remunerations Committee and Member of the Audit and Control Committee	21-06-2011	21-06-2014
José Araújo e Silva	Director (Independent)	21-06-2011	21-06-2014
Rafael Caldeira Valverde	Director (Independent) Member of the Nominations and Remunerations Committee	21-06-2011	21-06-2014

II.15 LEGAL AND REGULATORY RULES FOR INDEPENDENT ASSESSMENT AND INCOMPATIBILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations require that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those that are able to perform their duties without being limited by relations with the company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;

- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are i) aged under eighteen (18) years, (ii) disqualified, iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions are not allowed to be Directors.

II.16 SELECTION PROCESS OF CANDIDATES FOR NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the potential candidates that the Committee considers having the best qualities to fulfill the role of Board Member.
The Board of Directors presents the proposal at the General Shareholders' Meeting where it will approved by the majority, for an initial period of three (3) years, and may re-elect them once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders wishing so, may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders' Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

II.17 ACTIVITY OF THE NON-EXECUTIVE DIRECTORS

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

II.18 BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Annex IV of the Report gives a brief description of the Directors' professional and academic careers.

II.19 ROLES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES

The positions held by the members of the Board in the last five (5) years, those that they currently hold, and positions in Group and non-Group companies are listed in Annexes I, II and III, respectively.

Also, the shares of EDPR owned by each Director are described in the table in Annex V.

SECTION III: GENERAL AND SUPERVISORY BOARD, COMMITTEE FOR FINANCIAL MATTERS, AUDIT COMMITTEE, AND FISCAL COUNCIL

Information as provided for in Chapters II.20. to II.23. of CMVM Regulation no. 1/2010 does not apply to EDPR. The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

II.24 EVALUATION OF THE EXTERNAL AUDITOR

The Audit and Control Committee is responsible for proposing to the Board of Directors for submission to the General Shareholders' Meeting the nomination of the Company auditors, the terms of their contracts, scope of their duties, and revocation and renewal of their contracts.

In order to protect the External Auditor independence, the following competences of the Audit and Control Committee were exercised during 2011:

- Direct and exclusive supervision from the Audit and Control Committee;
- Evaluation of the qualifications, independence, and performance of the External Auditor and the annual report from the External Auditor regarding the information of all existing relations between the Company and the Auditors or people related to them, including all the services rendered and all the services in course. The Audit and Control Committee, in order to evaluate its independence, obtained from the External Auditor information regarding their independence according to Portuguese Decree-Law n.º 224/2008, November 20th, that changes the Articles of Association of the External Auditors Association;
- Revision of the transparency report signed by the External Auditor and published on their website. This report is about a group of subjects regulated on article 62º-A from the Portuguese Decree-Law n.º 224/2008, mainly related to the Internal Control System and to the process of quality control realized by the competent entities;
- Analysis with the External Auditor of the scope, planning, and resources to use on the services provided.

In 2012, according to the Audit and Control Committee's competences and in line with Recommendations II.4.4 and II.4.5, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time.

The Audit and Control Committee assessed the performance of the external auditor in providing the services hired by the Company and made a positive evaluation of their quality, considering that they meet applicable standards and that it is advisable to maintain the same auditor.

The work of the external auditor, including reports and audits of its accounts, was supervised and evaluated in accordance with applicable rules and standards, in particular international auditing standards. The external auditor in coordination with the Audit and Control Committee verifies the implementation of remuneration policies and the efficiency and functioning of internal control mechanisms. The external auditor reports to the Audit and Control Committee all the shortcomings.

Information as provided for in Chapters II.25. to II.28. of CMVM Regulation no. 1/2010 does not apply to EDPR. The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

II.29 REMUNERATION POLICY OF THE SENIOR MANAGERS

This information is available on chapter II.30.

SECTION IV: REMUNERATION

II.30 REMUNERATION POLICY FOR THE MANAGEMENT AND SUPERVISORY BODIES

Pursuant to Article 26 of the Company's Articles of Association, the remuneration of the members of the Board of Directors shall consist of a fixed amount to be determined by the General Shareholders Meeting for all the Directors and expenses for attending Board meetings.

The above mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders' Meeting and comply with current legal provisions.

The maximum remuneration approved by the General Shareholders Meeting in the previous fiscal year, for all the members of the Board of Directors was EUR 2,500,000.

Pursuant to Article 26.4 of the Company's Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum remuneration approved by the General Shareholders Meeting for the variable remuneration for all the members of the Board of Directors was EUR 600,000 per year.

The Nominations and Remunerations Committee is responsible for proposing to the Board of Directors, although not bindingly, the system, distribution, and amount of remuneration of the Directors on the basis of the overall amount of remuneration authorized by the General Shareholders Meeting. The Committee can also propose to the Board of Directors the terms of the contracts with the Directors. The distribution and exact amount paid to each Director, the frequency and other details of the remuneration shall be determined by the Board of Directors based on the proposal presented by the Nominations and Remunerations Committee.

Additionally, this Committee defines the variable remuneration to be attributed to the Directors, with the purpose that it reflects the performance of each of the members in each year of their term of office (variable annual remuneration), and also their performance during their term of office establishing a variable component which is consistent with the maximization of the Company's long term performance (variable multi-annual remuneration for a three-year period), thereby guaranteeing the alignment of the performance of the governing bodies with the interests of the shareholders.

The remuneration policy proposed by the Nominations and approved by the General Shareholders' Meeting on April 11th, 2011 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

For the period 2011-2013, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2009-2010 period, revising the KPI's (Key Performance Indicators) for variable multi-annual and annual components.

II.31 INDIVIDUAL ANNUAL REMUNERATION OF THE MANAGEMENT AND SUPERVISORY BODIES

The remuneration of the members of the Board of Directors for the year ended on December 31st 2012 was as follows:

REMUNERATION	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Executive Directors				
Ana Maria Fernandes A)	54,857	147,942	364,022	566,821
João Manso Neto (CEO) B)	-	-	-	-
Nuno Alves B)	-	-		-
Gabriel Alonso C)	-	-	-	-
João Paulo Costeira C)	-	-	-	-
Luis Adão da Fonseca C)	-	-	-	-
Rui Teixeira C)	-	-	-	-
Non-Executive Directors				
António Mexia D)	--	--	--	--
António Nogueira Leite E)	-	-	-	-
Francisco José Queiroz de Barros de Lacerda E)	36,666	-	-	36,666
Gilles August	45,000		-	45,000
João Lopes Raimundo	60,000	-	-	60,000
João Manuel de Mello Franco	80,000	-	-	80,000
João Marques da Cruz F)	-	-	-	-
Jorge Santos	60,000	-	-	60,000
José Araújo e Silva G)	15,000	-	-	15,000
Manuel Menéndez Menéndez	45,000	-	-	45,000
Rafael Caldeira Valverde	55,000	-	-	55,000
Total	451,523	147,942	364,022	963,487

A) Mrs. Ana Maria Fernandes resigned as Chief Executive Officer of EDPR on February 28th, 2012. The fixed remuneration mentioned above refers only to the months when the prior CEO was still on duty paid in 2012 and adjustments on the variable remuneration paid in February 2013.

B) With the exception of the Executive Committee Directors that are also Officers, the members of the Executive Committee have not received any remuneration from EDPR. On February 28th, 2012 Mr. João Manso Neto, was nominated Chief Executive Officer (CEO) and Vice-Chairperson of the Board of Directors of EDPR. In order to increase transparency and healthy corporate governance practices, and also to treat Mr. João Manso Neto consistently with the other Directors, the Nominations and Remunerations Committee proposed to the Board of Directors (which approved it) a modification of the Remuneration Policy in order to include the CEO compensation in the management fee of the Executive Management Services Agreement.

C) Mr. Gabriel Alonso, Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Rui Teixeira, as Officers and members of the Executive Committee receive their remuneration as EDPR employees, as described on the table below.

D) In 2012, Mr. António Mexia resigned as Chairperson and member of the Executive Committee. He received his remuneration according to the Executive Management Services Agreement, as executive Manager during the performance of his duties as Chairperson of the Executive Committee, and as non-executive Manager after the above mentioned resignation; therefore he has not received any remuneration from EDPR.

E) In 2012, Mr. António Nogueira Leite and Mr. Francisco José Queiroz de Barros de Lacerda resigned as members of the Board of Directors. The remuneration mentioned above refers only to the months when these Board members were still on duty.

F) On May 2012, Mr. João Marques da Cruz was nominated by co-optation as Member of the Board of Directors until the first General Shareholders' Meeting is gathered. Mr. João Marques da Cruz receives his remuneration through the Executive Management Services Agreement. The executive management fee paid by the Company to EDP was adjusted and an additional management fee for non-executive services was included, therefore he has not received any remuneration directly from EDPR.

G) Mr. José Araújo e Silva remuneration reflects only some months of the year, as he renounced to the remuneration during the time he served in a State-owned Company.

According to the Executive Management Services Agreement signed with EDP as amended, EDPR is due to pay to EDP, for the services rendered by the Executive Managers and the Non-executive Managers; the amount due under said Agreement for the management services rendered by EDP in 2012 are: i) EUR 480,000, corresponding to the fixed remuneration of the Executive Managers, , plus the variable component according to the Remuneration Policy, plus the PPR percentage, and ii) EUR 90,000, corresponding to the fixed remuneration of the Non-Executive Managers. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a director, taking into consideration the duties carried out.

In 2012, the remuneration of the Officers, as EDPR employees, excluding the Chief Executive Officer, was the following:

REMUNERATION	Euros			
	Fixed	Variable*		Total
		Annual	Multi-annual	
Gabriel Alonso	250.000	75.000	0	325.000
João Paulo Costeira	250.000	75.000	0	325.000
Luis Adão da Fonseca A)	181.270	75.000	0	256.270
Rui Teixeira	250.000	75.000	0	325.000
TOTAL	931.270	300.000	0	1.231.270

*Corresponds to the 2011 annual variable.

A) Mr. Luis Adão da Fonseca resigned as member of the Board of Directors and consequently as member of the Executive Committee on September 21st, 2012. The remuneration mentioned above corresponds to the months when he was still on duty.

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country.

Additionally, the Officers, with the exception of the CEO, also receive the following non-monetary benefits: company car, and those who are expatriated, have as benefits: housing allowance and education allowance for the children if applied, that together corresponds to EUR256,828.

The Directors do not receive any relevant non-monetary benefits as remuneration.

II.32 REMUNERATION STRUCTURE

The remuneration of the Executive Committee is built in three blocks: fixed remuneration (40% of the total remuneration), annual (27% of the total remuneration) and multi-annual bonus (33% of the total remuneration).

The annual bonus is defined as a maximum of 68% of the annual salary, the multi-annual bonus is defined as a maximum of 102% of the annual salary and, both of them, are calculated based on the following indicators in each year of their term:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs Benchmark, (TSR vs. Wind peers & Psi 20);
- EDP Renováveis growth (Incremental MW and profitable ready to build pipeline)

- The risk – result of EDP Renováveis (ROIC Cash; EBITDA and net profit)

- Efficiency (technical availability, OPEX/MW, CAPEX/MW).

- Environmental and social perspectives (i- the performance of the Sustainability Index applied to EDPR (DJSI method), ii- Employee satisfaction survey, iii- Appreciation of the Remuneration Committee).

According to the Remuneration Policy approved by the General Shareholders' Meeting , the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

The remuneration of the Executive Committee Directors that are also Officers, with the exception of the CEO, was paid directly by EDPR while for the other members of the Executive Committee there hasn't been any direct payment to its members.

This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Nonetheless, in line with the above corporate governance practice, EDPR has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for the render of those services corresponding to the remuneration defined for some of the members of the Board of Directors.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or cumulatively with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

II.33 REMUNERATION OF THE EXECUTIVE DIRECTORS

A) This information is available on chapter II.32.
B) This information is available on chapter II.30.
C) This information is available on chapter II.32.
D) This information is available on chapter II.32.
E) This information is available on chapter II.30 and chapter II.31.
F) If any member of EDPR's Executive Committee leaves this body during the term, for some reason other than a significant change in the control of EDPR or due to factors that are not attributable to them, namely illness or death, disability, or a request to occupy a public position,..., the accumulated amount of Multi-annual variable remuneration will revert to EDPR. On the other hand, if EDPR undergoes a process of takeover, a fusion or a significant change in the shareholder control before finalizing the Multi-annual period, the EC members will be able to perform their rights and charge all the accumulated amounts to date in their Multi-annual variable remuneration account.
G) Not applicable to EDPR.
H) Not applicable to EDPR.
I) This information is available on chapter II.31.
J) Not applicable to EDPR.
L) Not applicable to EDPR.
M) Not applicable to EDPR.
N) This information is available on chapter II.31 and II.32
O) Not applicable to EDPR.
P) Not applicable to EDPR.
Q) Not applicable to EDPR.

II.34 REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

This information is available on chapter II.32.

II.35 WHISTLEBLOWING POLICY

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their company, in compliance with the provisions of CMVM Regulation no. 1/2010.

With this channel for reporting irregular accounting and financial practices, EDPR aims:

- Guaranteeing conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;

- Facilitating the early detection of irregular situations which, if practised, might cause serious damage to the EDPR Group, its workers, customers, and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2012 there were no communications regarding any irregularity with material impact at EDPR.

SECTION V: SPECIAL COMMITTEES

II.36 PERFORMANCE EVALUATION, GOVERNANCE PRACTICES AND NOMINATIONS COMMITTEES

The composition and functioning of the Nominations and Remunerations Committee is described on chapter II.3 C). As explained on chapter II.11, The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the candidates that the Committee considers having the best qualities to fulfill the role of Board Member. The Board of Directors presents the proposal to the General Shareholders' Meeting that will approve it by majority for an initial period of three (3) years and may re-elect them once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders so wishing may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Shareholders' Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

Regarding the Governance structure of the Company, in order to comply with the Recommendation II.1.1.1, the governance model adopted has been ensuring an effective performance and articulation of EDPR Social Bodies, and proved to be adequate to the company's governance structure without any constraints to the performance of its checks and balances system.

II.37 NUMBER OF MEETING OF THE COMMITTEES AND MINUTES

During 2012 the Nominations and Remunerations Committees held 4 (four) meetings and the Related-Party Transactions Committee held 3 (three) meetings. Minutes were prepared for all these meetings.

II.38 REFERENCE TO THE FACT THAT A MEMBER OF THE NOMINATIONS AND REMUNERATION COMMITTEE HAS KNOWLEDGE AND EXPERIENCE IN REMUNERATION POLICY

EDPR's Nominations and Remunerations Committee has at least one member with knowledge and experience in remuneration policy.

II.39 INDEPENDENCE OF THE PEOPLE HIRED BY THE NOMINATIONS AND REMUNERATIONS COMMITTEE

The Nominations and Remunerations Committee has not entered into any employment or supply contracts with any natural or legal person.

III. INFORMATION AND AUDITING

III.1 CAPITAL STRUCTURE

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

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

EDP Renováveis, S.A.	
Share Capital	EUR 4,361,540,810
Nominal Share Value	EUR 5.00
Number of Shares	872,308,162
Date of IPO	June 4th, 2008

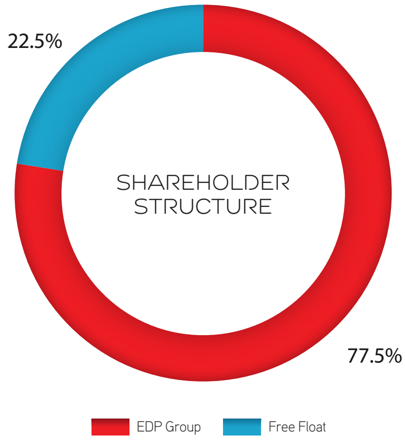
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

III.2 QUALIFIED HOLDINGS

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

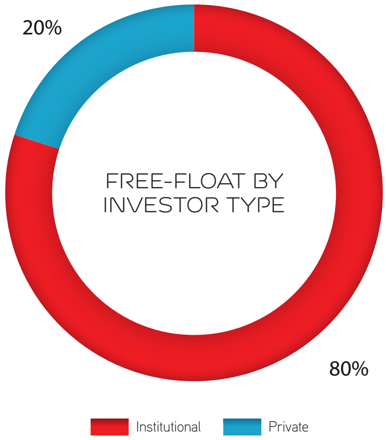
As of Dec. 31st , 2012, no qualifying holdings in EDPR were identified with the exception of EDP – Energias de Portugal, S.A.

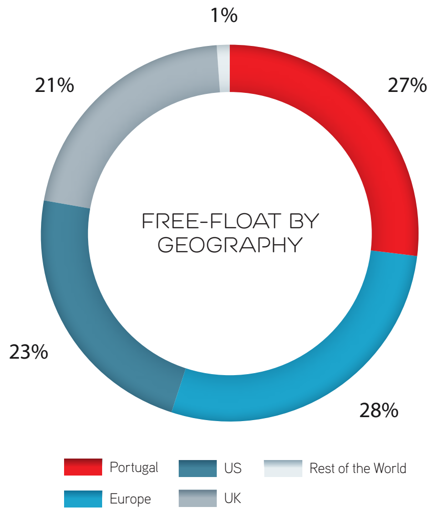
Shareholder	Numbers of Shares	% Capital	% Voting Rights
EDP – Energias de Portugal			
EDP – Energias de Portugal, S.A. – Sucursal en España	541,027,156	62.0%	62.0%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.5%	15.5%
Total	**676,283,856**	**77.5%**	**77.5%**



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

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





III.3 SHAREHOLDERS WITH SPECIAL RIGHTS

There are no holders of special rights.

III.4 RESTRICTIONS TO SHARE TRANSFERABILITY

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

III.5 SHAREHOLDERS AGREEMENT

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

III.6 RULES APPLICABLE TO THE AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Amendment of the Articles of Association of the company is of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On the first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital.
- On the second call, that the Shareholders either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will only be validly adopted with the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting.

III.7 CONTROL MECHANISMS PLANNED FOR ANY EMPLOYEE CAPITAL HOLDING SYSTEM TO THE EXTENT THAT VOTING RIGHTS ARE NOT EXERCISED BY SUCH EMPLOYEES

There is no system specifically providing for any share capital holding by employees in the Company as a result of which the relevant voting rights are not directly exercised by such employees.

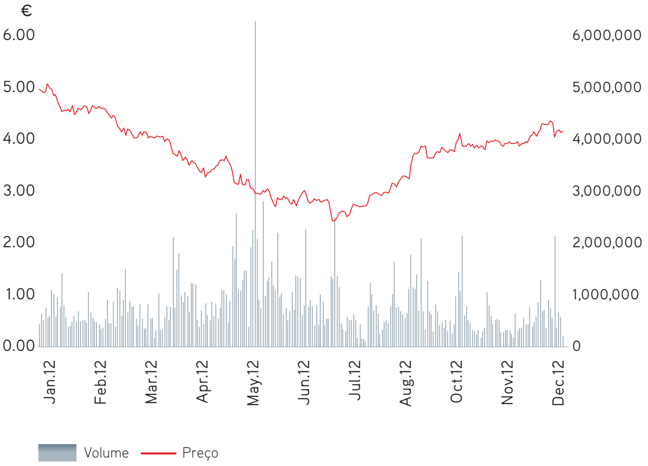
III.8 PERFORMANCE OF EDPR SHARE PRICE

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

EDPR share price performance vs. PSI 20 & SX&E

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

EDPR share price performance

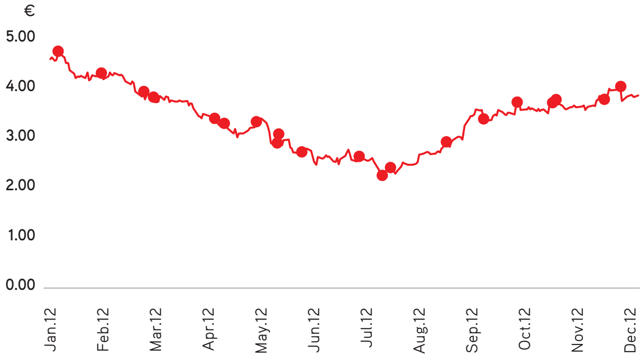


CAPITAL MARKET INDICATORS

	2012	2011	2010	2009	2008
EDPR SHARES IN NYSE EURONEXT LISBON (EUR)					
Opening price	4.73	4.34	6.63	5.00	8.00
Closing price	3.99	4.73	4.34	6.63	5.00
Peak price	4.86	5.25	7.01	7.75	8.00
Minimum price	2.31	3.89	3.72	5.00	3.45
VARIATION IN SHARE PRICE AND REFERENCE INDICES					
EDP Renováveis	-16%	9%	-35%	33%	-37%
PSI20	3%	-28%	-10%	33%	-51%
Dow Jones Eurostoxx Utilities	-9%	-25%	-15%	-1%	-38%
LIQUIDITY OF EDPR SHARES IN THE MARKET					
Volume in NYSE Euronext (EUR million)	697.9	1,060.3	1,539.2	1,676.0	1,646.0
Daily average volume (EUR million)	2.7	4.1	6.0	6.4	11.0
Number of shares traded (million)	207.5	232.3	311.2	257.0	216.0
Daily Average traded shares (million)	0.8	0.9	1.2	1.0	1.5
Total shares issued (million)	872.3	872.3	872.3	872.3	872.3
Number of own shares (million)	-	-	-	-	-
Free-float shares (million)	196.3	196.3	196.3	196.3	196.3
Annual rotation of capital (% of total shares)	24%	27%	36%	29%	25%
Annual rotation of capital (% of free-float)	106%	118%	159%	131%	110%
EDPR MARKET VALUE (EUR MILLION)					
Market capitalisation at end of period	3,484	4,124	3,783	5,783	4,364

The graph below shows the evolution in EDPR share price over the year and the announcements and relevant events that may have impacted them.

Main events in 2012



#	Date	Descripton	Share Price (EUR)
1	6/Jan	EDP announces its intention to propose Mr. João Manso Neto as EDPR CEO	4.86
2	2/Feb	EDPR discloses 2011 provisional operating data	4.42
3	28/Feb	EDPR announces Mr. João Manso Neto as new CEO	4.04
4	28/Feb	EDPR discloses its 2011 annual results	4.04
5	5/Mar	EDPR executes project finance for 125 MW in Spain	3.93
6	12/Apr	EDPR holds its Annual Shareholders' Meeting	3.50
7	12/Apr	EDPR announces the new Executive Committe leaded by Mr. João Manso Neto	3.50
8	18/Apr	EDPR discloses 1Q2012 provisional operating data	3.40
9	8/May	EDPR informs that Mrs. Ana Maria Fernandes resigned from member of EDPR Board of Directors and appoints by cooption Mr. João Marques da Cruz as member of such Board	3.43
10	9/May	EDPR discloses 1Q2012 financial results	3.45
11	22/May	EDPR holds its Investor Day in Oporto	3.18
12	5/Jun	EDPR informs on management transactions	2.82
13	21/May	EDPR informs on management transactions	3.00
14	11/Jul	EDPR discloses 1H2012 provisional operating data	2.73
15	25/Jul	EDPR discloses 1H2012 financial results	2.34
16	30/Jul	EDPR executes project finance for 57 MW in Belgium	2.51
17	3/Sep	Wind sector and Portuguese Government reached agreement for the extension of the remuneration framework	3.02
18	4/Sep	EDPR informs that Mr. Nogueira Leite and Mr. Francisco Lacerda have presented their resignation from members of the Board of Directors	3.01
19	24/Sep	EDPR informs that Mr. Luís Adão da Fonseca has presented his resignation from member of the Board of Directors	3.99
20	26/Sep	EDPR starts the construction of its first Solar PV projects	3.48
21	17/Oct	EDPR discloses 9M2012 provisional operating data	3.82
22	6/Nov	EDPR discloses 9M2012 financial results	3.80
23	6/Nov	EDPR reached na agreement with Borealis to sell a 49% equity shareholding in a portfolio of wind farm assets in the US for $230m	3.80
24	7/Nov	EDPR clarifies yesterday announcement	3.77
25	9/Nov	EDPR agreed with Vestas Wind Systems A/S to extend until 2015 the delivery period of the turbines covered by the 1,500 MW master supply agreement	3.79
26	10/Dec	EDPR executes project finance for 57 MW in Romania	3.89
27	20/Dec	EDPR agrees with CTG on the first investment in minority stakes in wind farms	4.14

III.9 DIVIDEND POLICY

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

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

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

III.10 SHARE GRANTS OR STOCK OPTION PLANS

EDPR currently has no share grant or stock option plans. Therefore, this chapter it is not applicable.

III.11 TRANSACTIONS BETWEEN THE COMPANY AND MEMBERS OF THE COMPANY'S GOVERNING BODIES OR GROUP COMPANIES

During 2012, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

Regarding related-party transactions, EDPR and/or its subsidiaries have signed the contracts detailed below with EDP – Energias de Portugal, S.A. (hereinafter, EDP) or other members of its group not belonging to the EDPR subgroup.

The contracts signed between EDPR and its related parties are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter II.3 C) of the report.

FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7th, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP – Energias do Brasil, S.A., for the development, construction, operation, and maintenance of facilities or activities related to wind, solar, wave and/or tidal power, and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration, and waste in Portugal and Spain.

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

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

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4th, 2011 and effective from March 18th, 2011 and renewed again on May 10th, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two Executive Managers which are members of the EDPR Executive Committee and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting.

Under this contract, EDPR is due to pay an amount of EUR1,295,000.00, corresponding to the fixed and variable remuneration, for the management services rendered in 2012.

The term of the contract is on June 21st 2014.

FINANCE AGREEMENTS AND GUARANTEES

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

LOAN AGREEMENTS

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a company 100% owned by EDP – Energias de Portugal, S.A.. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set at an arm's length basis. As at December 31st, 2012, such loan agreements totalled EUR 1,451,042,386 and USD1,986,641,541.

COUNTER-GUARANTEE AGREEMENT

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU), and EDPR North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st, 2012, such counter-guarantee agreements totalled EUR 155,169,622 and USD 573,208,391.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertakes on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR Executive Committee. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31st 2012, such counter-guarantee agreements totaled in terms of fees from EDPR to EDP – Energias do Brasil of BRL 291,105,540.

CURRENT ACCOUNT AGREEMENT

EDP Sucursal and EDPR signed an agreement through which EDP Sucursal manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31st 2012, there are three different current accounts with the following balance and counterparties:

- in USD, with EDP Sucursal for a total amount of USD 137,229,686.66 in favor of EDPR;
- in EUR, with EDP Sucursal for a total amount of EUR 49,884,584.07 in favor of EDPR;
- in EUR, with EDP Servicios Financieros España for a total amount of EUR 62,137,593.97 in favor of EDPR.

The agreements in place are valid for one year as of date of signing and are automatically renewable for equal periods.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD and EUR, with EDP Sucursal for a total amount of USD 2,632,613,000.00;
- in BRL and EUR, with EDP Energias de Portugal, S.A.l for a total amount of BRL 118,000,000.00;
- in PLN and EUR, with EDP Energias de Portugal, S.A. for a total amount of PLN 544,376,188.00.

HEDGE AGREEMENTS – EXCHANGE RATE

EDP Sucursal and EDPR entered into several hedge agreements with the purpose of managing the transaction exposure related with the short term positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31st 2012, the following amounts remained outstanding.

- EUR/USD, with EDP Servicios Financieros España for a total amount of USD 329,000,000.00;
- EUR/RON, with EDP SA for a total amount of RON 297,813,400.20;
- EUR/PLN, with EDP SA for a total amount of PLN 533,594,285.30.

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for a total volume of 1,599 MWh for 2012 at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

TRADEMARK LICENSING AGREEMENT

On May 14th 2008, EDP and EDPR signed an agreement under which the former granted to the latter a non-exclusive license for the trademark "EDP Renováveis" for use in the renewable energy market and related activities.

In return for the granting of the trademark license, EDPR will pay to EDP fees calculated on the basis of the proportion of the costs pertaining to the former in the Group's annual budget for image and trademark services, which are subject to annual review. The fee established for 2012 was EUR 1,500,000.

The license is granted indefinitely and shall remain in effect until the expiry of EDP's legal ownership of the trademark or until EDP ceases to hold the majority of the capital or does not nominate the majority of Directors of EDPR. EDP may also terminate the agreement in case of non-payment or breach of contract.

The licensing agreement is restricted by the terms of the framework agreement.

CONSULTANCY SERVICE AGREEMENT

On June 4th, 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2012 the estimated cost of these services is EUR 6,658,273,00. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

RESEARCH AND DEVELOPMENT AGREEMENT

On May 13th, 2008, EDP Inovação, S.A. (hereinafter EDP Inovação), an EDP Group company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or nominate the majority of the members of the Board and Executive Committee of the parties to the agreement.

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A. AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS, S.A.

On January 1st, 2003, EDP Renováveis Portugal, S.A., holding company of the EDPR subgroup in Portugal, and EDP Valor – Gestão Integrada de Recursos, S.A. (hereinafter EDP Valor), an EDP Group company, signed a management support service agreement.

The object of the agreement is the provision to EDP Renováveis Portugal by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration paid to EDP Valor by EDP Renováveis Portugal and its subsidiaries for the services provided in 2012 totalled EUR 952,127.36.

The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st, 2008.

Either party may renounce the contract with one (1) year's notice.

INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP – ENERGIAS DE PORTUGAL, S.A.

On January 1st, 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount to be paid to EDP for the services provided in 2012 totalled EUR 479,476.21.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

REPRESENTATION AGREEMENT WITH HIDROELÉTRICA DEL CANTÁBRICO S.A. FOR THE EDP RENOVÁVEIS, S.A. PORTFOLIO IN SPAIN

On October 27th, 2011 EDPR and Hidroeletrica del Cantábrico S.A. signed an Agreement for Representation services.

The object of this agreement was to provide EDPR representation services in the market and risk management for a fix tariff based in volume (0,12€/MWh) in the electricity market.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount to be paid to EDP Brasil for the services provided in 2012 totalled BRL 246,330,09.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

SUPPLY SERVICES AND INFRA-STRUCTURES AGREEMENT BETWEEN EDP RENEWABLES EUROPE S.L.U, HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA S.A.U AND HIDROCANTÁBRICO EXPLOTACIÓN DE REDES S.A.U

On January 10th, 2012 EDPR Europe S.L.U, Hidrocantábrico Distribución Eléctrica S.A.U (HCDE) and Hidrocantábrico Explotación de Redes S.A.U signed a supply services and infra-structures agreement.

The object of this agreement is the provision to EDPR Europe S.L.U of communication services and technical assistance related to the infra-structures of energy production.

The amount to be paid to HCDE for the services provided in 2012 totalled EUR51,560.26.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

III.12 TRANSACTIONS WITH QUALIFIED SHAREHOLDERS

During 2012, EDPR has not signed any contracts with other holders of qualifying holdings other than EDP, as mentioned above. However, there was a contract signed between EDPR and China Three Gorges (CTG), qualified shareholder of EDP, but not of EDPR, for the acquisition of 49% of the share capital of EDP Renewables Portugal (EDPR subsidiary). Transaction closing is pending on regulatory approval. For this transaction EDPR's Audit and Control Committee issued a favorable opinion as referred on Recommendation IV.1.2 of CMVM.

III.13 INTERVENTION OF THE SUPERVISORY BODY IN THE PREVIOUS ASSESSMENT OF TRANSACTIONS BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The contracts signed between EDPR and its Shareholders are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter II.3 C) of the report and the Audit and Control Committee. According with Article 9º nº 1 c) of the Related-Party Transactions Committee Regulation, the committee ratifies, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to EUR1.000.000. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is the President of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

III.14 DESCRIPTION OF STATISTICAL DATA (NUMBER, AVERAGE, AND MAXIMUM VALUE) FOR TRANSACTIONS SUBJECT TO PRIOR INTERVENTION BY THE SUPERVISORY BODY

The Related Party Transactions Committee and the Audit and Control Committee were informed that in 2012 the average value and the maximum value regarding the transactions analyzed by the Committee was EUR 1,837,724.50 and EUR 6,658,273, respectively.

The total value of the operations with the EDP Group in 2012 was EUR21 million which corresponds to a 8.1% of the total value of S&S, and EUR 262 million for total operational costs.

III.15 ANNUAL REPORT OF THE AUDIT AND CONTROL COMMITTEE

Information available on chapter II.4.

III.16 INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with information that can support them in making informed, clear, and concrete investment decisions.

An Investor Relations Office was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow the Company's activity, all investors, and the financial market agents in general. The main purpose of the department is to guarantee the principle of equality among shareholders, prevent asymmetries in access to information, and reduce the market perception gap of the company's strategy and intrinsic value. The department responsibility encompasses developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade, and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CMNV – Comisíon Nacional del Mercado de Valores – in Spain).

The company representative for relations with the market is the Executive Board of Directors member, Mr. Rui Teixeira. The Investor Relation Department is coordinated by Mr. Rui Antunes and is located at the company's head offices in Madrid, Spain. The department contacts are as follows:

IR Contacts

Calle Serrano Galvache 56
Centro Empresarial Parque Norte
Edificio Olmo – 7th Floor
www.edprenovaveis.com
Phone: +34 902 830 700
Fax: +34 914 238 429
E-mail: ir@edpr.com

During 2012, the EDPR management and the IR team held more than 200 meetings in the company's offices and in 19 of the major financial cities of Europe and of the US.

EDPR is clearly aware of the importance of delivering clear and detailed information to the market on time. Consequently, EDPR publishes the company's price sensitive information before the opening of the NYSE Euronext Lisbon stock exchange through CMVM's information system, and simultaneously, we make that same information available on the website investors' section and through the IR department's mailing list.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events shareholders, investors, and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the company's outlook.

The IR Department of EDPR was in permanent contact with the financial analysts who evaluated the Company and with all shareholders and investors by e-mail, phone, or face-to-face meetings. In 2012, as far we are aware, the sell-side analysts issued more than 200 reports evaluating EDPR's performance.

ANALYSTS

At the end of the 2012, as far as the company is aware of, there were 24 institutions elaborating research reports and following actively the Company's activity. As of December 31st, 2012, the average price target of those analysts was of EUR 4.66 per share with most of them reporting "Buy" recommendations on EDPR's share: 17 Buys, 5 Neutrals and only 1 analyst with rating suspended.

ONLINE INFORMATION: WEBSITE AND E-MAIL

EDPR considers online information a powerful tool in the dissemination of material information, and accordingly updates its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, the Company website also carries financial and operational updates of EDPR's activities ensuring all an easy access to information.

	Portuguese	English	Spanish
Identification of the company	√	√	√
Financial statements	√	√	√
Regulations of the management and supervisory bodies	√	√	√
Audit Committee Annual report	√	√	√
Investor Relations Department - functions and contact details	√	√	√
Articles of association	√	√	√
Calendar of company events	√	√	√
Invitation to General Meeting	√	√	√
Proposal submitted for discussion and voting at General Meetings	√	√	√
Minutes of the General Shareholders' Meeting	√	√	√

Company	Analyst	Price Target	Recommendation
Banesto	António Cruz-Guzmán	6,75	Overweight
Bank of America Merrill Lynch	Julie Dollé	5,00	Buy
Barclays Capital	Monica Girardi	4,00	Equalweight
BBVA	Daniel Ortea	4,15	Market Perform
Millenium BCP	Vanda Mesquita	5,30	Buy
Espirito Santo	Fernando Garcia	4,95	Buy
BPI	Flora Trindade	5,15	Buy
Caixa BI	Helena Barbosa	-	Suspended
Cheuvreux	Jose Porta	4,52	Outperform
Citigroup	Andrew Smith	4,60	Buy
Deutsche Bank	Virginia Sanz de Madrid	4,80	Buy
Fidentiis	Daniel Rodríguez	4,93	Buy
Goldman Sachs	Fred Barasi	4,30	Neutral
HSBC	Sean Mcloughlin	3,75	Overweight
JP Morgan	Sarah Laitung	4,70	Overweight
Macquarie	Shai Hill	4,40	Outperform
Morgan Stanley	Carolina Dores	4,80	Overweight
Natixis	Philippe Ourpatian	3,83	Neutral
Nomura	Javier Suarez	3,90	Buy
Redburn Partners	Archie Fraser	5,00	Buy
Sabadell	Jorge González	5,02	Buy
Santander	Joaquin Ferrer	4,90	Buy
Société Générale	Jorge Alonso	3,86	Hold
UBS	Alberto Gandolfi	4,50	Buy

III.17 REMUNERATION OF THE EXTERNAL AUDITOR

(EUR)	Portugal	Spain	Brazil	USA	Other	Total	%
Audit and statutory audit of accounts and financial statements	177,000	633,974	68,170	790,791	411,581	2,081,517	83%
Other assurance and reliability services (*)	40,000	54,440	-	30,677	11,730	136,847	5%
Sub-total audit related services	**217,000**	**688,414**	**68,170**	**821,469**	**423,311**	**2,218,364**	**89%**
Tax consultancy services	-	164,111	-	31,627	-	195,738	8%
Other services unrelated to statutory auditing	10,500	29,510	-	-	40,000	80,010	3%
Sub-total non-audit related services	10,500	193,621	-	31,627	40,000	275,748	11%
Total	**227,500**	**882,035**	**68,170**	**853,095**	**463,311**	**2,494,112**	**100%**

(*) The fees of Portugal regarding the inspection of the Internal Control System (SCIRF) includes the Spanish subsidiaries in Spain (EUR20,000) and of EDPR NA (EUR 20,000) , as their invoices were issued in this country.

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation III.1.5 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2012.

The services, other than auditing services, provided to the Company by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit Committee, upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In this way, as referred to above, in 2012 such services reached only around 5% of the total amount of services provided to the Company.

In order to safeguard the independence of the External Auditors, the following powers of the Audit Committee were exercised during the 2012 financial year and should be highlighted:

- Nominate and hire the External Auditors and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditors;
- Direct and exclusive supervision by the Audit Committee;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 of 20 November 2008, which amends the articles of association of the Chartered Accountant Professional Association;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information.

Within this context, it should be particularly stressed that External Auditor independence was safeguarded by the implementation of the Company's policy on pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than "audit and audit related" services.

III.18 REFERENCE TO THE ROTATION PERIOD OF THE EXTERNAL AUDITOR

EDPR's External Auditor is, since the year 2007, KPMG Auditores S.L.. The external auditor is currently in its second mandate of three years, therefore there is still no need to rotate the auditor according to Recommendation III.1.3 of the Portuguese Corporate Governance Code.

ANNEX I

MAIN POSITIONS HELD BY MEMBERS OF BOARD OF DIRECTORS IN THE LAST FIVE YEARS

NOME	Position
ANTÓNIO MEXIA	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CEO) Member of the General Supervisory Board of Banco Comercial Portugues S.A.
JOÃO MANSO NETO	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL) Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
NUNO ALVES	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CFO)
JOÃO MARQUES DA CRUZ	Chief Executive Officer of EDP Renováveis, S.A. Member of the Board of Directors and of the Executive Committee of EDP Renováveis, S.A. Member of the Board of EDP Internacional, S.A. Chairperson of the Board of Directors of CEM – Macao Electrical Company Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
RUI TEIXEIRA	Chief Financial Officer of EDP Renováveis, S.A. Member of the Board of Directors and of the Executive Committee of EDP Renováveis, S.A.
JOÃO PAULO COSTEIRA	Chief Operating Officer for Europe and Brazil of EDP Renováveis, S.A. Member of the Board of Directors and of the Executive Committee of EDP Renováveis, S.A.
GABRIEL ALONSO IMAZ	Chief Operating Officer for North America of EDP Renováveis, S.A. Member of the Board of Directors and of the Executive Committee of EDP Renováveis, S.A.
GILLES AUGUST	Co-founder of August & Debouzy. Manages the firm's corporate department.
JOÃO LOPES RAIMUNDO	Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS) Chairperson of the Board of Directors of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Member of the Board of Directors of Banque Privée BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millennium Angola Member of the Board of Directors of Banco Millennium BCP de Investimento Vice-Chairperson of the Board of Directors of Millennium Bank, NA (USA) Member of the Board of Directors of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of Directors of BCP Holdings USA, Inc
JOÃO MANUEL DE MELLO FRANCO	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A Member of the Remunerations Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
JORGE SANTOS	Full Professor of Economics at Instituto Superior de Economia e Gestão (ISEG), da Universidade Técnica de Lisboa President of the Econimics Department (ISEG) Member of the Scientific Council of ISEG Coordinator of the MSc course in Economics at ISEG
JOSÉ ARAÚJO E SILVA	Director of Corticeira Amorim, SGPS, SA Member of the Executive Committee of Corticeira, SGPS, SA Director of Caixa Geral de Depósitos Member of the Board of RTP, Rádio Televisão de Portugal, S.A.
MANUEL MENÉNDEZ MENÉNDEZ	Chairperson and CEO of Liberbank S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Chairperson of Hidroeléctrica del Cantábrico, S.A. Chairperson of Naturgas Energía, S.A. Member of the Board of EDP Renewables Europe, SL Member of the Board of Directors of EDP Renováveis, S.A. Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of CECABANK Member of the Board of UNESA
RAFAEL CALDEIRA VALVERDE	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

ANNEX II

CURRENT MAIN POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS IN COMPANIES NOT BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS, S.A. OR EDP – ENERGIAS DE PORTUGAL, S.A.

Name	Position
ANTÓNIO MEXIA	Member of the General Supervisory Board of Banco Comercial Portugues S.A.
JOÃO MANSO NETO	Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español(OMEL) Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
NUNO ALVES	N/A
JOÃO MARQUES DA CRUZ	N/A
RUI TEIXEIRA	N/A
JOÃO PAULO COSTEIRA	N/A
GABRIEL ALONSO IMAZ	N/A
GILLES AUGUST	Co-founder of August & Debouzy. Manages the firm's corporate department.
JOÃO LOPES RAIMUNDO	Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS) Director of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of Directors of BCP Holdings USA, Inc. Managing Director of Banco Comercial Português
JOÃO MANUEL DE MELLO FRANCO	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
JORGE SANTOS	Director of Fundação Económicas President of the General Assembly of IDEFE
JOSÉ ARAÚJO E SILVA	Consultant
MANUEL MENÉNDEZ MENÉNDEZ	Chairperson and CEO of Liberbank, S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of CECABANK Member of the Board of UNESA
RAFAEL CALDEIRA VALVERDE	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

ANNEX III

CURRENT POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS IN COMPANIES BELONGING TO THE SAME GROUP AS EDP - ENERGIAS DE PORTUGAL S.A.

	António Mexia	João Manso Neto	João Marques da Cruz	Manuel Ménendez Menéndez	Nuno Alves	Gabriel Alonso	João Paulo Costeira	Rui Teixeira
Balwerk - Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.	-	-	-	-	M	-	-	-
Companhia de Electricidade de Macau – CEM, S.A.	-	-	CBD	-	-	-	-	-
EDP – Ásia Investimentos e Consultoria, Lda.	-	-	CBD	-	-	-	-	-
EDP – Ásia Soluções Energéticas Lda.	-	-	CBD	-	-	-	-	-
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	-	PR	-	-	-
EDP Energia Ibérica S.A.	-	D	-	-	-	-	-	-
EDP Finance BV	R	R	-	-	R	-	-	-
EDP Gás.com - Comércio de Gás Natural, S.A.	-	CBD	-	-	-	-	-	-
EDP Inovacão, S.A.	-	-	-	-	-	-	-	-
EDP Valor—Gestão Integrada de Serviços, S.A.	-	-	CBD	-		-	-	-
EDP—Energias de Portugal, S.A.	CEBD	D	-	-	D	-	-	-
EDP—Energias do Brasil, S.A.	CBD	-	-	-	D	-	-	-
EDP—Estudos e Consultoria, S.A.	-	-	-	-	CBD	-	-	-
EDP—Imobiliária e Participações, S.A.	-	-	-	-	CBD	-	-	-
Eléctrica de la Ribera de Ebro, SL	-	CBD	-	-	-	-	-	-
Energia RE, S.A.	-	-	-	-	CBD	-	-	-
Hidrocantábrico Energía, SAU	-	CBD	-	-	-	-	-	-
Hidroeléctrica del Cantábrico, S.A.	-	VCBD	-	CBD	D	-	-	-
Naturgás Energia Grupo, S.A.	-	D	-	CBD	-	-	-	-
Sãvida—Medicina Apoiada, S.A.	-	-	-	-	CBD	-	-	-
SCS—Serviços Complementares de Saúde, S.A.	-	-	-	-	CBD	-	-	-

CEBD – Chairperson Executive Board of Directors
CBD – Chairperson of the Board of Directors/ CEO – Chief Executive Officer
D - Director
M - Manager
R – Representative
PR - Permanent Representative

ANNEX III

CURRENT MAIN POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS IN COMPANIES BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS S.A.

	António Mexia	João Manso Neto	João Marques da Cruz	Manuel Ménendez Menéndez	Nuno Alves	Gabriel Alonso	João Paulo Costeira	Rui Teixeira
EDP Renewables Italia, SRL	-	-	-	-	-	-	D	-
EDP Renewables Canada, Ltd	-	-	-	-	-	CEO	-	D
EDP Renewables Europe, S.L.	-	CBD	-	D	-	-	D	D
EDP Renewables France SA	-	-	-	-	-	-	CBD	-
EDP Renewables North America LLC	-	-	-	-	-	CEO	-	-
EDP Renewables Polska, SP, z.o.o.	-	-	-	-	-	-	D	D
EDP Renewables Romania SRL	-	-	-	-	-	-	CBD	-
EDP Renewables SGPS, S.A.	-	-	-	-	-	-	CBD	D
EDP Renewables UK Ltd	-	-	-	-	-	-	D	D
EDP Renováveis Brasil, S.A.	-	CBD	-	-	-		D	D
EDP Renováveis Portugal, SA	-	-	-	-	-	-	CBD	D
ENEOP – Eólicas de Portugal, S.A.	-	CBD	-	-	-	-	-	-
ENEOP 2 S.A	-	-	-	-	-	-	CBD	-
Greenwind, S.A.	-	-	-	-	-	-	CBD	-
Operacão e Manutencão Industrial, S.A.	-	-	-	-	-	-	D	-

CBD – Chairperson of the Board of Directors
CEO – Chief Executive Officer
D - Director
MSB – Member of the Supervisory Board
PGMS – President of the General Shareholders' Meeting
M – Manager

NOTE: This Annex contains information regarding all the main companies of the EDPR Group. The information regarding all other affiliate companies where the members of the Board of Directors hold a position is available in the Annual Accounts on Note 38.

ANNEX IV

BOARD OF DIRECTORS

ANTÓNIO LUÍS GUERRA NUNES MEXIA (CHAIRPERSON)

Born in 1957, he received a degree in Economics from Université de Genève (Switzerland) in 1980, where he was also Assistant Lecturer in the Department of Economics. He was a postgraduate lecturer in European Studies at Universidade Católica. He was also a member of the governing boards of Universidade Nova de Lisboa and of Universidade Católica, where he was Director from 1982 to 1995. Served as Assistant to the Secretary of State for Foreign Trade from 1986 until 1988. From 1988 to 1990, Antonio served as Vice-Chairperson of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998, he was Director of Banco Espírito Santo de Investimentos and, in 1998 was nominated Chairperson of the Board of Directors of Gás de Portugal and Transgás. In 2000, he joined Galp Energia as Vice-Chairperson of the Board of Directors. From 2001 to 2004, he was the Executive Chairperson of Galp Energia and Chairperson of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, was nominated Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairperson of the Portuguese Energy Association (APE) from 1999 to 2002, member of the Trilateral Commission from 1992 to 1998, Vice-Chairperson of the Portuguese Industrial Association (AIP), and Chairperson of the General Supervisory Board of Ambelis. He was also a Government representative to the EU working group for the trans-European network development. In January 2008, he was nominated member of the General Supervisory Board of Banco Comercial Portugues, S.A. having before integrated the Superior Board of this Bank. On 30th March 2006, was nominated Chairperson of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was re-elected on 15th April 2009 and 20th February 2012.

JOÃO MANUEL MANSO NETO (VICE-CHAIRPERSON - CEO)

Born in 1958, he graduated in Economics from Instituto Superior de Economia (1981) and received a post-graduate degree in European Economics from Universidade Católica Portuguesa (1982). He also completed a professional education course through the American Bankers Association (1982), the academic component of the Master's Degree programme in Economics at the Faculty of Economics, Universidade Nova de Lisboa and, in 1985, the "Advanced Management Program for Overseas Bankers" at the Wharton School in Philadelphia.From 1981 to 1995 he worked at Banco Português do Atlântico, occupying several positions, manly as Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas.From 1995 to 2002 he worked at the Banco Comercial Português, where he held the posts of General Manager of Financial Management, General Manager of Large Corporates and Institutional Businesses, General Manager of the Treasury, member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk in Poland. From 2002 to 2003, he was a member of the Board of Banco Português de Negócios. From 2003 to 2005 he worked at EDP as General Manager and Member of the Board of EDP Produção. In 2005 he was elected CEO at HC Energía, Chairman of Genesa and Member of the Board of Naturgas Energia and OMEL. He was appointed on 30th March 2006 as member of the Executive Board of Directors, which office began on 30th June 2006, and reappointed on 15th April 2009 and 20th February 2012. On February 28th, 2012, he was nominated Vice-Chairperson of the Board of Directors and CEO of EDP Renováveis, S.A.

JOÃO MANUEL VERÍSSIMO MARQUES DA CRUZ

Born in 1961, he holds a degree in Management (1984) from Lisbon's ISE at the Technical University of Lisbon - Instituto Superior de Economia da Universidade Técnica de Lisboa, an MBA (1989) from the Technical University of Lisbon - Universidade Técnica de Lisboa, and a Post Graduation in Marketing and Management of Airlines (1992) from the Bath University / International Air Travel Association, UK. He began his career at the TAP Group in 1984 (Transportes Aéreos de Portugal) having had several positions until becoming General Director. Between 1997 and 1999 he was a Board Member of TAPGER. Between 2000 and 2002, he was a member of the Board of several companies within CP – Portuguese Railways, namely EMEF. From 2002 and 2005, he became CEO of AirLuxor, an airline company, and from 2005 to 2007 he was chairman and CEO of ICEP - Instituto do Comércio Externo de Portugal, a Portuguese state owned agency for international trade and promotion. Since March 2007, he has been a board member of EDP Internacional S.A. and in 2009 he was nominated Chairman of the Board of Directors of CEM – Macao Electrical Company. He was nominated as a member of the Executive Board of Directors on 20th February 2012. On May 8th, 2012, he was nominated Member of the Board of EDP Renováveis, S.A. by cooption.

NUNO MARIA PESTANA DE ALMEIDA ALVES

Born in 1958, he holds a degree in Naval Architecture and Marine Engineering (1980) and a Master in Business Administration (1985) by the University of Michigan. In 1988, he joins the Planning and Strategy Department of Millennium BCP and in 1990 becomes an associate director of the bank's Financial Investments Division. In 1991, Mr. Nuno Alves is appointed as the Investor Relations Officer for the group and in 1994 he joins the Retail network as Coordinating Manager. In 1996, he becomes Head of the Capital Markets Division of Banco CISF, currently Millennium BCP Investimento, and, in 1997, Co Head of the bank's Investment Banking Division. In 1999, Mr. Nuno Alves is appointed as Chairman and CEO of CISF Dealer, the brokerage arm of Banco CISF. Since 2000, before his appointment as EDP's Chief Financial Officer in March 2006, Mr. Nuno Alves acted as an Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets. He was appointed on 30th March 2006 as member of the Executive Board of Directors, which office began on 30th June 2006, and reappointed on 15th April 2009 and 20th February 2012.

GABRIEL ALONSO IMAZ
(COO - NORTH AMERICA)

Born in 1973, he has been working in the global wind energy industry for more than 15 years in several countries across Europe, North America, and North Africa. He joined EDP in early 2007 as Managing Director for North America, where he led EDP's entrance into the United States' renewables arena through EDP's acquisition of Horizon Wind Energy from Goldman Sachs, the largest renewable energy transaction to date. He was instrumental in the creation, launch, and implementation of the initial public offering (IPO) of EDPR in June of 2008. He served in EDPR NA as Chief Development Officer (CDO) and Chief Operating Officer (COO), responsible for overseeing development, engineering, construction, energy management, procurement, and operations and maintenance. He is currently Chief Executive Officer for EDP Renewables North America LLC (EDPR NA), member of the Executive Committee, and Member of the Board of Directors of EDP Renováveis S.A. (EDPR). He is also member of the Executive Committee and currently holds the role of Chair-Elect of the Board of Directors of the American Wind Energy Association (AWEA).

He holds a law degree and a Master of Science degree in economics, each from the University of Deusto in Spain, and has completed the Advanced Management Program at The University of Chicago Booth School of Business.

JOÃO PAULO NOGUEIRA DE SOUSA COSTEIRA
(COO - EUROPE)

Born in 1965, he was the Commercial Director of Portgás from 1992 to 1998. In 1998 he entered Galpenergia Group (Portugal's National Oil & Gas Company), where he held several positions such as General Manager of Lisboagás (Lisbon's Natural gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC). He also was a member of the Management Team of GalpEmpresas and Galpgás. In 2006 he became an Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain). In 2007 he joined EDP Renováveis S.A., where he serves currently as Chief Operating Officer for Europe and Brazil, he's a member of the Executive Committee and member of the Board of Directors of EDP Renováveis S.A..

He holds a degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto, and a Master in Business Administration by IEP/ESADE (Oporto and Barcelona). He also studied the Executive Development Program at École des HEC (Université de Lausanne, 1997), the Strategic Leadership Development Program at INSEAD (Fontainebleau, 2002) and the Advanced Management Program of IESE (Barcelona, 2004).

RUI MANUEL RODRIGUES LOPES TEIXEIRA
(CFO)

Born in 1972, he is a member of the Board of Directors of EDP Renováveis, S.A., a member of the Executive Committee, and is the Chief Financial Officer of the Company. From 1996 to 1997, he was assistant director of the commercial naval department of Gellweiler— Sociedade Equipamentos Maritimos e Industriais, Lda. From 1997 to 2001, he worked as a project manager and ship surveyor for Det Norske Veritas, with responsibilities for offshore structures, shipbuilding, and ship repair. Between 2001 and 2004, he was a consultant at McKinsey & Company, focussing on energy, shipping, and retail banking. From 2004 to 2007, he headed the corporate planning and control division within the EDP Group. In 2007 also served as Chief Financial Officer of EDP Renewables Europe SL (former NEO). He was nominated Chief Financial Officer of the Company in 2008. He is also Member of the Board of Directors of several subsidiaries of the Company's Group.

He holds a Master of Science degree in naval architecture and marine engineering from the Institute Superior Técnico de Lisboa and a master in business and administration from the Universidade Nova de Lisboa.

GILLES AUGUST

He was born in 1957. Between 1984 and 1986, he practiced law at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC. Between 1986 and 1991 he was an Associate and later became Partner at Baudel, Salès, Vincent & Georges Law Firm in Paris. In 1991 he became a Partner at Salès Vincent Georges, where he stayed until 1994. In 1995 he co-founded August & Debouzy Law firm where he is presently working as the manager of the firm's corporate department. He has been a Lecturer at École Supérieure des Sciences Economiques et Commerciales and at Collège de Polytechnique and is currently giving lectures at CNAM (Conservatoire National des Arts et Métiers). He is Knight of the Lègion d'Honneur. Since 2009, he has been a Non-Executive Director of EDPR's Board of Directors.

He has a Master in Law from Georgetown University Law Center in Washington DC (1986); a Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984) and a Master in Private Law from the same University (1981). He graduated from the Ècole Supérieure des Sciences Economiques et Commerciales (ESSEC).

JOÃO JOSÉ BELARD DA FONSECA LOPES RAIMUNDO

he was born in 1960. Between 1982 to 1985, he was a senior auditor of BDO—Binder Dijker Otte Co. Between 1987 to 1990, he was a director of Banco Manufactures Hanover (Portugal), S.A., and between 1990 to 1993 he was a Member of the Boards of TOTTAFactor, S.A. (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS, S.A. In 1993, he held directorships with Nacional Factoring, da CISF—Imóveis and CISF Equipamentos. Between 1995 and 1997 he was a director of CISF—Banco de Investimento and a Member of the Board of Directors of Nacional Factoring. In 1998, he was nominated to the Board of Directors of several financial companies, including Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing, and Nacional Factoring. From 1999 to 2000, he was a Member of the Board of Directors of BCP Leasing, BCP Factoring, and Leasefactor SGPS. From 2000 to 2003, he was nominated Chairman of the Board of Directors of Banque BCP (Luxemburg) and Chairman of the Executive Committee of Banque BCP (France). Between 2003 and 2006 he was a Member of the Board of Banque Privée BCP (Switzerland) and was General Manager of BCP's Private Banking Division. From 2006 to 2009, he was a Member of the Board of Directors of Banco Millennium BCP de Investimento, S.A. and General Manager of Banco Comercial Português, S.A. . He also held a position until 2010 as Vice-Chairman of the General Assembly Board of Millennium Angola. From 2009 to 2010 he was nominated Vice-Chairman and CEO of Millenniumbcpbank, NA (USA). From 2009 to 2012 he was a Member of the Board of Directors of CIMPOR- Cimentos de Portugal, SGPS, S.A.

Currently, he is the Chairman of the Board of BCP Holdings (USA), Inc., General Manager of Banco Comercial Português, and Managing Director of its Investment Banking Division, Member of the Board of Directors of EDP Renováveis, S.A., and Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors, was member of the Nominations and Remunerations Committee from 2008 till 2011, and in 2011 was nominated member of the Audit and Control Committee.

He has an undergraduate degree in company management and administration from Universidade Católica Portuguesa de Lisboa and a master of business administration degree from INSEAD.

JOÃO MANUEL DE MELLO FRANCO

He was born in 1946. Between 1986 and 1989, he was a member of the management council of Tecnologia das Comunicações, Lda. Between 1989 to 1994, he was chairperson of the board of directors of Telefones de Lisboa e Porto, S.A., and between 1993 to 1995 he was chairperson of Associação Portuguesa para o Desenvolvimento das Comunicações. From 1994 to 1995, he was chairperson of the board of directors of Companhia Portuguesa Rádio Marconi and additionally, was chairperson of the board of directors of Companhia Santomense de Telecomunicações e da Guiné Telecom. From 1995 to 1997, he was vice-chairperson of the board of directors and CEO of Lisnave (Estaleiros Navais) S.A. Between 1997 and 2001, he was CEO and in the last year chairperson of the board of directors of Soponata and was a director and member of the audit committee of International Shipowners Reinsurance, Co S.A. Between 2001 and 2004, he was vice-chairperson of José de Mello Imobiliária SGPS, S.A. Since 1998, he has been a director of Portugal Telecom SGPS, S.A., chairperson of the audit committee since 2007, member of the corporate governance committee since 2006, and member of the evaluation committee since 2008. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors, Chairperson of the Audit and Control Committee, and member of the Related-Party Transactions Committee.

He was member of the remuneration committee of Portugal telecom, SGPS, SA between 2003 and 2008.

From 2011 until 2012 he acted as chairperson of the audit committee of Sporting Clube de Portugal S.A.D.

He has an undergraduate degree in mechanical engineering from Instituto Superior Técnico. He additionally holds a certificate in strategic management and company boards and is the holder of a grant of Junta de Energia Nuclear.

JORGE MANUEL AZEVEDO HENRIQUES DOS SANTOS

He was born in 1951. From 1997 to 1998, he coordinated the committee for evaluation of the EC Support Framework II and was a member of the committee for the elaboration of the ex-ante EC Support Framework III. From 1998 to 2000, he was Chairperson of the Unidade de Estudos sobre a Complexidade na Economia and from 1998 to 2002 was Chairperson of the scientific council of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa. From 2001 to 2002, he coordinated the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal. Since 2007, he has been coordinator of the masters program in economics. Since 2009, he has been President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa (ISEG). In December 2011 he was elected president of the general assembly of IDEFE and is now administrator of "Fundação Económicas". Since 2008 he has been a Non- Executive Directors of EDPR's Board of Directors, Chairperson of the Nominations and Remunerations Committee, and in 2011 was nominated member of the Audit and Control Committee

He has an undergraduate degree in economics from Instituto Superior de Economia e Gestão, a master degree in economics from the University of Bristol and a Ph.D. in economics from the University of Kent. He additionally has a doctorate degree in economics from the Instituto Superior de Economia e Gestão of Universidade Técnica de Lisboa, and has consequently held the positions of Professor Auxiliar and Professor Associado with Universidade Técnica de Lisboa. He has been nominated as university professor (catedrático) of Universidade Técnica de Lisboa and is the President of the Department of Economics at ISEG.

JOSÉ FERNANDO MAIA DE ARAÚJO E SILVA

Born in 1951, he began his professional career as an assistant lecturer at Faculdade de Economia do Porto and in 1987 and 1988 he was responsible for the "Gestão Financeira Internacional" degree at the same University. From 1980 to 1983 he held a part-time position as technician for Comissão de Coordenação da Região Norte., and from 1991 he was invited to be a lecturer at Universidade Católica do Porto.He has since held the position of director of several companies, including of Banco Espírito Santo e Comercial de Lisboa and Soserfin— Sociedade Internacional de Serviços Financeiros—Oporto group. He has been involved in the finance and management coordination of Sonae Investimentos SGPS, was executive director of Sonae Participações Financeiras, SGPS, S.A. and was vice-Chairperson of Sonae Indústria, SGPS, S.A. He has additionally held directorships with Tafisa, S.A., Spread SGPS, S.A. and Corticeira Amorim, SGPS. He presently serves on the board of directors of Caixa Geral de Depósitos, S.A, and is President of Caixa Seguros e Saúde, Caixa Leasing and Factoring, and Locarent, as well as Non Executive Director in several other companies. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors.

He has an undergraduate degree in economics from the Faculdade de Economia do Porto and has obtained certificates from Universidade de Paris IX, Dauphine and the Midland Bank International banker's course in London.

MANUEL MENÉNDEZ MENÉNDEZ

He was born in 1960. He is Chairperson and CEO of Liberbank S.A., a financial institution formed by the integration of the financial businesses of Caja de Ahorros de Asturias, Caja de Extremadura, and Caja Cantabria, as well as Chairperson of Cajastur and Chairperson of Banco de Castilla-La Mancha. He is a member of the board of directors of CECA and CECABANK, on behalf of Liberbank Group. He is also Chairperson of HC Energia and Naturgás Energía and member of the Board of Directors of EDP RENOVÁVEIS S.A. and EDP Renewables Europe SLU, and of

UNESA (the Spanish association of the electricity industry). Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors.

He is a university professor in the Department of Business Administration and Accounting at the University of Oviedo; has a PhD in Economic Sciences and a degree in Economics and in Business Administration, both from the University of Oviedo. He has supervised several doctoral theses, developing research work, and has participated as a speaker in many courses and seminars. His main research areas are the efficiency in credit institutions, management control in decentralized companies, and those in sectors with regulated economies. He is also author of many books and technical articles about the aforementioned matters.

RAFAEL CALDEIRA DE CASTEL-BRANCO VALVERDE

He was born in 1953. In 1987, he joined Banco Espírito Santo de Investimento, S.A. and was the Director responsible for financial services management, client management, structured financing management, capital markets management, and for the department for origination and information; between 1991 and 2005 he was also Director and Member of the Executive Committee. In March 2005, he was nominated as vice-chairperson of the board of Directors of Banco Espírito Santo de Investimento, S.A. and formed part of the executive committee of the company. He is Vice-Chairperson of the Board of Directors and Member of the Executive Committee of Banco Espírito Santo de Investimento, S.A. Director of BES Investimento do Brasil, S.A.; ESSI, SGPS, S.A.; ESSI COMUNICAÇÕES, SGPS, S.A.; ESSI INVESTIMENTOS, S.A. and Espírito Santo Investment Holdings Limited. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors and member of the Nominations and Remunerations Committee.

He has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

SECRETARY OF THE BOARD OF DIRECTORS

EMILIO GARCÍA-CONDE NORIEGA

Born in 1955, he joined Soto de Ribera Power Plant, which was owned by a consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico, as legal counsel in 1981. In 1995, he was nominated general counsel of Soto de Ribera Power Plant and also chief of administration and human resources of the consortium. In 1999, he was nominated as legal counsel at Hidrocantábrico and in 2003 was nominated general counsel of Hidrocantábrico and also a member of its management committee. Presently serves as general counsel of the Company, as secretary of the Board, and is also Chairperson, Director and/or secretary on Boards of Directors of a number the Company's subsidiaries in Europe.

Holds a master in law from the University of Oviedo.

ANNEX V

SHARES OF EDP RENOVÁVEIS S.A. OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AS AT 31.12.2012

Board Member	Direct	Indirect	TOTAL
António Luis Guerra Nunes Mexia	3.880	320	4.200
João Manuel Manso Neto	0	0	0
Nuno Maria Pestana de Almeida Alves	5.000	0	5.000
João Manuel Veríssimo Marques da Cruz	1.200	0	1.200
Gabriel Alonso Imaz	26.503	0	26.503
João Paulo Nogueira de Sousa Costeira	3.000	0	3.000
Rui Manuel Rodrigues Lopes Teixeira	12.000	370	12.370
Gilles August	0	0	0
João José Belard da Fonseca Lopes Raimundo	170	670	840
João Manuel de Mello Franco	380	0	380
Jorge Manuel Azevedo Henriques dos Santos	200	0	200
José Fernando Maia de Araújo e Silva	80	0	80
Manuel Menéndez Menéndez	0	0	0
Rafael Caldeira de Castel-Branco Valverde	0	0	0

FINANCIAL STATEMENTS

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2012 and 2011

Thousands of Euros	Notes	2012	2011
Revenues	6	1,157,796	957,217
Income from institutional partnerships in US wind farms	7	127,350	111,610
		1,285,146	1,068,827
Other operating income / (expenses)			
Other operating income	8	63,116	84,544
Supplies and services	9	-261,810	-225,069
Personnel costs and employee benefits	10	-62,659	-60,832
Other operating expenses	11	-86,212	-66,732
		-347,565	-268,089
		937,581	800,738
Provisions		3	266
Depreciation and amortisation expense	12	-502,709	-468,493
Amortisation of deferred income (government grants)	12	15,231	14,986
		450,106	347,497
Gains / (losses) from the sale of financial assets		2,766	10,499
Financial income	13	74,188	61,555
Financial expenses	13	-351,804	-305,685
Share of profit of associates		6,833	4,796
Profit before tax		182,089	118,662
Income tax expense	14	-46,039	-28,038
Profit for the year		136,050	90,624
Attributable to:			
Equity holders of EDP Renováveis	29	126,266	88,604
Non-controlling interests	31	9,784	2,020
Profit for the year		136,050	90,624
Earnings per share basic and diluted - Euros	28	**0.14**	**0.10**

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated statement of comprehensive income for the years ended at 31 December 2012 and 2011

Thousands of Euros	2012 Equity holders of the parent	2012 Non--controlling Interests	2011 Equity holders of the parent	2011 Non--controlling Interests
Profit for the year	126,266	9,784	88,604	2,020
Fair value reserve (cash flow hedge)	-38,469	-7,375	-10,827	-1,109
Tax effect from the fair value reserve (cash flow hedge)	7,875	1,922	1,622	200
Fair value reserve (available for sale investments)	-129	-82	-7,673	844
Actuarial gains / (losses)	14	-	17	-
Tax effect of actuarial gains/(losses)	-4	-	-5	-
Exchange differences arising on consolidation	1,580	-6,861	-15,686	-1,357
Other comprehensive income for the year, net of income tax	-29,133	-12,396	-32,552	-1,422
Total comprehensive income for the year	97,133	-2,612	56,052	598

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Financial Position
as at 31 December 2012 and 2011

Thousands of Euros	Notes	2012	2011
Assets			
Property, plant and equipment	15	10,536,907	10,454,621
Intangible assets	16	24,915	21,819
Goodwill	17	1,301,930	1,311,845
Investments in associates	18	47,473	51,381
Available for sale financial assets	19	9,407	9,618
Deferred tax assets	20	89,378	55,558
Debtors and other assets from commercial activities	23	55,153	64,211
Other debtors and other assets	24	299,653	185,324
Total Non-Current Assets		12,364,816	12,154,377
Inventories	21	16,209	23,751
Trade receivables	22	180,259	146,105
Debtors and other assets from commercial activities	23	104,165	80,029
Other debtors and other assets	24	335,209	379,246
Current tax assets	25	55,089	41,288
Financial assets at fair value through profit or loss		389	211
Cash and cash equivalents	26	245,837	219,922
Total Current Assets		937,157	890,552
Total Assets		13,301,973	13,044,929
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-74,385	-40,545
Other reserves and Retained earnings	28	458,202	365,531
Consolidated net profit attributable to equity holders of the parent		126,266	88,604
Total Equity attributable to equity holders of the parent		5,423,659	5,327,166
Non-controlling interests	29	325,168	126,559
Total Equity		5,748,827	5,453,725
Liabilities			
Medium / Long term financial debt	30	3,657,083	3,691,068
Employee benefits		222	163
Provisions	31	63,603	57,982
Deferred tax liabilities	20	380,592	381,468
Institutional partnerships in US wind farms	32	1,679,753	1,783,861
Trade and other payables from commercial activities	33	376,503	404,233
Other liabilities and other payables	34	258,824	189,250
Total Non-Current Liabilities		6,416,580	6,508,025
Short term financial debt	30	217,237	135,054
Trade and other payables from commercial activities	33	704,610	707,590
Other liabilities and other payables	34	157,876	189,119
Current tax liabilities	35	56,843	51,416
Total Current Liabilities		1,136,566	1,083,179
Total Liabilities		7,553,146	7,591,204
Total Equity and Liabilities		13,301,973	13,044,929

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A.

Consolidated Statement of Changes in Equity
for the years ended at 31 December 2012 and 31 December 2011

Thousands of Euros	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non--controlling Interests
Balance as at 31 December 2010	**5,393,511**	**4,361,541**	**552,035**	**363,643**	**-15,316**	**-4,913**	**10,980**	**5,267,970**	**125,541**
Recognised income and expense for the year									
Fair value reserve (available for sale financial assets) net of taxes	-6,829	-	-	-1,268	-	-	-6,405	-7,673	844
Fair value reserve (cash flow hedge) net of taxes	-10,114	-	-	-	-	-9,205	-	-9,205	-909
Actuarial gains/(losses) net of taxes	12	-	-	12	-	-	-	12	-
Exchange differences arising on consolidation	-17,043	-	-	-	-15,686	-	-	-15,686	-1,357
Profit for the year	90,624	-	-	88,604	-	-	-	88,604	2,020
Total recognised income and expense for the year	56,650	-	-	87,348	-15,686	-9,205	-6,405	56,052	598
Dividends attributable to non-controlling interests	-3,419	-	-	-	-	-	-	-	-3,419
Share capital increase in EDP Renovaveis Brazil	1,493	-	-	-	-	-	-	-	1,493
Changes resulting from acquisitions / sales and equity increases	5,215	-	-	2,810	-	-	-	2,810	2,405
Other	275	-	-	334	-	-	-	334	-59
Balance as at 31 December 2011	**5,453,725**	**4,361,541**	**552,035**	**454,135**	**-31,002**	**-14,118**	**4,575**	**5,327,166**	**126,559**
Recognised income and expense for the year									
Fair value reserve (available for sale financial assets) net of taxes	-211	-	-	-	-	-	-129	-129	-82
Fair value reserve (cash flow hedge) net of taxes	-36,047	-	-	-	-	-30,594	-	-30,594	-5,453
Actuarial gains/(losses) net of taxes	10	-	-	10	-	-	-	10	-
Exchange differences arising on consolidation	-5,281	-	-	-	1,580	-	-	1,580	-6,861
Profit for the year	136,050	-	-	126,266	-	-	-	126,266	9,784
Total recognised income and expense for the year	94,521	-	-	126,276	1,580	-30,594	-129	97,133	-2,612
Dividends attributable to non-controlling interests	-4,805	-	-	-	-	-	-	-	-4,805
Share capital increase in EDP Renovaveis Brasil	26,443	-	-	-	-	-	-	-	26,443
Sale without loss of control of Vento II (EDPR NA)	176,121	-	-	4,057	-3,224	-1,473	-	-640	176,761
Changes resulting from acquisitions / sales and equity increases	2,822	-	-	-	-	-	-	-	2,822
Balance as at 31 December 2012	**5,748,827**	**4,361,541**	**552,035**	**584,468**	**-32,646**	**-46,185**	**4,446**	**5,423,659**	**325,168**

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

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

Thousands of Euros	2012	2011
Cash flows from operating activities		
Cash receipts from customers	1,141,490	987,826
Cash paid to suppliers	-285,247	-276,080
Cash paid to employees	-68,893	-56,807
Other receipts / (payments) relating to operating activities	-75,573	13,197
	711,777	668,136
Income tax received / (paid)	-45,465	-25,604
Net cash flows from operating activities	666,312	642,532
Continuing activities	666,312	642,532
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of financial assets	11,113	66,644
Proceeds from sale of property, plant and equipment	2,273	40,075
Other proceeds related to fixed assets	489	605
Interest received	20,559	8,409
Dividends received	4,075	2,488
	38,509	118,221
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-28,880	-262,944
Acquisition of property, plant and equipment	-612,495	-892,409
	-641,375	-1,155,353
Net cash flows from investing activities	-602,866	-1,037,132
Continuing activities	-602,866	-1,037,132
Cash flows from financing activities		
Sale of non-controlling interests	175,687	3,879
Receipts/ (payments) of loans	-4,413	147,987
Interest and similar costs	-215,330	-164,089
Governmental grants received	4,817	2,587
Increases in capital and share premium	26,517	5,863
Receipts/ (payments) from derivative financial instruments	166	-5,726
Dividends paid	-4,805	-7,365
Receipts / (Payments) from institutional partnership in US wind farms	-15,159	141,111
Net cash flows from financing activities	-32,520	124,247
Continuing activities	-32,520	124,247
Net increase / (decrease) in cash and cash equivalents	30,926	-270,353
Effect of exchange rate fluctuations on cash held	-5,011	-10,364
Cash and cash equivalents at the beginning of the period (*)	219,922	500,639
Cash and cash equivalents at the end of the period (*)	245,837	219,922

(*) See Note 26 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents.

The following notes form an integral part of these Consolidated Annual Accounts

Notes to the Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

1. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as "EDP Renováveis") was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 31 December 2012 the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext Lisbon.

As at 31 December 2012, EDP Renováveis holds a 100% stake in the share capital of EDP Renewables Europe, S.L. ("EDPR EU"), a 100% stake in the share capital of EDP Renewables North America, L.L.C. ("EDPR NA"), a 100% stake in the share capital of EDP Renewables Canada, Ltd. ("EDPR Canada") and a 55% stake in the share capital of EDP Renováveis Brasil, S.A. ("EDPR BR").

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

In December 2011, China Three Gorges Corporation (CTG) acquired 780,633,782 ordinary shares in EDP from Parpública — Participaçoes Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energías de Portugal S.A., a majority shareholder of the Company.

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

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (renewable resources electricity generation in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium - partnership with local investors), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), EDP Renewables Romania, S.R.L. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy) and EDPR UK Limited (offshore development projects).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

As at 31 December 2012, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a fully consolidated installed capacity, as follows :

Installed capacity MW	31 Dec 2012	31 Dec 2011
United States of America	3,637	3,422
Spain	2,310	2,201
Portugal	615	613
Romania	350	285
France	314	306
Poland	190	190
Brazil	84	84
Belgium	57	57
Italy	40	-
	7,597	7,158

Additionally, through its interest in ENEOP- Eólicas de Portugal, S.A. is attributable to EDPR - equity consolidated - 390 MW (326 MW as at 31 December 2011).

Regulatory framework for the activities in Spain

The Electrical Sector in Spain is regulated by Law 54 of 27 November 1997 and subsequent amendments to legislation.
On May 2007, the Spanish Government approved a Royal Decree (RD 661/2007) implementing the new regulatory framework for wind energy installations to be built from 2008 to 2012, and to which all operating assets would be exposed after 31 December 2012.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

According to Royal Decree 661 of 25 May 2007, published on 26 May 2007, wind farms are entitled to choose between two remuneration schemes: (i) Fixed tariff and (ii) market plus premium: wind farms receive each hour the pool price plus a variable premium. Once the decision between the two schemes has been made for a specific wind farm, it is binding for, at least, one year. Wind farms installed before January 2008 are ruled by Royal Decree 661/2007 transitory regime, which in fact is similar to previous Royal Decree 436/2004. Under this transitory regime, that ends in December 2012, wind farms could choose between a fixed tariff and a market option receiving market price plus a fixed premium.

On July 2010, the Industry Ministry established an agreement with two key renewable energy associations (the Spanish Wind Energy Association and Protermosolar) to amend the existing regulation. This agreement means the approval of the RD 1614/2010 of 7 December, that defines (i) a cut, for the years 2011 and 2012, of 35% of the renewable premium applicable to the wind capacity ruled by RD 661/2007, (II) an amendment to the article 44.3 of RD 661/2007 clarifying that future revisions to the premium value would only be applied to the capacity that comes on line after 2012 and (iii) the definition of a limit of 2,589 hours of installed capacity operation, from which the wind farm has no right to receive any premium if overall system equivalent hours is above 2,300 hours. The premium will be recovered from 2013 onwards.

On 28 January 2012 the Spanish Government enacted Royal-Decree Law 1/2012 that approves a temporary suspension of the premium remuneration for renewable energy capacity not included in the pre-assignation registry. Although in practice, it does not affect the assets of EDP Renováveis.

On December 2012, by means of Law15/2012 of 27 December, the Spanish Government approved 7% across-the-board tax on electricity generation, as well as new taxes on nuclear and large-scale hydropower, plus a new carbon levy. The tax will be applied from 2013 onwards.

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of electrical power based on renewable resources are currently established by Decree-Law No. 189/88 dated 27 May, as amended by Decree-Law No. 168/99 dated 18 May, Decree-Law No. 312/2001 dated 10 December , and Decree-Law No. 339-C/2001 dated 29 December. Also relevant is Decree-Law No. 33-A/2005, dated 16 February ("DL 33-A/2005"), which establishes the current amounts used in the remuneration formula applicable to energy produced by means of renewable resources and the deadlines for the application of such remuneration formula.

The Portuguese wind sector and the Portuguese Government reached an agreement in principles that maintains the legal stability of the current contracts (Decree-Law 33-A/2005) and protects the value of the investments made by the wind energy developers in the Portuguese economy. The wind farm operators can voluntarily invest to obtain further remuneration visibility, through the acquisition of a new tariff scheme to be applied upon the initial 15 years established by law. The proceeds will be used to reduce the overall costs of the Portuguese electricity system. In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework the Government proposed four alternative tariff schemes to be elected by each of the wind developers, that include the following conditions: i) alternative cap and floor selling prices; ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently iii) alternative levels of investment (on a per MW basis) to acquire the new scheme. EDPR has chosen a 7-year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh values growing with inflation from 2021 onwards, in exchange of a payment of 5.800€/MW from 2013 to 2020.

Regulatory framework for the activities in France

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000'), passed on 10 February 2000, which governs the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France.

Act 2000 provides that, operator of wind facilities may enter into long-term agreements for the purchase and sale of energy with Electricité de France (EDF). The tariffs are set by Order of July 10, 2006 which was repealed in August 2008 due to formal defect in its approval, and then republished without any amendment in December 2008. The tariffs are the following: i) during the first ten years of the EDF Agreement, EDF pays a fixed annual tariff, which is €82 per MWh for applications made during 2006 (tariff is amended annually based, in part, on a inflation-related index); ii) During years 11 to 15 of the EDF Agreement, the tariff is based on the annual average percentage of energy produced during the wind facility' s first ten years. These tariffs are also amended annually, based, in part, on a inflation-related index; iii) Beginning in the year 16, there is no specific support structure and the wind energy generators will sell their electricity at market price.

On March 2012, the legality of the 2008 feed-in tariff ministerial order for wind farm projects was questioned before the French Council of State (Conseil dÉtat) on the basis that the required notification to the European Commission on State Aid was missed. On 15 May, the French Council of State decided to raise the issue for a preliminary ruling before the EU Court of Justice (is expected 12 to 18 months to solve). In the event that the tariff is finally cancelled, the French government has urged the Council of State the postponement of this eventual ruling until 2013 onwards, thus, no retroactive effects are expected.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Regulatory framework for the activities in the United States of America

The United States federal government and various state governments have implemented policies designed to promote the growth of renewable energy, including wind power. The primary federal renewable energy incentive program is the Production Tax Credit (PTC), which was established by the U.S. Congress as part of 1992 EPACT. Additionally, many states have passed legislation, principally in the form of renewable portfolio standards ("RPS"), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

On 1 January 2013, the US Congress approved "the American Taxpayer Relief Act" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Congress set a new expiration date of 31 December 2013 and changed the qualification criteria (projects can now qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows depreciation of a higher percentage of the cost of the project (less 50% of the ITC) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

Regulatory framework for the activities in Poland

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed on 10 April 1997, which has been amended by the Act of 24 July 2002 and the Energy Act of 2 April 2004, which came into effect in January 2005 (together, the "Energy Act").

Pursuant to the Energy Act, power generation from renewable sources is supported. The following are forms of such support introduced in Poland: (i) A system of obligatory purchase of certificates of origin by the generation companies and trading companies selling electricity to the end user interconnected to a grid in Poland. These power companies are obliged to: a) obtain a certificate or origin and submit it to the ERA President for cancellation, or b) pay a substitute fee calculated in accordance with the Energy Act. ii) If the power company does not purchase certificates or origin or does not pay a substitute fee, the ERA President will penalize such company by the financial penalty calculated in accordance with the Energy Act.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the "Electricity Act"). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of green certificates (each a "GC"), as described below. The Belgian federal government is responsible for offshore power plants and for imposing obligations on the transmission system operators. The various GC systems are very similar across the three regions and are similar to the GC system for federally-regulated offshore power plants. There are currently differences in terms of quotas, fines and thresholds for granting GCs.

On 21 March 2012, Walloon government approved a decree which fixes the quotas of GC until 2020. The new quotas are: (i) 19.4% in 2013; (ii 23.1% in 2014; (iii) 26.7% in 2015; (iv) 30.4% in 2016. For the period from 1 January 2017 until 31 December 2019, the yearly quotas will at the latest be fixed in 2014 on the basis of an evaluation carried out beforehand by the energy regulator of Wallonia (CWaPE).

A new tax for wind generators has been approved in Wallonia last July. According to this regulation, all generators earning green certificates shall pay 0,54€/MWh. The energy regulator of Wallonia (CWaPE) will be the beneficiary of this tax, aimed at supporting the costs originated by green certificates management.

Regulatory frameworks for the activities in Romania

The promotion of electricity generated from renewable energy sources in Romania was set with the Electricity Law 318/2003. In 2005 a Green Certificate mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements.The regulatory authority establishes a fixed quota of electricity produced from RES which suppliers are obliges to buy, and, annually reviews applications form green generators in order to be awarded green certificates. Law 220/2008 of November, introduced some changes in the green certificates system. In particular, it allows wind generators to receive 2GC/MWh until 2015 . From 2016 onwards generators receive 1 green certificate for each MWh . The price of electricity is determined in the electricity market and the price of green certificates is determined on a separate market.

The trading value of green certificates has a floor of 27€ and a cap of 55€, both indexed to Romanian inflation. Law 220/2008 also guarantees the access to the National Grid for the electricity produced from renewable sources.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the overcompensation analysis which must be carried out on a yearly basis. ANRE shall monitor the producers benefiting from the support system and prepare annual reports on this regard. If overcompensation is found, ANRE will propose a reduction of the applicability period of the support scheme or the number of GCs initially granted to the technology. This reduction would be applied only to new plants.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminates the provision of bilateral contracts not publicly negotiated as a mean to sale electricity. Thus, trading of electricity must be carried out on a centralized market. On 4 September 2012, ANRE published the Order on Balancing Market. The new regulation has an impact for wind generation. On the one side, it states that for the energy reduced, the producer does not have the right to claim compensations for the loss of unproduced green certificates. This loss cannot be recovered. Also, new rules could result on larger balancing costs as the deficit price that wind generators have to face when the production is lower than the forecast may increase.

Regulatory frameworks for the activities in Italy

On 6 July 2012, the Government approved the new renewable regulation by means of the Decree on Renewables (DM FER) based on feed-in-tariff support scheme. The key aspects of the new regulation provided by the DM FER are the following: (i) Wind farms over 5 MW will be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered is set in different technologies' capacity paths (only set until 2015); (iii) the reference tariff for 2013 is 127 €/MWh for onshore wind. Tender participants will bid offering discounts on a reference tariff (in %);(iv) The reference tariff will decrease 2% per year and will be granted for the whole average useful life of the renewable plant -20 years for onshore wind.

The new system substitutes the previous one based on GCs. Under the previous system producers obtain their revenues from the sale of the electricity in the electricity market and from the sale of GCs. Wind farms built until December 2012 (with some exceptions) will continue to operate under the previous system until 2015 when the GC system will be transformed into a feed-in-premium.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brazil is regulated by Federal Law 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.

After PROINFA program, renewable producers obtain their remuneration by participating in auctions where price is the only criteria. Winners of the auctions obtain a PPA contract at the price bid. Public Electricity Auctions are technically lead by the state "Energy Planning and Research Company" (EPE), who registers, analyses and allows potential participants.

2. ACCOUNTING POLICIES

a) Basis of preparation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. and consolidated entities. The consolidated financial statements for 2012 and 2011 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2012 and 2011, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 28 February 2013. The annual accounts are presented in thousands of Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of financial statements in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in Note 3 (Critical accounting estimates and judgments in applying accounting policies).

Prior to 2012, amounts included in transaction costs related to institutional partnerships were included as a component of non-current Other debtors and other assets. In 2012, EDP Group included these transaction costs as a reduction of Institutional partnerships in USA wind farms instead of an asset. For consistency purposes, this presentation has been applied to all statements of financial position presented (see note 32).

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statments of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control along with another company, under a contractual agreement. The consolidated financial statements include the Group's proportionate share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins until it ceases.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:
- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

In business combinations achieved in stages, any excess of the consideration given, plus the fair value of the interest previously held in the acquiree, and the net assets acquired and net liabilities assumed is recognised as goodwill. Any shortfall, after measuring the consideration given to the previously held interest and identifying and measuring the net assets acquired, is recognised in profit and loss. The Group recognises the difference between the fair value of the interest previously held in the acquiree and its carrying amount in consolidated profit and loss, based on the classification of the interest. The Group also reclassifies amounts deferred in other comprehensive income in relation to the previously held interest to profit and loss or consolidated reserves, based on their nature.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

IFRS-EU did not establish specific accounting treatment for commitments related to written put options related with investments in subsidiaries held by non-controlling interests at the date of acquisition of a business combination. Nevertheless, the EDP Renováveis Group records these written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and there subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices as provided by an exchange, or is determined by using net present value techniques, including discounted cash flows models and option pricing models, as appropriate.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivate financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:
(i) At the inception of the hedge, the hedge relationship is identified and documented;
(ii) The hedge is expected to be highly effective;
(iii) The effectiveness of the hedge can be reliably measured;
(iv) The hedge is revalued on a on-going basis and is considered to be highly effective over the reporting period; and
(v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of the derivative financial instruments that are designated as hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the risk being hedged. If the hedge no longer meets the criteria for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the period to maturity.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

Loans and receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired principally for the purpose of being sold in the short term and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available-for-sale-investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available for sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when: (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available for sale financial assets are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in equity recognised in the income statement. Foreign exchange differences arising from equity investments classified as available for sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through: (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date an assessment is performed as to whether there is objective evidence of impairment, namely those resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets, and every time it can be reliably measured.

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition, such as: (i) in the case of listed securities, a significant or prolonged decline in the listed price of the security, and (ii) in the case of unlisted securities, when that event (or events) has an impact on the estimated amount of the future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

For debt instruments, if in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed to the income statement up to the amount of the acquisition cost, if the increase is objectively related to an event occurring after the impairment loss was recognised. In the case of equity instruments, impairment losses can not be reversed and any subsequent gain in fair value is recognised in equity under fair value reserves.

f) Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

The Group considers that the terms are substantially different if the current value of cash flows discounted under the new terms, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs by at least 10% of the current discounted value of cash flows remaining from the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, costs or commissions are taken to the consolidated income statement. Otherwise, costs or commissions adjust the book value of the liability and are amortised following the amortised cost method over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability (or part of a financial liability which has been cancelled or transferred to a third party) and the consideration paid, which includes any asset transferred other than cash or the liability assumed, with a debit or credit to the consolidated income statement.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The recoverable amount is determined by the highest value between the net selling price and its fair value in use, this being calculated by the present value of estimated future cash-flows obtained from the asset and after its disposal at the end of its economic useful life.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	20 to 33
Plant and machinery	
Wind farm generation	25
Hydroelectric generation	20 to 30
Other plant and machinery	15 to 40
Transport equipment	3 to 10
Office equipment and tools	3 to 10
Other tangible fixed assets	4 to 10

In the second quarter of 2011 EDPR Group, based on a study performed by an independent entity, has changed the useful life of the wind farms from 20 to 25 years, with effect from 1 April 2011 (see note 3).

i) Intangible assets

The other intangible assets of the Group are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group assesses for impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement. The recoverable value is determined by the highest amount between its net selling price and its value in use, this being calculated by the present value of the estimated future cash-flows obtained from the asset and sale price at the end of its economic useful life.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

j) Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Leases

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

l) Inventories

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

m) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

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

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

n) Employee benefits

Pensions

EDP Renováveis Portugal, one of the portuguese companies of EDP Renováveis Group attribute post-retirement plans to their employees under defined benefit plans and defined contribution plans, namely, pension plans that pay complementary old-age, disability and surviving-relative pension complements, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefits plan is financed through a restricted Pension Fund complemented by a specific provision. This Pension Fund covers liabilities for retirement pension complements as well as liabilities for early retirement.

The pension plans of the Group companies in Portugal are classified as defined benefit plans, since the criteria to determine the pension benefit to be received by employees on retirement is predefined and usually depend on factors such as age, years of service and level of salary at the age of retirement.

The liability of the Group with pensions is calculated annually, at the balance sheet date for each plan individually, by qualified actuaries using the projected unit credit method. The discount rate used in this calculation is determined by reference to interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Actuarial gains and losses determined annually and resulting from (i) the differences between financial and actuarial assumptions used and real values obtained and (ii) changes in the actuarial assumptions are recognised against equity, in accordance with the alternative method defined by IAS 19.

The increase in past service costs arising from early retirements (retirements before the normal age of retirement) is recognised in the income statement when incurred.

Annually the Group recognises as cost in the income statement the net amount of: (i) the current service cost, (ii) the interest cost, (iii) the estimated return of the fund assets and (iv) the cost arising from early retirements.

Defined contribution plans

In Spain, Portugal and United States of America, some Group Companies have social benefit plans of defined contribution that complement those granted by the social welfare system to the companies employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each plan. The cost related to defined contribution plans is recognised in the results in the period in which the contribution is made.

Other benefits

Medical care and other plans

In Portugal some Group companies provide medical care during the period of retirement and early retirement, through complementary benefits to those provided by the Social Welfare System. These medical care plans are classified as defined benefit plans. The present value of the defined benefit obligation at the balance sheet date is recognised as a defined benefit liability. Measurement and recognition of the liability with healthcare benefits is similar to the measurement and recognition of the pension liability for the defined benefit plans, described above.

Variable remuneration to employees

In accordance with the by-laws of certain Group entities, annually the shareholders approve in the annual general meeting a percentage of profits to be paid to the employees (variable remuneration), following a proposal made by the Board of Directors. Payments to employees are recognised in the income statement in the period to which they relate.

o) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used are:

	EDPR EU	EDPR NA
Average cost per MW (Euros)	14,000	18,549
Salvage value per MW (Euros)	25,000	17,776
Discount rate	6.33%	5.38%
Inflation rate	2.00%	2.50%
Capitalisation (number of years)	25	25

With the change of the useful life of the wind farms from 20 to 25 years (see note 2 h) the capitalisation rate (number of years) of the dismantling and decommissioning provisions has changed to 25 years, with a prospective application from 1 April 2011.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

p) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from electricity sales is recognised in the period that electricity is generated and transferred to customers.

Engineering revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

Differences between estimated and actual amounts, which are normally not significant, are recorded during the subsequent periods.

q) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses and gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

t) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups (groups of assets and related liabilities that include at least a non-current asset) are classified as held for sale when their carrying amounts will be recovered principally through sale and the assets or disposal groups are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or disposal groups acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is adjusted in accordance with the applicable IFRS. Subsequently, these assets or disposal groups are measured at the lower of their carrying amount at fair value less costs to sell.

u) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A., in the next twelve months.

v) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

w) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

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

x) Institutional partnerships in US wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these Financial Statements.

The upfront cash payment received is recognised under "Liabilities arising from institutional partnerships" and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interest for the duration of its membership in the structure. The non controlling interest is entitled to cash distribution and income allocation percentages varying from 2.5% to 6.0%, with the exception of Vento VI in which the institutional investor is allocated 17.0% of income. EDPR NA also has an option to purchase the institutional investor's residual interest at fair market value on the Flip Date for PTC flip structures and generally, six months after the later of the 5-year anniversary of final turbine commissioning date or the Flip Date, or ten years after the final funding date if the Flip Date has not yet occured. The liability for residual interest is accreted on a straight line basis from the funding date through the Flip Date to reflect the institutional investors' minority interest position in the EDPR Group at the Flip Date.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

z) EDPR Group concession activities (IFRIC 12)

The International Financial Reporting Commitee (IFRIC) issued in July 2007, IFRIC 12 - Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date. IFRIC 12 is applicable to the public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of determined infrastructures as well as the price of these services and equally controls any significant residual interest in those infrastructures.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as tangible fixed assets or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract:

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless of the level of use of the infrastructures within the concession and results in the recognition of a financial asset, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructures (demand risk) and results in the recognition of an intangible asset.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession.

Under the terms of the contracts in place throughout the Group business, the Management of EDPR concluded that IFRIC 12 is not applicable.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how their application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in Note 2 to the Consolidated Financial Statements.

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2012 and 31 December 2011, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statments are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statments 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.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

In the second quarter of 2011 EDPR Group has changed the useful life of the wind farms from 20 to 25 years (see note 2 h). The redefinition of the useful life of the wind generation assets was made based on a technical study performed by an independent entity which has considered the technical availability for an additional period of 5 years of useful life of these assets. The referred study has covered 95% of wind installed capacity of EDPR Group, in the different geographies (Europe and North America), considering assumptions and estimates that requires judgements.

Impairment of non financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review the EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, EDP Renováveis and those of its subsidiaries, are confident that there will be no material tax assessments within the context of the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

4. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. The main financial risks lie essentially in its debt portfolio, arising from interest-rate and the exchange-rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the EDPR's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. The management of financial risks of EDP Renováveis Group is outsourced to the Finance Department of EDP - Energias de Portugal, S.A., in accordance with the policies approved by the Board of Directors. The outsourcing service includes identification and evaluation of hedging mechanisms appropriate to each exposure.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Exchange-rate risk management

EDP Group's Financial Department is responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the U.S. dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Polish Zloty and Romanian Leu).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into two CIRS in BRL/EUR and two in PLN/EUR to hedge the investments in Brazil and Poland (see note 36).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2012 and 2011, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2012			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	6,202	-7,581	-	-
PLN / EUR	11,628	-14,213	-	-
RON / EUR	5,957	-7,280	-	-
	23,787	-29,074	-	-

	31 Dec 2011			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	10,516	-12,853	-	-
PLN / EUR	-	-	3,309	-4,044
RON / EUR	-	-	-	-
	10,516	-12,853	3,309	-4,044

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Interest rate risk management

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

In the floating-rate financing context, the Group contracts interest-rate derivative financial instruments to hedge cash flows associated with future interest payments, which have the effect of converting floating rate loans into fixed rate loans.

All these hedges are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities between 1 and 14 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 92% of EDP Renováveis Group financial debt bear interest at fixed rates, including operations with financial instruments.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Sensitivity analysis - Interest rates

The management of interest rate risk associated to activities developed by the Group is outsourced to the Financial Department of EDP Group, contracting derivative financial instruments to mitigate this risk.

Based on the debt portfolio of the EDPR EU Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 100 basis points in the interest rates with reference to 31 December 2012 and 31 December 2011 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2012			
	Profit or loss		Equity	
Thousands of Euros	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	44,406	-48,749
Unhedged debt (variable interest rates)	-1,333	1,333	-	-
	-1,333	1,333	44,406	-48,749

	31 Dec 2011			
	Profit or loss		Equity	
Thousands of Euros	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	37,929	-40,540
Unhedged debt (variable interest rates)	-1,839	1,839	-	-
	-1,839	1,839	37,929	-40,540

This analysis assumes that all other variables, namely foreign exchange rates, remain unchanged.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group policy in terms of the counterparty risk on financial transactions with companies outside EDP Group is managed by an analysis of the technical capacity, competitiveness, credit rating and exposure to each counter-party. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

The EDP Renováveis Group documents financial operations according to international standards. Most derivative financial instruments contracted with credit institutions are engaged under ISDA Master Agreements.

In the specific case of the EDPR EU Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMEL and MEFF in the case of the Spanish market).

In the specific case of EDPR NA Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of Trade receivables and Other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Market price risk

As at 31 December 2012, market price risk affecting the EDP Renovavéis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU the electricity is sold in Spain directly on the daily market at spot prices plus a pre-defined premium (regulated). Nevertheless, EDPR EU has an option of selling the power through regulated tariffs, granting minimum prices. In the remaining countries, prices are mainly determined through regulated tariffs.

EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the year 2012 and 2013 (see note 36). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

5. CONSOLIDATION PERIMETER

During the year ended in 31 December 2012, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:
- EDP Renewables Europe, S.L. acquired 100% of the share capital of Pietragalla Eolico S.R.L. (see note 17) and 85% of the share capital of Sibioara Wind Farm, S.R.L.;
- EDP Renewables Canada, Ltd. acquired 100% of the share capital of the following companies:
  - 0867242 BC Ltd.;
  - Eolia Renewable Energy Canada Ltd.;
  - South Branch Wind Farm Inc.
- EDPR-RO-PV, S.R.L. (incorporated during the year 2012) acquired 100% of the share capital of the following companies (see note 17):
  - Cujmir Solar S.R.L.;
  - Foton Delta S.R.L.;
  - Foton Epsilon S.R.L..
  - Potelu Solar S.R.L.;
  - Studina Solar S.R.L.;
  - Vanju Mare Solar S.R.L.
- EDP Renewables Polska SP. ZO.O. acquired 60% of the share capital of J&Z Wind Farms SP. ZO.O. and 100% of the share capital of Korsze Wind Farm SP. ZO.O.

Companies sold and liquidated:
- EDP Renewables North America, L.L.C. liquidated Horizon Wind Energy International, L.L.C.;
- EDPR Renovables España, S.L. liquidated Parque Eólico Plana de Artajona, SLU, Parque Eólico Montes de Castejón, S.L., Siesa Renovables Canarias, S.L.; Compañía Eléctrica de Energías Renovables Alternativas, SAL and Corporación Empresarial de Renovables Alternativas, SLU;
- Generaciones Especiales I, S.L. sold by 5,531 thousands of Euros all of its interests in the following companies which generated a gain of 2,857 thousands of Euros recognised against Gains/Losses on disposal of financial assets:
  - 25% interest in Hidroastur S.A. (see note 18);
  - 80% interest in Hidroeléctrica del Rumblar S.L. (see note 15);
  - 100% interest in Hidroeléctrica Fuentermosa S.L. (see note 15);
  - 75% in interest in Hidroeléctrica Gormaz S.A. (see note 15).
- A 49% share interest in 2007 Vento II, L.L.C. was sold by 175,687 thousands of Euros (225,721 thousands of US Dollar corresponding to a sale price of 230,000 thousands of US Dollar deducted of capital contributions and transaction fees amounting 2,800 and 1,478 thousands of US Dollar, respectively) with the subsequent loss of 49% share interest in the following companies (see note 29):
  - Telocaset Wind Power Partners, L.L.C.;
  - Post Oak Wind, L.L.C.;
  - High Prairie Wind Farm II, L.L.C.;
  - Old Trail Wind Farm, L.L.C.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Companies merged:
- The following companies were merged into Desarrollos Eólicos Promoción S.A.U., which then changed its designation to EDP Renovables España, S. L.:
  - Agrupación Eólica S.L.U.;
  - Desarrollos Eólicos, S.A.;
  - Ceasa Promociones Eólicas S.L.U.;
  - Generaciones Especiales I, S.L.;
  - Neo Catalunya S.L.;
  - Santa Quiteria Energia, S.L.U.;
  - Sinae Inversiones Eólicas S.A.

Companies incorporated:
- 2012 Vento XI, L.L.C. *;
- Castellaneta Wind S.R.L.;
- Central Eólica Aventura, S.A.;
- Central Eólica Baixa do Feijão I, S.A.;
- Central Eólica Baixa do Feijão II, S.A.;
- Central Eólica Baixa do Feijão III, S.A.;
- Central Eólica Baixa do Feijão IV, S.A.;
- EDP Renewables SGPS, S.A.;
- EDP Renewables Belgium, S.A.;
- EDP Renewables Canada GP Ltd. *;
- EDP Renewables Canada LP Ltd.;
- EDP Renováveis Servicios Financieros, S.L.;
- EDPR PT - Promoção e Operação, S.A.;
- EDPR Wind Ventures XI, L.L.C. *;
- EDPR-RO-PV, S.R.L.;
- Laterza Wind S.R.L..;
- MFW Gryf SP. ZO.O.;
- MFW Neptun SP. ZO.O.;
- MFW Pomorze SP. ;
- Monts de la Madeleine Energie, S.A.S.;
- Monts du Forez Energie, S.A.S.;
- SBWFI GP Inc. *;
- South Dundas Wind Farm LP *;
- Verde Wind Power L.L.C. *

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2012 do not have any assets, liabilities, or operating activity.

During the year ended in 31 December 2011, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:
- EDPR Group, through its subsidiary EDPR UK, acquired 49% of the share capital of Seaenergy Renewables Inch Cape Limited.;
- EDPR Group, through its subsidiary EDPR EU, acquired 85% of the share capital of S.C. Ialomita Power, S.R.L.

Companies sold and liquidated:
- Generaciones Especiales I, S.L. dissolved and liquidated the subsidiary Sodecoan, S.L.;
- Generaciones Especiales I, S.L. sold the subsidiary Subgroup Veinco (see note 15);
- EDPR UK, sold an interest of 8.36% in the Moray Offshore Renewables Limited share capital for 4,033 thousands of Euros. As a consequence, the indirect shareholding in the subsidiaries MacColl Offshore Windfarm Limited, Stevenson Offshore Windfarm Limited and Telford Offshore Windfarm Limited have also been reduced in 8.36%;
- Agrupación Eólica, S.L.U. sold the subsidiary Neomai Inversiones SICAV, S.A. for 40,894 thousands of Euros;
- Sinae Inversiones Eólicas S.A., sold an interest of 1.25% in the Eólica Alfoz, S.L. share capital for 106 thousands of Euros.

Companies merged:
- Farma Wiatrowa Wyszogrod, SP. ZO.O. was merged into Masovia Wind Farm I, S.P. ZO.O.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Companies incorporated:
- 2011 Vento X, L.L.C.;
- Eastern Nebraska Wind Farm, L.L.C.*;
- EDP Renováveis Cantabria, S.L.;
- EDPR Wind Ventures X, L.L.C.;
- Paulding Wind Farm IV L.L.C.*;
- Pestera Wind Farm, S.A.;
- Pochidia Wind Farm, S.A.;
- Rush County Wind Farm, L.L.C.*;
- Villa Castelli Wind, S.R.L.

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2011 do not have any assets, liabilities, or operating activity.

Other changes
- The Group EDPR increased its indirect holding from 47% to 61% in the share capital of Aplicaciones Industriales de Energias Limpias, S.L. through the subsidiary Santa Quitéria Energia, S.L.U.;
- The Group EDPR increased its indirect holding from 58% to 84% in the share capital of Desarrollo Eólico Santa Quitéria, S.L. through the subsidiary Aplicaciones Industriales de Energias Limpias, S.L.;
- The Group EDPR increased its indirect holding from 51% to 100% in the share capital of the companies Relax Wind Park II, SP. ZO.O. and Relax Wind Park IV, SP. ZO.O. through the subsidiary EDP Renewables Polska, S.P. ZO.O;
- The Group EDPR increased its indirect holding from 90% to 100% in the share capital of Eólica Sierra de Avila, S.L. through the subsidiary Sinae Inversiones Eólicas S.A.

6. REVENUES

Revenues are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Revenues by business and geography:		
Electricity in Europe	773,070	634,518
Electricity in United States of America	355,508	302,890
Electricity, other	24,754	19,464
	1,153,332	956,872
Other revenues	6,850	17,709
	1,160,182	974,581
Services rendered	4,961	4,888
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	-292	-15,168
Changes in inventories	-7,055	-7,084
	-7,347	-22,252
Total Revenues	1,157,796	957,217

7. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

Income from institutional partnerships in US wind farms is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Income from institutional partnerships - EDPR NA	127,350	111,610
	127,350	111,610

Income from institutional partnerships - EDPR NA, includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Vento I, II, III, IV, V, VI, VII, VIII, IX and X (see note 32).

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Amortisation of deferred income related to power purchase agreements	9,888	10,334
Gain related with business combinations	32,393	51,695
Other income	20,835	22,515
	63,116	84,544

The power purchase agreements between EDPR NA and its customers were valued, at the acquisition date, using discounted cash flow techniques. At that date, these agreements were valued based on market assumptions by approximately 120 millions of Euros (190.4 millions of USD) and recorded as a non-current liability (note 33). This liability is amortised over the period of the agreements against other operating income. As at 31 December 2012, the amortisation for the period amounts to 9,888 thousands of Euros (31 December 2011: 10,334 thousands of Euros).

In 2012, EDPR Group carried out the purchase price allocation of several companies acquired which originated the recognition of an operating income of 29,754 thousands of Euros in EDPR Romania and 2,639 thousands of Euros in EDPR Italia (see note 17). These occasiona advantageous acquisitions were possible to execute mainly due to bargaining power of EDPR, ability to access funding and liquidity and, to a certain extend, the still developing nature of Romanian solar market which enables opportunistic favorable transactions.

During 2010, the Group acquired 85% of EDP Renewables Italia, S.r.l (see note 17). The EDPR Group granted the seller a put option over the remanaining 15% of the interest which, in line with the Group's accounting policy, has been treated as an advance purchase. The acquisition cost recognised in the annual accounts for 2011 included the balance settled in cash, consideration contigent on the successful implementation of projects underway and an amount reflecting the fair value of the put option. The contigent consideration and the amount of the put option are both at fair value, based on the EDPR Group's best estimate at the purchase data (see note 34).

In 2011, EDPR Italia increased its share capital. The minority shareholder, Energía in Natura, S.r.l., did not subscribe this increase. As a result, the percentage ownership on the non-controlling interests has fallen from 15% to 6.48% and the put option was reduced by the corresponding amount. Futhermore, at 2011 year end, the EDPR Group updated the fair value of the deferred amounts for the 2010 purchase (contigent consideration and put option), taking into account the information existing at year end which included a reduction in the estimated sales price of electricity to be produced and in the number of MW to be installed in the future. In light of the above, the EDPR Group has reduced the liability associated with the put option by 34,625 thousands of Euros and with the contigent consideration by 17,070 thousands of Euros, and recognised an other operating income for the year of 51,695 thousands of Euros (see note 34).

9. SUPPLIES AND SERVICES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Supplies and services:		
Leases and rents	40,670	34,857
Insurance	13,875	12,842
Maintenance and repairs	143,250	126,601
Specialised works:		
IT Services, legal and advisory fees	16,599	13,152
Shared services	11,866	7,918
Other services	12,225	10,109
Other supplies and services	23,325	19,590
	261,810	225,069

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Personnel costs		
Board remuneration	945	1,063
Remunerations	52,320	51,257
Social charges on remunerations	7,582	8,130
Employee's variable remuneration	8,937	15,104
Other costs	971	6,145
Own work capitalised	-15,339	-23,466
	55,416	58,233
Employee benefits		
Costs with pension plans	2,825	2,282
Costs with medical care plans and other benefits	3,320	317
Other	1,098	-
	7,243	2,599
	62,659	60,832

As at 31 December 2012, Costs with pension plans relates to defined contribution plans (2,802 thousands of Euros) and defined benefit plans (23 thousands of Euros).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2012 and 2011 is as follows:

	31 Dec 2012	31 Dec 2011
Board members	14	17
	14	17
Senior management / Senior officers	68	62
Middle management	504	453
Highly-skilled and skilled employees	221	206
Other employees	64	71
	857	792
	871	809

The companies of EDPR Group consolidated under the proportional consolidation method do not have contributed with employees (31 December 2011: 14 included in Other employees).

The number of employees includes Management and all the employees of all the subsidiaries and associates.

11. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Direct operating taxes	20,115	17,946
Indirect taxes	21,824	16,738
Losses on fixed assets	17,035	11,813
Lease costs related to the electricity generating centres	12,147	8,998
Other costs and losses	15,091	11,237
	86,212	66,732

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

12. DEPRECIATION, AMORTISATION EXPENSE AND DEFERRED INCOME

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Property, plant and equipment:		
Buildings and other constructions	1,801	1,592
Plant and machinery:		
Wind generation	433,518	415,583
Other plant and machinery	16	119
Office equipment and tools	10,253	6,714
Other tangible fixed assets	1,862	1,819
Impairment	53,401	5,058
	500,851	430,885
Other intangible assets:		
Industrial property, other rights and other intangibles	1,858	2,120
Impairment of goodwill	-	35,488
	502,709	468,493
Amortisation of deferred income:		
Government grants	-15,231	-14,986
	-15,231	-14,986
	487,478	453,507

As a result of the recoverability assessment of the wind generation assets (see assumptions note 17), was booked an impairment of 45,617 and 7,784 thousands of Euros in EDPR EU and in EDPR NA, respectively (see note 15).

In 2011, the caption Impairment of goodwill includes essentially, an impairment loss in EDPR Italia Group of 34,737 thousands of Euros resulting from the recoverability assessment of these assets based on the update of the assumptions in the estimates of MW to install and future energy prices (see notes 8 and 17).

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	31 Dec 2012	31 Dec 2011
Financial income		
Interest income	16,770	10,844
Derivative financial instruments		
Interest	5,483	19,913
Fair value	24,321	8,980
Foreign exchange gains	27,010	20,578
Other financial income	604	1,240
	74,188	61,555
Financial expenses		
Interest expense	215,987	204,094
Derivative financial instruments		
Interest	21,152	16,156
Fair value	35,136	3,211
Foreign exchange losses	10,496	42,284
Own work capitalised	-15,697	-33,927
Unwinding	72,824	68,279
Other financial expenses	11,906	5,588
	351,804	305,685
Financial income / (expenses)	-277,616	-244,130

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 34 and 36).

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

In accordance with the accounting policy described on note 2g), of the 31 December 2012 financial statements, the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2012 amounted to 15,697 thousands of Euros (31 December 2011: 33,927 thousands of Euros) (see note 15), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans, between 1.81% and 10.25% (31 December 2011: 2.62% and 13.06%).

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms 3,366 thousands of Euros (31 December 2011: 2,995 thousands of Euros) (see note 31) and the implied return in institutional partnerships in US wind farms 68,431 thousands of Euros (31 December 2011: 62,538 thousands of Euros) (see note 31).

14. INCOME TAX EXPENSE

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods. In Portugal and Spain the period is 4 years and in Brazil it is 5 years, being the last year considered settled by the tax administration the year of 2008. In the United States of America the general Statute of Limitations for the IRS to issue additional income tax assessments for an entity is 3 years from the date that the income tax return is filed by the taxpayer.

Tax losses generated in each year, which are also subject to inspection and adjustment, can be deducted from taxable income during subsequent periods (5 years in Portugal since 2012, 18 years in Spain, 20 years in the United States, without an expiry date in Belgium and France and without an expiry date in Brazil, although in Brazil it is limited to 30% of the taxable income of each period). The EDP Group companies are taxed, whenever possible, on a consolidated basis as allowed by the tax legislation of the respective countries.

EDP Renewables Europe, S.L. and its subsidiary companies file individual tax declarations in accordance with prevailing tax legislation. Nevertheless, the main Group companies pay income tax following the specific principles of the Special Tax Consolidation Regime, contained in articles 64 and 82 of Royal Legislative Decree 4/2004 whereby the revised corporate income tax law was approved. The companies of EDPR Group in Spain are included in the Tax consolidation perimeter of EDP, S.A. - Sucursal en España (EDP Branch).

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Current tax	-85,225	-29,060
Deferred tax	39,186	1,022
	-46,039	-28,038

The effective income tax rate as at 31 December 2012 and 2011 is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Profit before tax	182,089	118,662
Income tax expense	-46,039	-28,038
Effective Income Tax Rate	25.28%	23.63%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2012 and 2011 is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Profit before taxes	182,089	118,662
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-54,627	-35,599
Income taxes for the year	-46,039	-28,038
Difference	8,588	7,561
Accounting revaluations, amortizations, depreciations and provisions	5,403	-835
Capitalisation of deferred tax assets related to tax losses from previous periods	361	8,221
Unrecognised deferred tax assets related to tax losses generated in the period	-4,908	-2,792
Financial investments in associates	1,692	1,432
Difference between gains and accounting gains and losses	-	3,488
Non deductible expenses	-7,753	-1,276
Effect of tax rates in foreign jurisdictions	4,847	-3,175
Tax benefits	4,196	1,896
Other	4,750	602
	8,588	7,561

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The income tax rates in the countries in which the EDP Renováveis Group operates are as follows:

Country	Subgroup	31 Dec 2012	31 Dec 2011
Spain	EDPR EU	30.00%	30.00%
Portugal	EDPR EU	31.50%	29.00%
France	EDPR EU	33.33%	33.33%
Italy	EDPR EU	27.50%	27.50%
Poland	EDPR EU	19.00%	19.00%
Belgium	EDPR EU	33.99%	33.99%
Romania	EDPR EU	16.00%	16.00%
Canada	EDPR Canada	26.50%	26.50%
United States of America	EDPR NA	37.73%	37.22%
Brazil	EDPR BR	34.00%	34.00%

15. PROPERTY, PLANT AND EQUIPMENT

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cost:		
Land and natural resources	24,601	21,389
Buildings and other constructions	16,700	16,053
Plant and machinery:		
Wind generation	11,572,839	10,905,666
Other plant and machinery	6,484	9,151
Office equipment and tools	62,336	48,753
Other tangible fixed assets	14,201	13,675
Assets under construction	1,080,675	1,203,445
	12,777,836	12,218,132
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-447,450	-425,827
Impairment for the period	-53,401	-5,058
Accumulated depreciation	-1,740,078	-1,332,626
	-2,240,929	-1,763,511
Carrying amount	10,536,907	10,454,621

The movement in Property, plant and equipment during 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Land and natural resources	21,389	3,942	-82	-	-417	-231	24,601
Buildings and other constructions	16,053	954	-	-	-366	59	16,700
Plant and machinery:							
Wind generation	10,905,666	9,610	-539	771,474	-114,251	879	11,572,839
Other plant and machinery	9,151	-	-108	61	-	-2,620	6,484
Office equipment and tools	48,753	11,176	-188	3,178	-673	90	62,336
Other tangible fixed assets	13,675	1,660	-13,911	12,875	-82	-16	14,201
Assets under construction	1,203,445	662,760	-4,862	-787,588	6,674	246	1,080,675
	12,218,132	690,102	-19,690	-	-109,115	-1,593	12,777,836

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses:							
Buildings and other constructions	5,487	1,801	-	-	-105	4	7,187
Plant and machinery:							
Wind generation	1,723,783	433,518	52,977	-203	-19,663	-35	2,190,377
Other plant and machinery	8,011	16	-	-108	-	-1,691	6,228
Office equipment and tools	18,222	10,253	2	-188	-318	-17	27,954
Other tangible fixed assets	8,008	1,862	422	-1,033	-76	-	9,183
	1,763,511	447,450	53,401	-1,532	-20,162	-1,739	2,240,929

Plant and Machinery includes the cost of the wind farms under operation.

The caption Changes in perimeter/Other includes mainly the effect of the aquisition of J&Z Wind Farms SP. ZO.O., Pietragalla Eolico S.R.L. and solar photovoltaic companies acquired by EDPR-RO-PV, S.R.L and the sale of the companies holders of the mini-hydrics previously held in Spain (see note 5).

The movement in Property, plant and equipment during 2011, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Land and natural resources	18,867	2,322	-	153	-5	52	21,389
Buildings and other constructions	13,896	146	-24	1,993	158	-116	16,053
Plant and machinery:							
Wind generation	9,536,702	80,835	-6,646	1,158,187	136,548	40	10,905,666
Other plant and machinery	8,917	24	-	-	-	210	9,151
Office equipment and tools	29,186	3,047	-2,262	17,631	990	161	48,753
Other tangible fixed assets	13,846	2,421	-12,501	9,756	85	68	13,675
Assets under construction	1,666,957	741,915	-17,615	-1,187,720	1,010	-1,102	1,203,445
	11,288,371	830,710	-39,048	-	138,786	-687	12,218,132

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses:							
Buildings and other constructions	3,787	1,592	-	-24	145	-13	5,487
Plant and machinery:							
Wind generation	1,274,124	415,583	5,036	-87	29,113	14	1,723,783
Other plant and machinery	7,870	119	-	-	-	22	8,011
Office equipment and tools	13,454	6,714	-	-2,261	314	1	18,222
Other tangible fixed assets	7,365	1,819	22	-1,308	61	49	8,008
	1,306,600	425,827	5,058	-3,680	29,633	73	1,763,511

The caption Changes in perimeter/Other includes the effect of the sale of Subgroup Veinco made by EDPR EU during the first semester of 2011.

During 2011, EDPR Group changed the useful life of wind farms based on a study performed by an independent entity with prospective effect from 1 April of 2011 as described on the note 3 - Critical accounting estimates and judgements in preparing the consolidated financial statements.

Assets under construction as at 31 December 2012 and 2011 are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Electricity business:		
EDPR EU Group	842,278	757,921
EDPR NA Group	212,783	433,240
Other	25,614	12,284
	1,080,675	1,203,445

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Assets under construction as at 31 December 2012 and 2011 for EDPR EU and EDPR NA Group are essentially related to wind farms and solar plants under construction and development.

Financial interests capitalised amount to 15,697 thousands of Euros as at 31 December 2012 (31 December 2011: 33,927 thousands of Euros) (see note 13).

Personnel costs capitalised amount to 15,339 thousands of Euros as at 31 December 2012 (31 December 2011: 23,466 thousands of Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 37 - Commitments.

16. INTANGIBLE ASSETS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cost:		
Industrial property, other rights and other intangible assets	47,221	42,462
Intangible assets under development	4	4
	47,225	42,466
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-1,858	-2,120
Accumulated depreciation	-20,452	-18,527
	-22,310	-20,647
Carrying amount	24,915	21,819

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 30,186 thousands of Euros related to wind generation licenses of EDPR Portugal (31 December 2011: 14,035 thousands of Euros) and EDPR NA Group (31 December 2011: 25,500 thousands of Euros), respectively.

The movement in Intangible assets during 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Industrial property, other rights and other intangible assets	42,462	24	-	-	-601	5,336	47,221
Intangible assets under development	4	-	-	-	-	-	4
	42,466	24	-	-	-601	5,336	47,225

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	20,647	1,858	-	-	-154	-41	22,310
	20,647	1,858	-	-	-154	-41	22,310

The movement in Intangible assets during 2011, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Industrial property, other rights and other intangible assets	41,069	5	-	-	620	768	42,462
Intangible assets under development	-	4	-	-	-	-	4
	41,069	9	-	-	620	768	42,466

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	18,342	2,120	-	-	250	-65	20,647
	18,342	2,120	-	-	250	-65	20,647

17. GOODWILL

For the Group, the breakdown of **Goodwill** resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

Thousands of Euros	Functional Currency	31 Dec 2012	31 Dec 2011
Electricity business:			
Goodwill booked in EDPR EU Group	Euro, Lei, Zloty	700,234	698,403
EDPR Spain Group	Euro	534,610	534,642
EDPR Portugal Group	Euro	42,588	42,588
EDPR France Group	Euro	65,752	65,752
EDPR Italia Group	Euro	23,044	23,044
Other	Euro, Lei, Zloty	34,240	32,377
Goodwill booked in EDPR NA Group	US Dollar	600,302	611,882
Goodwill booked in EDPR BR Group	Brazilian Real	1,394	1,560
		1,301,930	1,311,845

The movements in Goodwill, by subgroup, during 2012 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Electricity Business							
EDPR EU Group							
EDPR Spain Group	534,642	-	-32	-	-	-	534,610
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	65,753	-	-	-	-	-	65,753
EDPR Italia Group	23,044	-	-	-	-	-	23,044
Other	32,376	164	-	-	1,699	-	34,239
EDPR NA Group	611,882	-	-	-	-11,580	-	600,302
EDPR BR Group	1,560	-	-	-	-166	-	1,394
	1,311,845	164	-32	-	-10,047	-	1,301,930

The movements in Goodwill, by subgroup, during 2011 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Electricity Business							
EDPR EU Group							
EDPR Spain Group	547,488	-	-12,846	-	-	-	534,642
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	66,504	-	-	-751	-	-	65,753
EDPR Italia Group	57,781	-	-	-34,737	-	-	23,044
Other	35,031	-	-	-	-2,655	-	32,376
EDPR NA Group	592,915	-	-	-	18,967	-	611,882
EDPR BR Group	1,699	-	-	-	-139	-	1,560
	1,344,006	-	-12,846	-35,488	16,173	-	1,311,845

In 2011, the decrease in EDPR Spain Group goodwill of 12,846 thousands of Euros is related with the final price of the liability related with the put option of Caja Madrid over the non-controlling interests held by this entity over EDP Renovables España (3,363 thousands of Euros) and the sale of Subgroup Veinco (9,483 thousands of Euros). This shareholding was sold by 15,8 million of Euros generating a gain of 732 thousands of Euros.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

In 2011, the update of the assumptions in the estimates of MW to install and the energy prices resulted in an impairment in EDPR Italia Group of 34,737 thousands of Euros (see notes 8 and 12).

Other information for purchase price allocation and business combinations included in 2012

EDPR Italia Group

During 2012 the EDPR Group acquired 100% of the share capital of the company Pietragalla Eolico S.R.L. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 2,639 thousands of Euros (see note 8).

Thousands of Euros	Book value	PPA	Assets and Liabilities at fair value
Property, plant and equipment	1,227	10,300	11,527
Other assets (including licenses)	-	-	-
Total assets	1,227	10,300	11,527
Deferred tax liabilities	-	2,833	2,833
Current liabilities	1,035	-	1,035
Total liabilities	1,035	2,833	3,868
Net assets acquired	192	7,467	7,659
Consideration transferred	5,020		5,020
Badwill			-2,639

Other

During 2012 the EDPR Solar Romania acquired 99.99% of the share capital of the companies Cujmir Solar S.R.L., Foton Delta S.R.L., Foton Epsilon S.R.L., Potelu Solar S.R.L., Studina Solar S.R.L. and Vanju Mare Solar S.R.L. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 29,754 thousands of Euros (see note 8).

Thousands of Euros	Book value	PPA	Assets and Liabilities at fair value
Property, plant and equipment	26	43,305	43,331
Other assets (including licenses)	500	14,167	14,667
Total assets	526	57,472	57,998
Deferred tax liabilities	-	9,195	9,195
Current liabilities	513	-	513
Total liabilities	513	9,195	9,708
Net assets acquired	13	48,277	48,290
Consideration transferred	18,536		18,536
Badwill			-29,754

During 2012 the EDPR Group has paid an amount of 30,279 thousands of Euros (31 December 2011: 15,317 thousands of Euros) for business combinations and success fees related to acquisition of the companies of EDPR Spain Group (2,325 thousands of Euros), EDPR Poland Group (7,348 thousands of Euros), EDPR Solar Romania (8,801 thousands of Euros), EDPR Italia Group (2,520 thousands of Euros), EDPR Canada Group (4,807 thousands of Euros) and Other (4,478 thousands of Euros wich 3,200 thousands of Euros related with EDPR Belgium Group).

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use. Goodwill is allocated to each country where EDPR Group performs its activity, so the EDPR Group aggregate all the CGUs cash flows in each country in order to calculate the recoverable amount of goodwill allocated.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The future cash flows projection period used is the useful life of the assets (25 years) which is consistent with the current depreciation method. The cash flows also incorporate the long-term off-take contract in place and long-term estimates of power prices, whenever the asset holds merchant exposure.

The main assumptions used for the impairment tests are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production and priority dispatching whenever weather conditions permit;

- Electricity remuneration: regulated or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output during all or part of their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data references;

- New capacity: tests were based on the best information available on the wind farms expected to be built in coming years, adjusted by probability of success and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections. The tests considered the contracted and expected prices to buy turbines from various suppliers;

- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;

- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation;

- Discount rate: the discount rates used are post-tax, reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

	2012	2011
Portugal and Spain	7.0% - 7.1%	6.7%
United States	5.5% - 6.8%	5.0% - 6.9%
Rest of Europe	5.9% - 8.2%	6.0% - 8.6%

Impairment tests done have taken into account the regulation changes in each country, as disclosed in note 1.

EDPR has performed a series of sensitivity analyses of the results of impairment tests to reasonable changes in some of the key variables, such as:
- EDPR NA, decrease in the Net Capacity Factors of 2.1%;
- EDPR NA, 10% reduction of Merchant Prices;
- EDPR EU, decrease of the terminal value until 10%.

Furthermore, EDPR Group has done an additional sensitivity analysis increasing 100 basis points the discount rate used in case base for EDPR NA and EDPR EU CGU's. These sensitivity analyses performed for each assumption independently would not suppose any impairment for the goodwill allocated to each country.

18. INVESTMENTS IN ASSOCIATES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Investments in associates:		
Equity holdings in associates	47,473	51,381
Carrying amount	47,473	51,381

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of associated companies is presented in this caption, included in the total amount of Equity holdings in associates.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The breakdown of **Investments in associates** , is analysed as follows:

Thousands of Euros	31 Dec 2012 Investment	31 Dec 2012 Impairment
Associated companies:		
Seaenergy Renewables Inch Cape Limited	14,498	-
Desarrollos Eólicos de Canárias, S.A.	9,933	-
ENEOP - Éolicas de Portugal, S.A.	9,908	-
Parque Eólico Sierra del Madero S.A.	7,043	-
Other	6,091	-
	47,473	-

Thousands of Euros	31 Dec 2011 Investment	31 Dec 2011 Impairment
Associated companies:		
Seaenergy Renewables Inch Cape Limited	14,951	-
Desarrollos Eólicos de Canárias, S.A.	12,372	-
ENEOP - Éolicas de Portugal, S.A.	10,696	-
Parque Eólico Sierra del Madero S.A.	5,040	-
Other	8,322	-
	51,381	-

The movement in **Investments in associates** , is analysed as follows:

Thousands of Euros	2012	2011
Balance as at 1 January	51,381	45,871
Acquisitions	-	13,592
Disposals	-2,389	-3
Share of profits of associates	6,833	4,796
Dividends received	-3,512	-3,412
Exchange differences	42	1,419
Changes in consolidation method	-	-4,790
Others	-4,882	-6,092
Balance as at 31 December	47,473	51,381

Disposals are related with the sale of Hidroastur, S.A. ,included in the caption Others investments in associates, by Generaciones Especiales I, S.L. (see note 5).

19. AVAILABLE FOR SALE FINANCIAL ASSETS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Parque Eólico Montes de las Navas, S.L.	8,636	8,847
Other	771	771
	9,407	9,618

The assumptions used in the valuation models of available for sale financial assets are as the same used to the impairment tests.

The interest in share capital, voting rights, net assets and net income of the last approved financial statements of the investments classified as available for sale financial assets are analysed as follows:

	Head office	% of share capital	Voting rights	Net assets	Net income
Parque Eólico Montes de las Navas, S.L.	Madrid	17.00%	17.00%	27,122	3,772

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

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	
Thousands of Euros	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Tax losses brought forward	632,050	540,156	-	-
Provisions	11,497	7,796	4,896	-
Derivative financial instruments	15,720	13,091	361	49
Property, plant and equipment	24,662	19,646	315,013	225,121
Allocation of fair value to assets and liabilities	-	-	418,434	425,145
Income from institutional partnerships in US wind farms	-	-	251,786	271,959
Non-deductible financial expenses	16,230	-	-	-
Netting of deferred tax assets and liabilities	-611,281	-543,013	-611,281	-543,013
Other	500	17,882	1,383	2,207
	89,378	55,558	380,592	381,468

The movement in deferred tax assets and liabilities is mainly related to Europe and United States of America, as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Europe:				
Tax losses brought forward	24,541	19,733	-	-
Provisions	8,821	7,468	4,896	-
Derivative financial instruments	15,953	7,285	361	49
Property, plant and equipment	22,316	19,646	15,142	1,098
Non-deductible financial expenses	16,230	-	-	-
Allocation of fair value to assets and liabilities	-	-	331,673	351,780
Other	500	1,098	1,342	2,207
	88,361	55,230	353,414	355,134
United States of America:				
Tax losses brought forward	606,550	520,423	-	-
Provisions	2,356	-	-	-
Derivative financial instruments	-233	5,806	-	-
Property, plant and equipment	2,346	-	299,803	224,023
Allocation of fair value to assets and liabilities	-	-	81,288	66,902
Income from institutional partnerships in US wind farms	-	-	251,786	271,959
Netting of deferred tax assets and liabilities	-611,019	-543,013	-611,019	-543,013
Other	-	16,784	-	-
	-	-	21,858	19,871

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Opening balance	55,558	38,519	-381,468	-371,600
Movements charged to the profit and loss account	27,257	18,417	11,928	-16,563
Movements charged to reserves	8,621	-1,107	1,173	2
Exchange differences and other movements	-2,058	-271	-12,225	6,693
	89,378	55,558	-380,592	-381,468

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The Group tax losses and tax credits carried forward are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Expiration date:		
2012	-	352
2013	249	249
2014	264	239
2015	108	7 556
2016	1,505	20 882
2017	3,649	742
2018 to 2032	1,659,359	1 363 370
Without expiration date	268,983	275 396
	1,934,117	1,668,786

21. INVENTORIES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Advances on account of purchases	5,547	8,344
Finished and intermediate products	3,469	12,194
Raw and subsidiary materials and consumables	7,193	3,213
	16,209	23,751

The Finished and intermediate products are essentially related with wind farms under construction.

22. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Trade receivables - Current:		
Europe:		
Spain	67,141	64,424
Romania	26,467	5,440
Poland	13,356	12,420
Portugal	12,210	11,803
Rest of Europe	15,798	15,451
	134,972	109,538
United States of America	42,575	31,660
Other	4,054	6,344
	181,601	147,542
Impairment losses	-1,342	-1,437
	180,259	146,105

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

23. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Debtors and other assets from commercial activities - Current:		
Prepaid turbine maintenance	7,140	6,775
Services rendered	10,648	5,167
Advances to suppliers	49,516	45,445
Sundry debtors and other operations	36,861	22,642
	104,165	80,029
Debtors and other assets from commercial activities - Non-current:		
Deferred costs (EDPR Portugal Group)	42,809	44,715
Sundry debtors and other operations	12,344	19,496
	55,153	64,211
	159,318	144,240

Deferred costs (EDPR Portugal Group) - non-current relates to up-front rents and surface rights paid to land owners and up-front network rents paid to EDP Distribuição. These costs are deferred on the balance sheet and recognised on a straight line basis over the estimated useful life of the assets.

Advances to suppliers include downpayment advances to equipment manufacturers and suppliers.

24. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Other debtors and other assets - Current:		
Loans to related parties	302,214	324,242
Derivative financial instruments	7,323	9,430
Guarantees and tied deposits	15,067	14,943
Sundry debtors and other operations	10,605	30,631
	335,209	379,246
Other debtors and other assets - Non-current:		
Loans to related parties	236,196	123,560
Guarantees and tied deposits	48,484	45,828
Derivative financial instruments	5,145	8,650
Sundry debtors and other operations	9,828	7,286
	299,653	185,324
	634,862	564,570

Loans to related parties - Current includes mainly 62,138 thousands of Euros of loans granted by EDP Renováveis, S.A. to EDP Servicios Financieros España, S.A., 189,114 thousands of Euros (31 December 2011: 198,713 thousands of Euros) of loans granted by EDP Renováveis, S.A. to EDP S.A. - Sucursal en España, 7,896 thousands of Euros (99,324 thousands of Euros) of loans granted by EDP Renováveis Portugal, S.A. to ENEOP - Eólicas de Portugal, S.A. and 28,244 thousands of Euros (31 December 2011: 19,920 thousands of Euros) of loans granted by EDPR Europe, S.L. to EDP S.A. - Sucursal en España.

Loans to related parties - Non-current includes mainly 232,200 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2011: 117,880 thousands of Euros).

Guarantees and tied deposits - non current refer to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

25. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
State and other public entities:		
Income tax	16,243	15,163
Value added tax (VAT)	33,610	21,738
Other taxes	5,236	4,387
	55,089	41,288

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cash:		
Cash in hand	2	2
Bank deposits:		
Current deposits	240,667	188,607
Specific demand deposits in relation to institutional partnerships	65	24,636
Other deposits	5,103	6,677
	245,835	219,920
Cash and cash equivalents	245,837	219,922

During 2012, cash was distributed to institutional equity partnership.

27. CAPITAL

At 31 December 2012 and 2011, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

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

Main shareholders and shares held by company officers

EDP Renováveis, S.A. shareholder's structure as at 31 December 2012 is analysed as follows:

	No. of Shares	% Capital	% Voting
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	541,027,156	62.02%	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%	15.51%
Other(*)	196,024,306	22.47%	22.47%
	872,308,162	**100.00%**	**100.00%**

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008, the Company carried out various share capital increases, which were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDPR EU.

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

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Earning per share attributable to the shareholders of EDPR are analysed as follows:

	31 Dec 2012	31 Dec 2011
Profit attributable to the equity holders of the parent (in thousands of Euros)	126,266	88,604
Profit from continuing operations attributable to the equity holders of the parent (in thousands of Euros)	126,266	88,604
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.14	0.10
Earnings per share (diluted) attributable to equity holders of the parent (in Euros	0.14	0.10
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.14	0.10
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.14	0.10

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2012 and 2011.

The average number of shares was determined as follows:

	31 Dec 2012	31 Dec 2011
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the year	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the year	872,308,162	872,308,162
Diluted average number of shares during the year	872,308,162	872,308,162

28. RESERVES AND RETAINED EARNINGS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Reserves:		
Fair value reserve (cash flow hedge)	-46,185	-14,118
Fair value reserve (available for sale financial assets)	4,446	4,575
Exchange differences arising on consolidation	-32,646	-31,002
	-74,385	-40,545
Other reserves and retained earnings:		
Retained earnings	372,944	286,175
Additional paid in capital	60,666	60,666
Legal reserve	24,592	18,690
	458,202	365,531
	383,817	324,986

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2012 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	50,838,439.82
Distribution	
Legal reserve	5,083,843.98
Dividends	34,892,326.48
Retained earnings	10,862,269.36
	50,838,439.82

The EDP Renováveis, S.A. 2011 profits distribution approved in the Annual General Meeting on 13 April2012 was as follows:

	Euros
Profit for the period	59,018,372.50
Distribution	
Legal reserve	5,901,837.25
Retained earnings	53,116,535.25
	59,018,372.50

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available for sale financial assets as at the balance sheet date.

Thousands of Euros	
Balance as at 1 January 2011	10,980
Sociedad Eólica de Andalucia	-7,725
Parque Eólico Montes de las Navas, S.L.	1,320
Balance as at 31 December 2011	4,575
Parque Eólico Montes de las Navas, S.L.	-129
Balance as at 31 December 2012	4,446

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statments of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the condensed consolidated financial statements are as follows:

		Exchange rates as at 31 December 2012		Exchange rates as at 31 December 2011	
Currency		Closing Rate	Average Rate	Closing Rate	Average Rate
US Dollar	USD	1.319	1.285	1.294	1.392
Zloty	PLN	4.074	4.185	4.458	4.121
Brazilian Real	BRL	2.704	2.508	2.416	2.327
New Leu	RON	4.445	4.459	4.323	4.239
Pound Sterling	GBP	0.816	0.811	0.835	0.868
Canadian Dollar	CAD	1.314	1.284	1.322	1.376

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

29. NON-CONTROLLING INTERESTS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Non-controlling interests in income statement	9,784	2,020
Non-controlling interests in share capital and reserves	315,384	124,539
	325,168	126,559

Non-controlling interests , by subgroup, are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
EDPR NA Group	176,825	-
EDPR EU Group	115,389	115,937
EDPR BR Group	32,954	10,622
	325,168	126,559

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits of the year attributable to non-controlling interests of 9,784 thousands of Euros; (ii) sale without loss of control of Vento II (EDPR NA Group) attributable to non-controlling interests of 176,761 thousands of Euros (see note 5); (iii) share capital increases from non-controlling interests of EDP Renováveis Brasil, S.A. totalling 26,443 thousands of Euros; (iv) dividends paid by EDPR EU to non-controlling interests amount to 4,805 thousands of Euros; (v) a negative effect due to Exchange differences arising on consolidation attributable to non-controlling interests totalling 6,861; (vi) and a negative variation of the fair value reserve attributable to non-controlling interests amounting 5,453 thousands of Euros.

30. FINANCIAL DEBT

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Financial debt - Current		
Bank loans:		
EDPR EU Group	77,777	66,876
EDPR BR Group	17,709	59,165
Loans from shareholders of group entities:		
EDP Renováveis, S.A.	113,644	-
Other loans:		
EDPR EU Group	1,763	2,061
EDPR NA Group	1,122	1,050
Interest payable	5,222	5,902
	217,237	135,054
Financial debt - Non-current		
Bank loans:		
EDPR EU Group	718,681	588,353
EDPR BR Group	73,501	91,997
Loans from shareholders of group entities:		
EDP Renováveis, S.A.	2,843,114	2,986,433
Other loans:		
EDPR EU Group	20,521	21,893
EDPR NA Group	1,266	2,392
	3,657,083	3,691,068
	3,874,320	3,826,122

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2.843.114 thousands of Euros). These loans have an average maturity of 6 years and bear interest at fixed market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2012, these financings amount to 815,562 thousands of Euros (31 December 2011: 670,840 thousands of Euros), which are included in the total debt of the Group.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The breakdown of **Financial debt** by maturity, is as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Bank loans:		
Up to 1 year	100,270	129,512
1 to 5 years	319,176	295,382
Over 5 years	473,006	384,968
	892,452	809,862
Loans from shareholders of group entities:		
Up to 1 year	114,082	2,431
1 to 5 years	241,000	241,000
Over 5 years	2,602,114	2,745,433
	2,957,196	2,988,864
Other loans:		
Up to 1 year	2,885	3,111
1 to 5 years	21,787	24,285
Over 5 years	-	-
	24,672	27,396
	3,874,320	3,826,122

The fair value of EDP Renováveis Group's debt is analysed as follows:

	31 Dec 2012		31 Dec 2011	
Thousands of Euros	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Current	217,237	217,237	135,054	135,054
Financial debt - Non-current	3,657,083	3,468,395	3,691,068	3,262,999
	3,874,320	3,685,632	3,826,122	3,398,053

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

As at 31 December 2012, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2013	2014	2015	2016	2017	Subsequent years
Debt and borrowings - Current	217,237	217,237	-	-	-	-	-
Debt and borrowings - Non -current	3,657,083	-	102,890	84,135	329,892	65,046	3,075,120
	3,874,320	217,237	102,890	84,135	329,892	65,046	3,075,120

The breakdown of guarantees is presented in note 38 to the financial statments accounts.

The breakdown of Financial debt, by currency, is as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Loans denominated in EUR	2,173,786	2,035,563
Loans denominated in USD	1,508,329	1,538,832
Loans denominated in other currencies	192,205	251,727
	3,874,320	3,826,122

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

31. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Dismantling and decommission provisions	63,336	57,694
Provision for other liabilities and charges	267	288
	63,603	57,982

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring sites and land to their original condition, in accordance with the accounting policy described in Note 2 o). The above amount respects to 37,652 thousands of Euros for wind farms in the United States of America (31 December 2011: 34,523 thousands of Euros), 15,968 thousands of Euros for wind farms in Spain (31 December 2011: 14,507 thousands of Euros), 4,087 thousands of Euros for wind farms in Portugal (31 December 2011: 3,768 thousands of Euros), 874 thousands of Euros for wind farms in Brazil (31 December 2011: 896 thousands of Euros), 1,879 thousands of Euros for wind farms in France (31 December 2011: 1,622 thousands of Euros), 1,498 thousands of Euros for wind farms in Romania (31 December 2011: 1,165 thousands of Euros), 1,030 thousands of Euros for wind farms in Poland (31 December 2011: 886 thousands of Euros) and 348 thousands of Euros for wind farms in Belgium (31 December 2011: 327 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

As at 31 December 2012 and 2011, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	57,694	53,156
Capitalised amount for the year	3,092	452
Unwinding	3,366	2,995
Other and exchange differences	-816	1,091
Balance at the end of the year	63,336	57,694

Capitalised amount for the year and other includes the impact of the update of dismantling provisions assumptions.

The movements in Provision for other liabilities and charges are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	288	631
Write back for the year	-3	-266
Other and exchange differences	-18	-77
Balance at the end of the year	267	288

32. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Deferred income related to benefits provided	737,598	773,252
Liabilities arising from institutional partnerships in US wind farms	942,155	1,010,609
	1,679,753	1,783,861

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The movements in Institutional partnerships in US wind farms are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	1,783,861	1,632,418
Proceeds received from institutional investors	-	153,192
Cash paid for deferred transaction costs	-176	-871
Cash paid to institutional investors	-14,983	-11,966
Income (see note 7)	-127,350	-111,610
Unwinding (see note 13)	68,431	62,538
Exchange differences	-32,601	60,160
Others	2,571	-
Balance at the end of the year	1,679,753	1,783,861

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

As referred in the note 2 a), EDPR Group change the presentation of Deferred tax equity costs to be deducted to the caption Institutional partnerships in US wind farms. Prior to 2012, amounts included in transaction costs related to institutional partnerships were included as a component of Other debtors and other assets non-current. In 2012, EDPR Group included these transaction costs as a reduction of Institutional partnerships in USA wind farms instead of an asset. In accordance with IAS 1, the Group has retrospectively reclassified amounts within 2011 comparative figures to conform to this change in presentation. The Group reclassified 12,948 thousands of Euros as at 31 December 2011 from Other debtors and other assets non-current - sundry debtors and other operations to Institutional partnerships in US wind farms.

During 2011 EDPR Group, through its subsidiary EDPR NA, has secured 116 millions of USD (approximately 83 millions of Euros) of institutional equity financing from Bank of America Corporation and Paribas North America in exchange for an interest in the Vento IX portfolio and 124 millions of USD which 97 millions of USD (approximately 70 millions of Euros) were realized upfront of institutional equity financing from JPM Capital Corporation and Wells Fargo Wind Holdings in exchange for an interest in Vento X Portofolio.

33. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Trade and other payables from commercial activities - Current:		
Suppliers	78,341	82,972
Property and equipment suppliers	579,540	582,280
Holiday pay, bonus and other charges with employees	14,999	20,584
Other creditors and sundry operations	31,730	21,754
	704,610	707,590
Trade and other payables from commercial activities - Non-current:		
Government grants / subsidies for investments in fixed assets	323,763	339,209
Electricity sale contracts - EDPR NA	49,449	61,663
Other creditors and sundry operations	3,291	3,361
	376,503	404,233
	1,081,113	1,111,823

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government (see note 1).

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other operational income (see note 8).

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

34. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Other liabilities and other payables - Current:		
Success fees payable for the acquisition of subsidiaries	11,663	207
Derivative financial instruments	63,079	129,582
Other operations with related parties	37,700	37,891
Other creditors and sundry operations	45,434	21,439
	157,876	189,119
Other liabilities and other payables - Non-current:		
Success fees payable for the acquisition of subsidiaries	39,496	48,053
Payables - Group companies	30,864	31,103
Derivative financial instruments	182,318	106,115
Other creditors and sundry operations	6,146	3,979
	258,824	189,250
	416,700	378,369

Success fees payable for the acquisition of subsidiaries current and non-currents includes mainly the amounts related to the contingent prices of the acquisitions of EDPR Italy, Relax Wind Group, EDPR Romania, Greenwind, Bodzanow, Starozreby, Wyszorod, Elektrownia Wiatrowa Kresy, Elebrás and solar photovoltaic companies held by EDPR-RO-PV, S.R.L (see note 5).

Derivative financial instruments current and non-current includes 128,493 and 41,369 thousands of Euros respectively (December 2011: 129,276 and 79,184 thousands of Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 36).

Other creditors and sundry operations - current include 35,220 thousands of Euros (December 2011: 18,148 thousands of Euros) related with the estimated corporate income tax.

Additionally, Other creditors and sundry operations current and non-current include the amounts of 3,572 and 4,213 thousands of Euros related with non-controlling interests, respectively (December 2011: 3,356 and 756 thousands of Euros).

According to Spanish law 15/2010 of 5 July the Group disclose the details of payments made from Spanish companies to suppliers during the year 2012 (distinguishing those who have exceeded the legal limits of postponement), the average payments period, the outstanding balances that at 31 December 2012 and 2011 with an overdue greater than the legal period, are the following:

	Payments and outstandig payments at year end			
	31 Dec 2012		31 Dec 2011	
Thousands of Euros	Value	%	Value	%
Within the legal deadline	197,375	82.28%	200,088	48.19%
Rest	42,503	17.72%	215,150	51.81%
Total payments for the year	239,878	100.00%	415,238	100.00%
Average payment period (days)	66.55		31.76	
Outstanding balances with an overdue greater than the legal period	16,212		27,873	

At 31 December 2012, the outstanding balances with an overdue greater then the legal period includes 10,560 thousands of Euros regarding group companies (31 December 2011: 22,165 thousands of Euros).

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

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

35. CURRENT TAX LIABILITIES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
State and other public entities:		
Income tax	17,283	8,838
Withholding tax	18,193	24,026
Value added tax (VAT)	17,877	15,320
Other taxes	3,490	3,232
	56,843	51,416

36. DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with IAS 39, the Group classifies the derivative financial instruments as a fair value hedge of an asset or liability recognised, as a cash flow hedge of recorded liabilities and forecast transactions considered highly probable or net investment hedge in foreign operations.

As of 31 December 2012, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	From 1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	3,646	-170,296	1,132,501	122,412	693,674	1,948,587
	3,646	-170,296	1,132,501	122,412	693,674	1,948,587
Cash flow hedge						
Power price swaps	5,589	-3,316	230,797	98,354	-	329,151
Interest rate swaps	-	-54,288	120,888	187,975	270,335	579,198
	5,589	-57,604	351,685	286,329	270,335	908,349
Trading						
Power price swaps	3,233	-3,324	19,012	898	-	19,910
Interest rate swaps	-	-172	470	1,881	470	2,821
Cross currency rate swaps	-	-1,045	-	57,000	-	57,000
Currency forwards	-	-12,956	428,744	9,290	-	438,034
	3,233	-17,497	448,226	69,069	470	517,765
	12,468	-245,397	1,932,412	477,810	964,479	3,374,701

As of 31 December 2011, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	7,807	-208,460	1,132,501	77,008	693,674	1,903,183
	7,807	-208,460	1,132,501	77,008	693,674	1,903,183
Cash flow hedge						
Power price swaps	5,961	-29	61,500	1,098	-	62,598
Interest rate swaps	5	-26,931	41,846	184,337	198,763	424,946
	5,966	-26,960	103,346	185,435	198,763	487,544
Trading						
Power price swaps	2,251	-277	2,101	551	-	2,652
Currency forwards	2,056	-	38,803	-	-	38,803
	4,307	-277	40,904	551	-	41,455
	18,080	-235,697	1,276,751	262,994	892,437	2,432,182

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 24) or Other liabilities and other payables (note 34), if the fair value is positive or negative, respectively.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 38 and 39. The fair value is based on internal valuation models, as described in note 39. The net investment derivatives also include CIRS in PLN and BRL with EDP with the purpose of hedging EDP Renováveis Group's operations in Poland and Brazil.

Interest rate swaps are related to the project finances and have been formalised to convert variable to fixed interest rates.

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short term volatility of certain un-contracted generation of its wind farms.

In certain US power markets, EDPR NA is exposed to congestion and line loss risks which typically have a negative impact on the price received for power generated in these markets. To economically hedge these risk exposures, EDPR NA entered into Financial Transmission Rights ("FTR") and a three year fixed for floating Locational Marginal Price (LMP) swap.

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting.

Fair value of derivatives is based on quotes indicated by external entities (investment banks). These entities use discount cash flows techniques usually accepted and data from public markets.

The changes in the fair value of hedging instruments and risks being hedged are as follows:

			31 Dec 2012		31 Dec 2011	
			Changes in fair value		Changes in fair value	
Thousands of Euros	Hedging instrument	Hedged item	Instrument	Risk	Instrument	Risk
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN and BRL	34,014	-33,410	-55,530	55,530
Cashflow hedge	Interest rate swap	Interest rate	-33,953	-	-15,999	-
Cashflow hedge	Power price swaps	Power price	-3,670	-	6,219	-
Cashflow hedge	Currency forward	Exchange rate	-	-	2,789	-
			-3,609	-33,410	-62,521	55,530

The movements in cash flow hedge reserve have been as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	-24,458	-13,632
Fair value changes		
Interest rate swaps	-33,659	-16,333
Power price swaps	-5,449	6,110
Currency forward	-	2,789
Loans as hedging instruments for Green Certificates	-4,487	-
Transfers to results	-2,249	-4,502
Ineffectiveness	-	1
Non-controlling interests included in fair value changes	7,375	1,109
Effect of the sale without loss of control of Vento II	-1,473	-
Balance at the end of the year	-64,400	-24,458

During the 3rd quarter of 2012, EDPR adopted cashflow hedge accounting in order to hedge exchange rate risk in the future sell of green certificates granted to Cerdanova and Pestera windfarms in Roménia. The sell price is indexed to EUR/RON exchange rate for which EDPR elected as hedging instrument the project finance loans contracted in EUR for those projects.

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Net investment hedge - inefectiveness	604	-
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	944	3,117
Transfer to results from hedging of commodity prices	1,305	1,385
Ineffectiveness	-	-1
Non eligible for hedge accounting derivatives	-12,363	2,653
	-9,510	7,154

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The amount from transfers to results from hedging of commodity prices is registered in Revenues while the remaining gains and losses are registered in Financial income and Financial expense, respectively (see note 13).

The effective interest rates for derivative financial instruments associated with financing operations during 2012, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts			
Interest rate swaps	EUR	[1,36% - 5,01%]	[0,18% - 0,75%]
Interest rate swaps	PLN	5.41%	4.22%
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[0,35% - 4%]	[0,2% - 3,9%]
CIRS (currency interest rate swaps)	EUR/BRL	[5,38% - 5,65%]	[0,19% - 0,22%]
CIRS (currency interest rate swaps)	EUR/PLN	[3,16% - 3,84%]	0.19%

The effective interest rates for derivative financial instruments associated with financing operations during 2011, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts			
Interest rate swaps	EUR	[2.68% - 5.01%]	[1.43% - 1.81%]
Interest rate swaps	PLN	5.41%	4.90%
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1,48% - 2,83%]	[2,17% - 3,47%]
CIRS (currency interest rate swaps)	EUR/PLN	[3,91% - 4,03%]	1.39%

37. COMMITMENTS

As at 31 December 2012 and 31 December 2011, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Guarantees of financial nature		
EDPR NA Group	3,411	3,478
EDPR EU Group	-	2,178
	3,411	5,656
Guarantees of operational nature		
EDP Renováveis, S.A.	762,197	655,213
EDPR NA Group	368,113	408,147
EDPR EU Group	69,285	36,954
EDPR BR Group	9,215	100
	1,208,810	1,100,414
Total	1,212,221	1,106,070
Real guarantees	14,065	16,512

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2012, these financings amount to 815,562 thousands of Euros (31 December 2011: 670,840 thousands of Euros), which are included in the total debt of the Group.

In addition, regarding the information disclosed above, EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 December 2012 and 2011, EDPR's obligations under the tax equity agreements, in the amount of 901,301 thousands of Euros and 942,123 thousands of Euros, respectively are reflected in the statement of financial position under the caption Institutional Partnerships in US Wind farms.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

	31 Dec 2012				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,881,982	278,215	537,579	735,867	3,330,321
Operating lease rents not yet due	978,488	37,759	77,249	76,600	786,880
Purchase obligations	686,894	369,037	144,244	43,511	130,102
	6,547,364	685,011	759,072	855,978	4,247,303

	31 Dec 2011				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	5,184,933	326,786	545,454	515,460	3,797,233
Operating lease rents not yet due	918,874	35,694	72,745	70,520	739,915
Purchase obligations	1,619,040	906,488	669,351	23,917	19,284
	7,722,847	1,268,968	1,287,550	609,897	4,556,432

Purchase obligations include debts related with long-term agreements of product and services supply related to the Group operational activity. When prices are defined under "forward" contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

As at 31 December 2012 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR FR, holds a call option over Cajastur for all the shares held by Cajastur on company "Quinze Mines" (51% of share capital). Cajastur holds an equivalent put option on these shares over EDPR FR. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 17 July 2014 and 17 July 2016, inclusively.

- EDP Renováveis, through its subsidiary EDPR FR, holds a call option over Cajastur for 51% of interest held by Cajastur in the companies Sauvageons, Le Mee and Petite Pièce. Cajastur holds an equivalent put option on these shares over EDPR FR. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 1 January 2013 and 31 December 2014, inclusively.

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of remaining 6.48% of the share capital of EDPR Itália, with an exercise price based on an independent process evaluation conducted by an independent expert. Energia in Natura, S.r.l. holds a put option for 6.48% of the share capital of EDPR Itália, whose exercise price over 85% of market value of participation. The exercise period of the options is 2 years after occurrence of one of the following events:

- Fifth anniversary of the execution of the shareholders agreement (27 January 2015);
- When EDP Renováveis Italy is able to build, develop and operate 350 MW in Italy.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation.

- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019.

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

38. RELATED PARTIES

The number of shares held by company officers as at 31 December 2012 and 2011 are as follows:

	31 Dec 2012 No. of shares	31 Dec 2011 No. of shares
Executive Board of Directors		
António Luís Guerra Nunes Mexia	4,200	4,200
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Rui Manuel Rodrigues Lopes Teixeira	12,370	10,505
Gabriel Alonso Imaz	26,503	18,503
João José Belard da Fonseca Lopes Raimundo	840	840
João Manuel de Mello Franco	380	380
João Manuel Veríssimo Marques da Cruz	1,200	-
João Paulo Nogueira Sousa Costeira	3,000	3,000
Jorge Manuel Azevedo Henriques dos Santos	200	200
José Fernando Maia de Araújo e Silva	80	80
	53,773	**42,708**

According to Article 229° of "Ley de Sociedades de Capital" (Spanish Companies Law), the members of the Board of Directors of EDP Renováveis have not communicated, or the parent company has knowledge, of any conflict of interests or incompatablity that could affect the performance of their duties.

The board members of the parent company, complying with the article 229° of the Spanish Companies Law, declared that they and their related parties do not exercise positions of responsibility in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, and they do not have exercised by their own or through third entities any activity in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, with the following exceptions:

Board Member Company	Position
António Luís Guerra Nunes Mexia	
EDP - Energias de Portugal, S.A.	Chairperson of the Executive Board of Directors
EDP - Energias do Brasil, S.A.	Chairperson of the Board of Directors
EDP Finance BV	Representative
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
João Manuel Manso Neto:	
Naturgás Energia, S.A.	Member of the Board
EDP - Energias de Portugal, S.A.	Member of the Board
EDP Finance BV	Representative
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Gás.com - Comércio de Gás Natural, S.A.	Chairperson of the Board of Directors
Hidroeléctrica del Cantábrico, S.A.	Vice-Chairperson of the Board of Directors
ENEOP - Eólicas de Portugal, S.A.	Chairperson of the Board of Directors
Elétrica de La Ribera del Ebro, S.A.	Chairperson of the Board of Directors
Hidrocantábrico Energia , S.A.U.	Chairperson of the Board of Directors
EDP Energia Ibérica S.A.	Member of the Board
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	Member of the Board
EDP - Energias do Brasil, S.A.	Member of the Board
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Finance BV	Representative
EDP - Estudos e Consultoria, S.A.	Chairperson of the Board of Directors
EDP - Imobiliária e Participacões, S.A.	Chairperson of the Board of Directors
Energia RE, S.A.	Chairperson of the Board of Directors
SCS–Serviços Complementares de Saúde,S.A.	Chairperson of the Board of Directors
Sãvida - Medicina Apoiada, S.A.	Chairperson of the Board of Directors
Hidroeléctrica del Cantábrico, S.A.	Member of the Board
Balwerk - Consultadoria Económica e Participacões, Soc.Unip.Lda	Manager

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Board Member Company	Position
João Manuel Veríssimo Marques da Cruz:	
EDP - Energias de Portugal, S.A.	Member of the Board
EDP — Ásia Investimentos e Consultoria, Lda.	Chairperson of the Board of Directors
EDP — Ásia Soluções Energéticas Lda.	Chairperson of the Board of Directors
EDP Valor - Gestão Integrada de Servicos, S.A.	Chairperson of the Board of Directors
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Finance BV	Representative
Companhia de Electricidade de Macau - CEM, S.A.	Chairperson
Manuel Menéndez Menéndez:	
Naturgás Energía, S.A.	Chairperson of the Board of Directors
EDP Renewables Europe, S.L.	Member of the Board
Hidroeléctrica del Cantábrico, S.A.	Chairperson of the Board of Directors
Rui Manuel Rodrigues Lopes Teixeira:	
EDP Renewables Europe, S.L.	Member of the Board
EDP Renewables SGPS, S.A.	Member of the Board
EDPR PT - Promocão e Operacão, S.A.	Member of the Board
EDP Renováveis Portugal, S.A.	Member of the Board
Malhadizes — Energia Eólica, S.A.	Member of the Board
EDP Renewables Canada LP Ltd.	Member of the Board
EDPR Renewables Canada GP Ltd.	Member of the Board
SBWF GP Inc.	Member of the Board
South Branch Wind Farm Inc.	Member of the Board
Eolia Renewable Energy Canada Inc.	Member of the Board
0867242 B.C. Ltd.	Member of the Board
EDP Renewables Canada, Ltd	Member of the Board
Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
EDP Renewables Polska SP. Z O.O	Member of the Board
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
Masovia Wind Farm I SP. Z O.O.	Member of the Board
Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
Karpacka Mala Energetyka SP. Z O.O	Member of the Board
EDPR UK, Ltd	Member of the Board
Maccoll Offshore Windfarm, Ltd	Member of the Board
Stevenson Offshore Windfarm, Ltd	Member of the Board
Telford Offshore Windfarm, Ltd	Member of the Board
Moray Offshore Renewables, Ltd	Member of the Board
EDP Renováveis Servicios Financieros S.L.U	Member of the Board
EDP Renováveis Brasil, S.A.	Member of the Board

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

João Paulo Nogueira Sousa Costeira:	
EDP Renewables Europe, S.L.	Member of the Board
EDP Renováveis Portugal, S.A.	Chairperson of the Board of Directors
EDP Renováveis Brasil, S.A.	Member of the Board
EDP Renováveis Servicios Financieros, S.L.U	Member of the Board
Malhadizes — Energia Eólica, S.A.	Chairperson of the Board of Directors
Eólica da Serra das Alturas, S.A.	Member of the Board
Eólica de Montenegrelo, S.A.	Member of the Board
ENEOP 2 — Exploração de Parques Eolicos, S.A.	Chairperson of the Board of Directors
EDP Renewables Romania, Srl	Member of the Board
Cernavoda Power, Srl	Member of the Board
Greenwind, S.A.	Chairperson of the Board of Directors
EDP Renewables France, S.A.	Chairperson of the Board of Directors
Centrale Eolienne Neo Truc de l'Homme, SAS	Chairperson of the Board of Directors
Parc Eolien des Vatines	Chairperson of the Board of Directors
Parc Eolien du Clos Bataille	Chairperson of the Board of Directors
Parc Eolien de Varimpre	Chairperson of the Board of Directors
Parc Eolien des Bocages	Joint Director
Parc Eolien des Longs Champs	Joint Director
Socpe de la Mardelle	Joint Director
Socpe de la Vallée du Moulin	Joint Director
Socpe de Sauvageons	Joint Director
Socpe des Quinze Mines	Joint Director
Socpe Le Mée	Joint Director
Socpe Petite Pièce	Joint Director
CE Canet Pont de Salars SAS	Chairperson of the Board of Directors
CE Gueltas Noyal Pontivy	Chairperson of the Board of Directors
CE Patay SAS	Chairperson of the Board of Directors
CE Saint Barnabé SAS	Chairperson of the Board of Directors
CE Segur SAS	Chairperson of the Board of Directors
Monts de la Madeleine Energie SAS	Chairperson of the Board of Directors
Monts du Forez Energie SAS	Chairperson of the Board of Directors
Eolienne de Callengeville, SAS	Chairperson of the Board of Directors
Neo Plouvien, SAS	Chairperson of the Board of Directors
Parc Eolien de la Hetroye, SAS	Chairperson of the Board of Directors
Eolienne de Saugueuse, SARL	Joint Director
Eolienne des Bocages, SARL	Joint Director
Eolienne d'Etalondes, SARL	Joint Director
Parc Eolien d'Ardennes, SARL	Joint Director
Parc Eolien de Mancheville, SARL	Joint Director
Parc Eolien de Roman, SARL	Joint Director
EDP Renewables Polska SP. Z O.O	Member of the Board
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
Masovia Wind Farm I SP. Z O.O.	Member of the Board
Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
Karpacka Mala Energetyka SP. Z O.O	Member of the Board
Relax Wind Park I SP. Z O.O	Member of the Supervisory Board
Relax Wind Park III SP. Z O.O	Member of the Supervisory Board
EDPR UK, Ltd	Member of the Board
Moray Offshore Renewables, Ltd	Member of the Board
Maccoll Offshore Windfarm, Ltd	Member of the Board
Stevenson Offshore Windfarm, Ltd	Member of the Board
Telford Offshore Windfarm, Ltd	Member of the Board
EDP Renewables Italia, Srl	Member of the Board
Operação e Manuntenção Industrial, S.A.	Member of the Board
EDP Renewables SGPS S.A.	Chairperson of the Board of Directors
EDPR PT - Promoção e Operação S.A.	Chairperson of the Board of Directors

Gabriel Alonso Imaz:	
EDP Renewables Canada, Ltd.	Chief Executive Officer
EDP Renewables North America, LLC and subsidiaries (see annex I)	Chief Executive Officer
American Wind Energy Association	Chair-Elect and Executive Board Member

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

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:

Board Member Company	Number of shares
António Luís Guerra Nunes Mexia:	
EDP - Energias de Portugal, S.A.	41,000
EDP - Energias do Brasil, S.A.	1
João Manuel Manso Neto:	
EDP - Energias de Portugal, S.A.	1,268
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	125,000
EDP - Energias do Brasil, S.A.	1
João Manuel Veríssimo Marques da Cruz:	
EDP - Energias de Portugal, S.A.	3,878
Gabriel Alonso Imaz:	
Gamesa Corp. Tec. S.A.	7,880
Iberdrola	27
Teresa Sancho, related person of Gabriel Alonso Imaz:	
Gamesa Corp. Tec. S.A.	7,881
Iberdrola	26
João Manuel de Mello Franco:	
EDP - Energias de Portugal, S.A.	4,550
REN - Redes Energéticas Nacionais, S.G.P.S., S.A.	980
Jorge Manuel Azevedo Henriques dos Santos:	
EDP - Energias de Portugal, S.A.	2,379

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors in 2012 and 2011 were as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
CEO	566,821	551,362
Board members	396,666	512,083
	963,487	**1,063,445**

Mrs. Ana Maria Fernandes resigned as Chief Executive Officer of EDPR on 28 February, 2012 . The remuneration (variable and fixed) mentioned above refers only to the months when the prior CEO was still on duty paid in 2012 and adjustments paid on February 2013. On 28 February, Mr. João Manso Neto, was nominated Chief Executive Officer (CEO) and Vice-Chairperson of the Board of Directors of EDPR. In order to increase transparency and healthy corporate governance practices, and also to treat Mr. João Manso Neto consistently with the other managers, the Nominations and Remunerations Committee proposed to the Board of Directors (which approved it) a modification of the Remuneration Policy in order to include the CEO compensation in the management fee of the Executive Management Services Agreement. EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services render by its Executive Directors.This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDP Renováveis is due to pay an amount of 1,295 thousands of Euros (variable and fixed remuneration) for managemen services rendered by EDP through 2012 (380 thousands of Euros in 2011, fixed remuneration).

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Additionally, the remuneration of the members of the Executive Committee that are also Officers and receive their remuneration as EDPR employees, not including the Chief Executive Officer, was in 2012, 1,231 thousands of Euros (31 December 2011: 1,857 thousands of Euros).

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range betweeen 3% to 6% of their annual salary.

As at 31 December 2012 and 2011 there are no outstanding loans and advances with company officers and key management.

The Company has no pension or life insurance obligations with its former or current Board members in 2012 or 2011.

Balances and transactions with related parties

As at 31 December 2012, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	7,027	14,500	-7,473
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	225,309	218,464	6,845
Hidrocantábrico Group companies (electric sector)	49,875	1,568	48,307
Associated companies	256,353	-	256,353
Other EDP Group companies	107,306	2,972,445	-2,865,139
	645,870	3,206,977	-2,561,107

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,956,758 thousands of Euros.

As at 31 December 2011, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	10,025	5,574	4,451
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	247,999	108,110	139,889
Hidrocantábrico Group companies (electric sector)	46,370	1,746	44,624
Associated companies	224,114	2,169	221,945
Other EDP Group companies	47,892	2,996,070	-2,948,178
	576,400	3,113,669	-2,537,269

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,986,433 thousands of Euros.

Transactions with related parties for the year ended 31 December 2012 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	10,595	1,479	-3,310	-16,268
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	2,878	-12,196	-6,489
Hidrocantábrico Group companies (electric sector)	403,965	-	-4,470	-890
Associated companies	912	10,999	-	-1
Other EDP Group companies	149,877	19,458	-5,826	-186,361
	565,349	34,814	-25,802	-210,009

Operating income includes mainly the electricty sales to suppliers of last resource in Portugal due to regulatory legislation and electricity sales to HC Group that act as a commercial agent of EDPR Group.

Transactions with related parties for the year ended 31 December 2011 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	4,861	-11,285	-3,197
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	15,633	-8,368	-2,174
Hidrocantábrico Group companies (electric sector)	358,814	-	-4,994	-700
Associated companies	1,533	6,820	-	-69
Other EDP Group companies	137,903	5,961	-6,992	-152,362
	498,250	33,275	-31,639	-158,502

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the USD external financing). As at 31 December 2012, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 169,862 thousands of Euros (31 December 2011: 208,460 thousands of Euros) (see notes 34 and 36).

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2012, EDP, S.A. and Hidrocantábrico granted financial (45,467 thousands of Euros, 31 December 2011: 57,272 thousands of Euros) and operational (375,772 thousands of Euros, 31 December 2011: 393,130 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 37).

In the normal course of its activity, EDP Renováveis performs business transactions and operations with its related parties based on normal market conditions.

39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2012 and 2011, the following table presents the interest rate curves of the major currencies to which the Group is exposed. These interest rates were used as the base for the fair value calculations made through internal models referred above:

	31 Dec 2012 Currencies			31 Dec 2011 Currencies		
	EUR	USD	BRL	EUR	USD	BRL
3 months	0.19%	0.31%	7.06%	1.36%	0.58%	10.41%
6 months	0.32%	0.51%	7.09%	1.62%	0.81%	10.15%
9 months	0.43%	0.69%	7.08%	1.79%	0.97%	10.04%
1 year	0.54%	0.84%	7.14%	1.95%	1.13%	10.04%
2 years	0.38%	0.39%	7.71%	1.31%	0.73%	10.48%
3 years	0.44%	0.48%	8.19%	1.36%	0.82%	10.75%
5 years	0.77%	0.83%	8.64%	1.72%	1.23%	10.98%
7 years	1.12%	1.27%	9.00%	2.07%	1.64%	11.05%
10 years	1.57%	1.81%	9.33%	2.38%	2.03%	11.22%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available for sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their cost (note 19).

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 36)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 28. See also notes 13 and 24.

The fair values of assets and liabilities as at 31 December 2012 and 31 December 2011 are analysed as follows:

	31 December 2012			31 December 2011		
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	9,407	9,407	-	9,618	9,618	-
Trade receivables	180,259	180,259	-	146,105	146,105	-
Debtors and other assets from commercial activities	159,318	159,318	-	144,240	144,240	-
Other debtors and other assets	622,394	622,394	-	546,490	546,490	-
Derivative financial instruments	12,468	12,468	-	18,080	18,080	-
Financial assets at fair value through profit or loss	389	389	-	211	211	-
Cash and cash equivalents	245,837	245,837	-	219,922	219,922	-
	1,230,072	1,230,072	-	1,084,666	1,084,666	-
Financial liabilities						
Financial debt	3,874,320	3,685,632	-188,688	3,826,122	3,398,053	-428,069
Suppliers	657,881	657,881	-	665,252	665,252	-
Institutional partnerships in US wind farms	1,679,753	1,679,753	-	1,783,861	1,783,861	-
Trade and other payables from commercial activities	99,469	99,469	-	107,362	107,362	-
Other liabilities and other payables	171,303	171,303	-	142,672	142,672	-
Derivative financial instruments	245,397	245,397	-	235,697	235,697	-
	6,728,123	6,539,435	-188,688	6,760,966	6,332,897	-428,069

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:
- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	31 December 2012			31 December 2011		
Thousands of Euros	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	-	9,407	-	-	9,618
Derivative financial instruments	-	12,468	-	-	18,080	-
Financial assets at fair value through profit or loss	-	389	-	-	211	-
	-	12,857	9,407	-	18,291	9,618
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	7,785	-	-	4,112
Derivative financial instruments	-	245,397	-	-	235,697	-
	-	245,397	7,785	-	235,697	4,112

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

The movement in 2012 and 2011 of the financial assets and liabilities within Level 3 are analysed was as follows:

	Available for sale investments		Trade and other payables	
Thousands of Euros	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Balance at the begining of the year	9,618	18,380	4,112	271,338
Gains / (Losses) in other comprehensive income	-211	2,070	-	-
Purchases	-	-	3,572	3,356
Fair value changes/Payments	-	-	101	-270,582
Disposals	-	-10,832	-	-
Transfers into / (out of) Level 3	-	-	-	-
Balance at the end of the year	9,407	9,618	7,785	4,112

The Trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests.

40. RELEVANT SUBSEQUENT EVENTS

EDPR agrees with CTG on the first investment in minority stakes in wind farms

On 20 December 2012,EDP Renováveis S.A. ("EDPR"), 77.5% controlled by EDP, entered into an agreement with China Three Gorges International (Hong Kong) Company Limited ("CTGI HK"), a fully owned subsidiary of China Three Gorges ("CTG"), to sell a 49% equity shareholding and 25% of the outstanding shareholders loans in EDP Renováveis Portugal, S.A. ("EDPR PT") for a total consideration of 359 millions of Euros.

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

The transaction scope covers 615 MW in operation, with an average age of 6 years, as well as 29 MW ready-to-build, remunerated under a feed-in-tariff regime in accordance to Decree-Law 33-A/2005, article 4. This operation corresponds to a non-controlling interests sale in 2013 according with the accounting policy 2 b).

This transaction was agreed in the context of the EDP/CTG strategic partnership established in December 2011 and that entered into force on May 2012.

Spanish Government publishes Royal Decree-Law with regulatory modifications for the electricity sector

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

The main regulatory changes the RDL 2/2013 envisages vis-à-vis the Royal Decree 661/2007 that have an impact on EDP Renováveis S.A. ("EDPR") from 1st of January 2013 onwards, are:
- The value of the premium in the economic regime of Market + Premium, has been set in 0c€/kWh.
- Operators of the facilities operating under Market + Premium regime had the option to select before 15 February 2013, and applicable since 1 January 2013 onwards, whether they would like to remain in the Market + Premium regime (this is to sell their electricity at market price). If an option has not been taken before that date, all the facilities currently included in the Market + Premium regime were automatically included in the Feed-in Tariff regime.
Furthermore, RDL 2/2013 establishes that an operator that opts to sell the energy in the Market + Premium regime cannot later opt for the Feed-in Tariff regime.
- The index used to annually update all the regulated activities in the electricity sector will be the annual inflation excluding energy products and food prices, and any impact of tax changes.

There were no changes introduced by Spanish Government regarding the 2020 Renewable Energy Target for Spain.

At the closing of 2012 accounts, the Board of Directors of EDPR is evaluating the impact of the above mentioned regulatory changes in the cashflows of the Spanish portfolio. That being said, it is reasonable to expect that such unilateral changes introduced by the Spanish Government through the RD-L 2/2013 may have a significant impact from 2013 onwards via reduction of the cash flows of the projects and thence erode the profitability of the Spanish assets. As a result, EDPR will continue to promote a dialogue to achieve a negotiated solution while maintaining other avenues open. Preliminary sensitivity analysis to the impairment tests would not result in significant impacts in EDPR consolidated accounts.

Assets revaluation in Spain

On 27 December, the Spanish Government published the Law 16/2012 that includes various taxation measures directed to public finances consolidation and to promote economic activity. Incorporates important changes in Income Tax, such as the establishment of the option, for taxable corporate income tax to conduct a revaluation. Group management is currently analysing the possibility and the potencial impacts of revaluate its assets in 2013.

41. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

The new standards and interpretation that have been issued and not effective for the Group on its consolidated financial statements can be analysed as follows:

Annual Improvement Project

In May 2012, IASB published the Annual Improvement Project that implied changes to the standards in force. However, the effective date of the referred changes is 1 January 2013, being early adoption allowed.

- Changes to IAS 1 - Presentation of Financial Statements. This changes clarifies the difference between voluntary additional comparative information and the minimim required comparative information in cases of retrospective statements, reclassifications and changes in accounting policies. Generally, the minimum required comparative information is the previous period.

  No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 16 - Property, Plant and Equipment. This amendement clarifies that if spare parts and servicing equipment meet with the definition of property, plant and equipment are not inventory.

  No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 32 - Financial Instruments: Presentation. The amendment clarifies that income taxaes arising from distributions to equity holders are accounted in accordance with IAS 12 Income taxes.

  No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 34 - Interim Financial Reporting. The amendments aligns the disclosures requirement for total segment assets with total liabilities in interim financial statements, ensuring that interim disclosures are aligned with annual disclosures in relation to the changes of profit and losses account and other comprehensive income.

  No significant impact is expected in the Group from the adoption of this change.

Standards, amendments and interpretations issued but not yet effective for the Group

IFRS 7 (Amendment) - Financial Instruments: Disclosures - Offsseting Financial Assets

The International Accounting Standards Board (IASB), issued in December 2011, amendments to IFRS 7 — Financial Instruments: Disclosures, with effective date of mandatory application of 1 January 2013, being early adoption allowed.

With this change, the disclosures of financial instruments include information that will evaluate the effect or potential effect of the compensation arrangements, including the countervailing recognised as assets and financial liabilities in the statement of financial position.

The adoption of this amendement will only have impact on the financial statement disclosures.

IFRS 9 - Financial Instruments

The International Accounting Standards Board (IASB) issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, with effective date of mandatory application for periods beginning on or after 1 January 2015, being allowed its early adoption. This standard, changed in October 2010, has not yet been adopted by the European Union.

This standard is included in phase I of the IASB's comprehensive project to replace IAS 39 and relates to issues of classification and measurement of financial assets. The main issues considered are as follows:

- the financial assets can be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Its classification depends on how the entity presents these financial assets and the contractual cash flows associated to each financial asset in the business;

- debt instruments model can be measured at amortised cost when the contractual cash-flows represent only principal and interest payments, which means that it contains only basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognised at fair value;

- equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However an entity could irrevocably elect equity instruments at initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves can not be recycled to profit and loss. This is a discretionary decision, and does not imply that all the equity instruments should be treated on This basis. the dividends received are recognised as income for the year;

- there is no exemption that allows unquoted equity investments and related derivatives to measure at cost. However, guidance is provided on the limited circumstances in which the cost of such an instrument may be an appropriate approximation of fair value;

- changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

The Group is evaluating the impact of adopting this standard.

IFRS 10 - Consolidated Financial Statements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 10 - Consolidated Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This standard introduces a new approach in determining which investments should be consolidated, replacing IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation SPE. This standard establishes a single model to be applied in assessing the existence of control over subsidiaries, where an investor has control over a subsidiary when it is exposed, or has the right, to variable returns arising from its involvement in the subsidiary and has the ability to influence these returns because of the power over it. Additionally, the concept of "de facto control" was introduced.

The Group is evaluating the impact of adopting this standard.

IFRS 11 - Joint Arrangements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 11 - Joint Arrangements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This standard superseded IAS 31 - Interests in Joint Ventures and introduces several changes for accounting jointly controlled investments, the main aspect is the elimination of the option to consolidate joint ventures by the proportional method, being the equity method mandatory.

The structure of a joint agreement ceases to be the main factor in determining the accounting model to adopt. The classification of a joint agreement requires the identification and evaluation of the structure, legal form of the contractual agreement and other facts and circumstances.

The Group is evaluating the impact of adopting this standard.

IFRS 12 - Disclosure of Interests in Other Entities

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 12 - Disclosure of Interests in Other Entities, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

The information disclosed has to help users of the financial statements evaluate the nature and risks associated with its interests in other entities and the effects of those interests on the financial statements. The main issues considered are as follows:

- for the interests in subsidiaries, should be disclosed: (i) the composition of the group;(ii) non-controlling interests; (iii) significant restrictions on the parent's ability to access or use the assets and settle the liabilities of its subsidiares; (iv) the nature of, and changes in, the risks associated with interests in consolidated structured entities; and (v) changes in its ownership interest that did or did not result in a loss of control during the reporting period;

- for the interests in joint arrangements and associates, it should be disclosed: (i) the nature, extent and financial effects of its interests in joint arrangements and associates, including information about contractual relationships with other parties; and (ii) the nature of, and the changes in, the associated risks with its interests in joint ventures and associates;

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

- for the interests in unconsolidated structured entities, should be disclose: (i) the nature and the extent of its interests in unconsolidated structured entities; and (ii) the evaluation of the nature and changes in the risks associated with the interests in unconsolidated structured entities.

The Group is evaluating the impact of adopting this standard.

IFRS 13 - Fair Value Measurement

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 13 - Fair Value Measurement, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption.

This standard presents a revised concept of fair value and determines new disclosures requirements. The main aspects considered are as follows: (i) principles of fair value, (ii) appropriate valuations techniques and fair value hierarchy and (iii) additional disclosure requirements.

No significant impact in the Group is expected from the adoption of this standard.

IAS 1 (Amended) - Presentation of Financial Statements

The International Accounting Standards Board (IASB) issued in June 2011, IAS 1 - Presentation of Financial Statements: Presentation of items of other comprehensive income, with effective date of mandatory application for periods beginning on or after 1 July 2012, being allowed its early adoption.

The principal changes are the following:

- the amendments retain the option to present profit or loss and other comprehensive income ineither a single continuos statement or in two separate but consecutive statements;
- items of other comprehensive are required to be grouped into those that will and will not subsequently be reclassified to profit or loss; and
- tax on items of other comprehensive income is required to be alocated on the same basis.

The Group is evaluating the impact from the adoption of this change.

IAS 28 (Amended) - Investments in Associates and Joint Ventures

The International Accounting Standards Board (IASB) issued in May 2011, IAS 28 (Amended) - Investments in Associates and Joint Ventures, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption.

This amendment to IAS 28 (2003) describes the accounting treatment to be adopted by the investor in associates and joint ventures, defining the accounting requirements for applying the equity method for both associates and joint ventures.

No significant impact in the Group is expected from the adoption of this change.

IAS 32 (Amended) - Financial Instruments: Presentation

The International Accounting Standards Board (IASB) issued in December 2011, IAS 32 (Amended) - Financial Statements: Presentation, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This amendment clarifies the required conditions to be met in order to present the net position of the financial assets and liabilities in the financial position of an entity, as follows: (i) the entity currently has a legally enforceable right to set off the recognized amounts, and (ii) the entity has the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

No significant impact in the Group is expected from the adoption of this change.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

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, according to IAS 16.

During the period, the environmental expenses recognised in the income statement refer to costs with the environmental management plan are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Environmental Expenses	3,174	1,910
	3,174	1,910

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lifes. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 63,336 thousands of Euros as at 31 December 2012 (31 December 2011: 57,694 thousands of Euros) (see note 31).

43. SEGMENTAL REPORTING

The Group generates energy from renewable resources and has four reportable segments which are the Group's strategic business units, Portugal, Spain, Rest of Europe and USA. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different mainly as a consequence of different regulations in each zone. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Other operations include the EDPR BR subgroup companies, the financial investments and remaining activities (biomass and mini-hydric generation plants) not included in the reportable segments. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2012 or 2011.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 2. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

A geographical segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, within a specific economic environment, and it is subject to risks and returns that can be differentiated from those that operate in other economic environments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:
- Portugal - Includes essentially the EDPR Portugal Group companies;
- Spain - Includes the EDPR EU Group companies that operate in Spain;
- Rest of Europe - Includes the EDPR EU Group companies that operate in Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- United States of America includes the EDPR NA Group companies that operate in this country;
- Other - Includes the EDPR BR Group, EDPR Canada Group companies, the financial investments and remaining activities (Biomass and mini-hydric generation plants) not included in the business segments.

The segment "Adjustments" corresponds to the adjustments related to the consolidation of financial investments in subsidiaries of EDPR Group and to the other consolidation and intra-segment adjustments.

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2012 and 2011

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of the intra-segment transactions.

The statement of financial position of each subsidiary and business unit is determined based in the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The income statement for each segment is determined based on the amounts booked directly in the subsidiaries financial statements and business units, adjusted by the intra-segments annullations.

44. AUDIT AND NON AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2012 and 2011. This company and the other related entities and persons in accordance with Law 19/1988 of 12 July, have invoiced for the year ended in 31 December 2012 and 2011, fees and expenses for professional services, according to the following detail (amounts in thousands of Euros):

	31 December 2012					
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	177	634	68	791	411	2,081
Other audit services	40	54	-	31	12	137
	217	**688**	**68**	**822**	**423**	**2,218**
Tax consultancy services	-	164	-	32	-	196
Other services	10	30	-	-	40	80
	10	**194**	**-**	**32**	**40**	**276**
Total	**227**	**882**	**68**	**854**	**463**	**2,494**

	31 December 2011					
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	166	639	83	688	308	1,884
Other audit services	180	61	-	31	13	285
	346	**700**	**83**	**719**	**321**	**2,169**
Tax consultancy services	-	-	-	24	9	33
Other services	9	-	-	-	-	9
	9	**-**	**-**	**24**	**9**	**42**
Total	**355**	**700**	**83**	**743**	**330**	**2,211**

ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2012 and 2011, are as follows:

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
Group's parent holding company and Related Activities:						
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Servicios Financieros, S.A.	Oviedo	n.a.	100.00%	100.00%	-	-
Europe Geography / Platform:						
Spain:						
EDP Renewables Europe, S.L. (Europe Parent Company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Acampo Arias,S.L.	Zaragoza	KPMG	98.19%	98.19%	98.19%	98.19%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61.50%	61.50%	61.50%	61.50%
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	n.a.	48.70%	60.63%	48.70%	60.63%
Bon Vent de Corbera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de L'Ebre, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de Vilalba, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Ceprastur, A.I.E.	Oviedo	n.a.	56.76%	56.76%	56.76%	56.76%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	75.83%	75.83%	75.83%	75.83%
Desarrollo Eólico Almarchal, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Buenavista, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Corme, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Lugo, S.A.U.	Lugo	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Tarifa, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Dumbria, S.A.U.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Rabosera, S.A.	Huesca	KPMG	95.08%	95.08%	95.08%	95.08%
Desarrollo Eólico Santa Quiteria, S.L.	Huesca	KPMG	83.96%	100.00%	83.96%	100.00%
Desarrollos Catalanes Del Viento, S.L.	Barcelona	KPMG	60.00%	60.00%	60.00%	60.00%
Desarrollos Eólicos de Galicia, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%
EDP Renováveis Cantábria, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Energías Eólicas La Manchuela, S.L.U.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eneroliva, S.A.	Sevilla	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Alfoz, S.L.	Madrid	KPMG	83.73%	83.73%	83.73%	83.73%
Eólica Arlanzón, S.A.	Madrid	KPMG	77.50%	77.50%	77.50%	77.50%
Eólica Campollano, S.A.	Madrid	KPMG	75.00%	75.00%	75.00%	75.00%
Eólica Curiscao Pumar, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica de Radona, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Don Quijote, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Dulcinea, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Fontesilva, S.L.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Garcimuñoz, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Guadalteba, S.L.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Janda, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Navica, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renovables España, S.L. (former Generaciones Especiales I, S.L.)	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Industrias Medioambientales Río Carrión, S.A.	Madrid	n.a.	90.00%	90.00%	90.00%	90.00%
Investigación y Desarrollo de Energías Renovables, S.L.	León	KPMG	59.59%	59.59%	59.59%	59.59%
Molino de Caragüeyes, S.L	Zaragoza	KPMG	80.00%	80.00%	80.00%	80.00%
Eólica Muxía, S.L.	La Coruña	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
NEO Energia Aragón, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eòlic Coll de la Garganta, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Coll de Moro, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Torre Madrina, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic Molinars, S.L.	Girona	n.a.	54.00%	90.00%	54.00%	90.00%
Parc Eòlic Serra Voltorera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	61.00%	61.00%	61.00%	61.00%
Parque Eólico Belchite, S.L.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	64.84%	64.84%	64.84%	64.84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parques de Generación Eólica, S.L.	Burgos	KPMG	60.00%	60.00%	60.00%	60.00%
Parques Eólicos del Cantábrico, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Rasacal Cogeneración S.A.	Madrid	n.a.	60.00%	60.00%	60.00%	60.00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90.00%	90.00%	90.00%	90.00%
Sierra de la Peña, S.A.	Madrid	KPMG	84.90%	84.90%	84.90%	84.90%
Sotromal, S.A.	Soria	n.a.	90.00%	90.00%	90.00%	90.00%
Tratamientos Medioambientales del Norte, S.A.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renewables, SGPS, S.A.	Porto	KPMG	100.00%	100.00%	-	-
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100.00%	100.00%	-	-
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60.00%	60.00%	60.00%	60.00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50.10%	50.10%	50.10%	50.10%
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	KPMG	50.10%	50.10%	50.10%	50.10%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
France:						
EDP Renewables France, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Canet-Pont de Salars, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. NEO Truc L'homme, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Patay, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Saint Barnabe, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Segur, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne D'Etalondes, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Le Mee, S.A. R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Mardelle, S.A.R.L.	Toulouse	n.a.	100.00%	100.00%	100.00%	100.00%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	-	-
Parc Eolien D'Ardennes	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de La Hetroye, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Mancheville, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Roman, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Varimpre, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Longs Champs, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Vatines, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien du Clos Bataille, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Petite Piece, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Plouvien Breiz, S.A.S.	Carhaix	KPMG	100.00%	100.00%	100.00%	100.00%
Quinze Mines, S.A.R.L.	Toulouse	n.a.	100.00%	49.00%	100.00%	49.00%
Sauvageons, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Vallée du Moulin, S.A.R.L.	Toulouse	n.a.	100.00%	100.00%	100.00%	100.00%

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Poland:						
EDP Renewables Polska, SP. ZO.O.	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Elektrownia Wiatrowa Kresy I, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Starozreby, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
J&Z Wind Farms SP. ZO.O.	Warsaw	n.a.	60.00%	60.00%	-	-
Karpacka Mala Energetyka, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Korsze Wind Farm SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
Masovia Wind Farm I, SP. ZO.O.	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
MFW Gryf SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
MFW Neptun SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
MFW Pomorze SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
Relax Wind Park I, SP. ZO.O.	Warsaw	KPMG	96.43%	96.43%	96.43%	96.43%
Relax Wind Park II, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Relax Wind Park III, SP. ZO.O.	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Relax Wind Park IV, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Romania:						
EDP Renewables Romania, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cernavoda Power, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cujmir Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
EDPR-RO-PV, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Foton Delta, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Foton Epsilon, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Pestera Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
VS Wind Farm, S.A. (former Pochidia Wind Farm, S.A.)	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Potelu Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
S.C. Ialomita Power, S.R.L.	Bucharest	n.a.	85.00%	85.00%	85.00%	85.00%
Sibioara Wind Farm, S.R.L.	Bucharest	n.a.	85.00%	85.00%	-	-
Studina Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Vanju Mare Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Great Britain:						
EDPR UK Limited	Cardiff	KPMG	100.00%	100.00%	100.00%	100.00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Moray Offshore Renewables Limited	Cardiff	KPMG	66.64%	66.64%	66.64%	66.64%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Italy:						
EDP Renewables Italia, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
Castellaneta Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Laterza Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Monts de la Madeleine Energie, S.A.S.	Milano	KPMG	100.00%	100.00%	-	-
Pietragalla Eolico, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Re Plus - S.R.L.	Milano	n.a.	80.00%	80.00%	80.00%	80.00%
Repano Wind S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Belgium:						
EDP Renewables Belgium	Brussels	n.a.	100.00%	100.00%	-	-
Greenwind, S.A.	Louvain-la-Neuve	KPMG	70.00%	70.00%	70.00%	70.00%
Holland:						
Tarcan, BV	Amsterdam	KPMG	100.00%	100.00%	100.00%	100.00%

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North America Geography / Platform:						
USA:						
EDP Renewables North America, L.L.C. (USA Parent Company)	Texas, USA	KPMG	100.00%	100.00%	100.00%	100.00%
17th Star Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
2007 Vento I, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2007 Vento II, L.L.C.	Texas	KPMG	51.00%	100.00%	100.00%	100.00%
2008 Vento III, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento IV, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento V, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento VI, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VIII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento IX, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento X, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2012 Vento XI, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Alabama Ledge Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Antelope Ridge Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Arkwright Summit Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Arlington Wind Power Project, L.L.C.	Oregon	KPMG	100.00%	100.00%	100.00%	100.00%
Aroostook Wind Energy, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Ashford Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project II, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
AZ Solar, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Holdings, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm IV, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm V, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Wind Power VII, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower II, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower III, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower IV, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower V, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower VI, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Buffalo Bluff Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Chateaugay River Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Clinton County Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Cloud County Wind Farm, L.L.C.	Kansas	KPMG	100.00%	100.00%	100.00%	100.00%
Cloud West Wind Project, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Coos Curry Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Cropsey Ridge Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Crossing Trails Wind, Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Dairy Hills Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Diamond Power Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
East Klickitat Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Eastern Nebraska Wind Farm, L.L.C.	Nebraska	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures X, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%

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EDPR Wind Ventures XI, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Five-Spot, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Ford Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Franklin Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Gulf Coast Windpower Management Company, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Headwaters Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II, L.L.C.	Minnesota	KPMG	51.00%	100.00%	100.00%	100.00%
High Trail Wind Farm, L.L.C.	Illionois	KPMG	100.00%	100.00%	100.00%	100.00%
Horizon Wind Chocolate Bayou I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Midwest IX, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest I, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest IV, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest VII, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest X, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest XI, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Panhandle I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest I, L.L.C.	New Mexico	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest IV, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Valley I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind MREC Iowa Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IB, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IC, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IX, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VIII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind, Freeport Windpower I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wyoming Transmission, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Jericho Rise Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lost Lakes Wind Farm, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Machias Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower, L.L.C.	New York	KPMG	100.00%	100.00%	100.00%	100.00%
Marble River, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Martinsdale Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm II, L.L.C.	Indiana	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm IV, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Windfarm III, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Mesquite Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
New Trail Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
North Slope Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Number Nine Wind Farm, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Old Trail Wind Farm, L.L.C.	Illinois	KPMG	51.00%	100.00%	100.00%	100.00%
OPQ Property, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Pacific Southwest Wind Farm, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm II, L.L.C.	Ohio	KPMG	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
Paulding Wind Farm III, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm IV, L.L.C	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Peterson Power Partners, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Interconnection, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm II, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Post Oak Wind, L.L.C.	Texas	KPMG	51.00%	100.00%	100.00%	100.00%
Quilt Block Wind Farm, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Rail Splitter, L.L.C.	Illinois	KPMG	100.00%	100.00%	100.00%	100.00%
Rio Blanco Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Rising Tree Wind Farm, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Rush County Wind Farm, L.L.C	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Saddleback Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners, L.L.C.	Washington	KPMG	100.00%	100.00%	100.00%	100.00%
Sardinia Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Signal Hill Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm II, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm III, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm IV, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm V, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Stinson Mills Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Stone Wind Power, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Telocaset Wind Power Partners, L.L.C.	Oregon	KPMG	51.00%	51.00%	100.00%	100.00%
The Nook Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Tug Hill Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Tumbleweed Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Turtle Creek Wind Farm, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Verde Wind Power, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Waverly Wind Farm, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Western Trail Wind Project I, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Wheatfield Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Whiskey Ridge Power Partners, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Whistling Wind WI Energy Center, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Whitestone Wind Purchasing, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Wilson Creek Power Partners, L.L.C.	Nevada	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus, L.P.	California	n.a.	100.00%	100.00%	100.00%	100.00%
WTP Management Company, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Canada:						
EDP Renewables Canada, Ltd	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
0867242 BC, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
EDP Renewables Canada GP, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
EDP Renewables Canada LP, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
Eolia Renewable Energy Canada, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
SBWFI GP, Inc.	Ontario	n.a.	100.00%	100.00%	-	-
South Branch Wind Farm, Inc.	Ontario	n.a.	100.00%	100.00%	-	-
South Dundas Wind Farm LP	Ontario	n.a.	100.00%	100.00%	-	-

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
South America Geography / Platform:						
Brazil:						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	55.00%	55.00%	55.00%	55.00%
Central Eólica Aventura, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão I, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão II, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão III, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Nacional de Energia Eólica, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Elebrás Projectos, Ltda	São Paulo	n.a.	55.00%	100.00%	55.00%	100.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2012, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragoza	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	15,025 €	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	117,994 €	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante	50.00%	50.00%

Company	Non Current Assets Euro'000	Current Assets Euro'000	Non Current Liabilities Euro'000	Current Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	43,999	9,885	11,605	6,815	35,464	17,995	-10,119	7,876
Desarrollos Energeticos Canarios S.A.	-	4	-	9	-5	-	-	-
Evolución 2000, S.L.	22,304	3,230	17,489	1,934	6,111	5,568	-3,570	1,998
Flat Rock Windpower, L.L.C.	147,901	2,304	1,308	130	148,767	11,170	-14,062	-2,892
Flat Rock Windpower II, L.L.C.	59,348	568	504	34	59,378	2,388	-4,966	-2,578
Tebar Eólica, S.A.	12,872	6,349	11,141	2,498	5,582	4,398	-3,482	916

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2011, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragoza	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	15,025 €	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	117,994 €	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante	50.00%	50.00%

Company	Non Current Assets Euro'000	Current Assets Euro'000	Non Current Liabilities Euro'000	Current Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	47,204	9,709	19,424	6,826	30,663	17,986	-10,214	7,772
Desarrollos Energeticos Canarios S.A.	-	4	-5	-	9	-	-	-
Evolución 2000, S.L.	23,319	5,025	18,850	2,134	7,360	5,255	-3,578	1,677
Flat Rock Windpower, L.L.C.	158,942	3,125	1,265	28	160,774	11,565	-13,815	-2,250
Flat Rock Windpower II, L.L.C.	63,658	863	487	68	63,966	2,740	-4,609	-1,869
Tebar Eólica, S.A.	14,607	6,095	13,063	2,220	5,419	4,108	-3,276	832

The Associated Companies included in the consolidation under the equity method as at 31 December 2012 and 2011, are as follows:

			2012		2011	
Company	Head Office	Auditor	% of capital	% of voting rights	% of capital	% of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	n.a.	18.97%	38.96%	18.97%	38.96%
Biomasas del Pirineo, S.A.	Huesca	n.a.	30.00%	30.00%	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	Oklahoma	n.a.	25.00%	25.00%	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	Burgos	n.a.	30.00%	30.00%	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	Gran Canaria	KPMG	44.75%	44.75%	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	Lisboa	Mazars	35.96%	35.96%	35.96%	35.96%
Parque Eólico Belmonte, S.A.	Asturias	KPMG	29.90%	29.90%	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	Soria	Ernst & Young	42.00%	42.00%	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	Edimburg	Deloitte	49.00%	49.00%	49.00%	49.00%
Solar Siglo XXI, S.A.	Ciudad Real	n.a.	25.00%	25.00%	25.00%	25.00%

ANNEX 2

EDP Renováveis, S.A.

Group Activity by Operating Segment

Operating Segment Information for the year ended 31 December 2012

	WIND ENERGY OPERATIONS								
	EUROPE								
Thousands of Euros	Portugal	Spain	Rest of Europe*	Others	Adjustments	Total	U. S. A.	Other and Adjustments	Renováveis Group
Revenues	149,333	434,424	182,986	24,066	-13,271	777,538	355,504	24,754	1,157,796
Income from institutional partnerships in US wind farms						-	127,350	-	127,350
	149,333	434,424	182,986	24,066	-13,271	777,538	482,854	24,754	1,285,146
Other operating income / (expenses)									
Other operating income	815	6,255	35,586	1,573	2,311	46,540	19,796	-3,220	63,116
Supplies and services	-20,952	-75,477	-33,670	-19,121	24,124	-125,096	-116,456	-20,258	-261,810
Personnel costs	-3,016	-7,142	-2,933	-11,451	-	-24,542	-29,016	-9,101	-62,659
Other operating expenses	-7,513	-22,130	-9,891	-1,536	68	-41,002	-39,516	-5,694	-86,212
	-30,666	-98,494	-10,908	-30,535	26,503	-144,100	-165,192	-38,273	-347,565
	118,667	335,930	172,078	-6,469	13,232	633,438	317,662	-13,519	937,581
Provisions	3	-	-	-	-	3	-	-	3
Depreciation and amortisation expense	-27,082	-180,244	-48,782	-4,032	-	-260,140	-233,458	-9,111	-502,709
Amortisation of deferred income / Government grants	779	115	225	-	-	1,119	14,112	-	15,231
	92,367	155,801	123,521	-10,501	13,232	374,420	98,316	-22,630	450,106
Gains / (losses) from the sale of financial assets	-	2,766	-	-	-	2,766	-	-	2,766
Other financial income	-	563	16,742	163,436	-162,929	17,812	5,573	28,550	51,935
Interest income	11,000	7,161	2,020	174,635	-175,315	19,501	729	2,023	22,253
Other financial expenses	-1,185	-2,064	-23,291	-527	763	-26,304	-78,354	-25,311	-129,969
Interest expense	-35,185	-119,372	-75,560	-253,155	175,234	-308,038	-793	86,996	-221,835
Share of profit of associates	4,094	3,270	-531	-	-	6,833	-	-	6,833
Profit before tax	71,091	48,125	42,901	73,888	-149,015	86,990	25,471	69,628	182,089
Income tax expense	-18,578	-11,581	-11,705	22,556	313	-18,995	-3,901	-23,143	-46,039
Profit for the year	**52,513**	**36,544**	**31,196**	**96,444**	**-148,702**	**67,995**	**21,570**	**46,485**	**136,050**
Attributable to:									
Equity holders of EDP Renováveis	50,470	33,825	29,901	96,447	-148,702	61,941	16,657	47,668	126,266
Non-Controlling Interests	2,043	2,719	1,295	-3	-	6,054	4,913	-1,183	9,784
Profit (loss) for the period	**52,513**	**36,544**	**31,196**	**96,444**	**-148,702**	**67,995**	**21,570**	**46,485**	**136,050**
Assets									
Property, plant and equipment	507,691	2,941,560	1,733,352	160,612	-	5,343,215	4,991,866	201,826	10,536,907
Intangible assets and Goodwill	42,109	473,201	92,355	1	93,973	701,639	610,286	14,920	1,326,845
Investments in associates	-	8,567	12,136	2,638	22,291	45,632	1,840	1	47,473
Current assets	291,941	353,678	227,139	1,544,840	-1,727,712	689,886	129,095	118,176	937,157
Equity and Liabilities									
Equity and Non-Controlling Interest	113,873	1,247,542	249,839	218,993	-1,346,134	484,113	3,388,092	1,876,622	5,748,827
Current Liabilities	291,338	836,298	941,953	563,144	-1,439,737	1,192,996	277,131	-333,560	1,136,567
Other information:									
Increase of the period									
Property, plant and equipment	9,316	74,436	289,804	118,798	-	492,354	178,449	19,299	690,102
Intangible assets and Goodwill	-	-	177	-	-	177	11	-	188

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

EDP Renováveis, S.A.

Group Activity by Operating Segment

Operating Segment Information for the year ended 31 December 2011

	WIND ENERGY OPERATIONS								
	EUROPE								
Thousands of Euros	Portugal	Spain	Rest of Europe*	Others	Adjustments	Total	U. S. A.	Other and Adjustments	Renováveis Group
Revenues	138,576	379,527	126,212	18,292	-27,744	634,863	302,890	19,464	957,217
Income from institutional partnerships in US wind farms						-	111,610	-	111,610
	138,576	379,527	126,212	18,292	-27,744	634,863	414,500	19,464	1,068,827
Other operating income / (expenses)									
Other operating income	2,094	5,502	1,606	8,195	45,159	62,556	17,712	4,276	84,544
Supplies and services	-21,481	-66,595	-23,138	-14,543	19,103	-106,654	-101,262	-17,153	-225,069
Personnel costs	-2,988	-6,856	-3,948	-9,050	-	-22,842	-25,936	-12,054	-60,832
Other operating expenses	-5,455	-16,459	-6,626	-1,238	1,130	-28,648	-34,839	-3,245	-66,732
	-27,830	-84,408	-32,106	-16,636	65,392	-95,588	-144,325	-28,176	-268,089
	110,746	295,119	94,106	1,656	37,648	539,275	270,175	-8,712	800,738
Provisions	-	266	-	-	-	266	-	-	266
Depreciation and amortisation expense	-28,643	-133,675	-49,084	-5,338	-35,488	-252,228	-209,653	-6,612	-468,493
Amortisation of deferred income / Government grants	913	140	242	1	-	1,296	13,690	-	14,986
	83,016	161,850	45,264	-3,681	2,160	288,609	74,212	-15,324	347,497
Gains / (losses) from the sale of financial assets	-	10,499	-	-	-	10,499	-	-	10,499
Other financial income	-	906	19,660	25,020	-23,842	21,744	8,299	756	30,799
Interest income	7,072	6,269	1,515	178,452	-179,101	14,207	539	16,010	30,756
Other financial expenses	-280	-1,869	-33,548	-12,751	10,275	-38,173	-72,098	-9,091	-119,362
Interest expense	-35,050	-114,724	-63,808	-247,094	179,057	-281,619	1,283	94,013	-186,323
Share of profit of associates	2,167	1,746	-7	889	-	4,795	-	1	4,796
Profit before tax	56,925	64,677	-30,924	-59,165	-11,451	20,062	12,235	86,365	118,662
Income tax expense	-15,665	-16,277	2,759	30,805	2,365	3,987	-5,813	-26,212	-28,038
Profit for the year	**41,260**	**48,400**	**-28,165**	**-28,360**	**-9,086**	**24,049**	**6,422**	**60,153**	**90,624**
Attributable to:									
Equity holders of EDP Renováveis	39,733	44,995	-26,586	-28,329	-9,086	20,727	6,422	61,455	88,604
Non-Controlling Interests	1,527	3,405	-1,579	-31	-	3,322	-	-1,302	2,020
Profit (loss) for the period	**41,260**	**48,400**	**-28,165**	**-28,360**	**-9,086**	**24,049**	**6,422**	**60,153**	**90,624**
Assets									
Property, plant and equipment	526,275	3,152,540	1,356,113	47,049	-	5,081,977	5,162,441	210,203	10,454,621
Intangible assets and Goodwill	42,494	97,172	90,416	69	470,034	700,185	618,437	15,042	1,333,664
Investments in associates	-	9,381	14,700	-	25,423	49,504	1,877	-	51,381
Current assets	133,706	445,113	144,866	1,430,075	-1,496,724	657,036	137,865	95,651	890,552
Equity and Liabilities									
Equity and Non-Controlling Interest	97,953	936,440	223,278	121,189	-935,817	443,043	3,332,379	1,678,303	5,453,725
Current Liabilities	229,146	1,005,260	554,386	463,909	-1,371,231	881,470	396,278	-194,569	1,083,179
Other information:									
Increase of the period									
Property, plant and equipment	10,119	168,898	155,079	28,771	-	362,867	407,894	59,949	830,710
Intangible assets and Goodwill	-	-	5	-	-	5	-	4	9

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

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 26, 2013.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Nuno Maria Pestana de Almeida Alves

João Manuel Veríssimo Marques da Cruz

Rui Manuel Rodrigues Lopes Teixeira

João Paulo Nogueira da Sousa Costeira

Presente por videoconferencia.

Gabriel Alonso Imaz

Manuel Menéndez Menéndez

José Fernando Maia de Araújo e Silva

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

Rafael Caldeira de Castel-Branco Valverde

Gilles August

renováveis

Report from Management concerning responsibility for

the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2012 based on the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2012 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2012 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer | Chief Financial Officer

27 February 2013

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

Report on the Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

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

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

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

KPMG Auditores, S.L.

Ana Fernández Poderós

27 February 2013

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

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 4 June 2012, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2012, based on the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

2

Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2012 is effective in all material aspects, according to the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 27 February 2013, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2012, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

Ana Fernández Poderós

27 February 2013